

# VOLKSWAGEN

## VOLKSWAGEN INTERNATIONAL FINANCE N.V.

(public limited liability corporation (naamloze vennootschap) under the laws of the Netherlands)

**EUR 1,500,000,000 Undated Subordinated Notes subject to Interest Rate Reset with a First Call Date in 2025**

**Issue Price: 100%**

**EUR 1,500,000,000 Undated Subordinated Notes subject to Interest Rate Reset with a First Call Date in 2029**

**Issue Price: 100%**

guaranteed on a subordinated basis by

## VOLKSWAGEN AKTIENGESELLSCHAFT

(a stock corporation (Aktiengesellschaft) incorporated under the laws of the Federal Republic of Germany)

Volkswagen International Finance N.V. (the "**Issuer**" or "**VIF**") will issue EUR 1,500,000,000 in aggregate principal amount of undated subordinated notes subject to interest rate reset with a first call date on June 17, 2025 (the "**NC5 Notes**") and EUR 1,500,000,000 in aggregate principal amount of undated subordinated notes subject to interest rate reset with a first call date on June 17, 2029 (the "**NC9 Notes**") and, together with the NC5 Notes, the "**Notes**") in a denomination of EUR 100,000 each on June 17, 2020 (the "**Issue Date**") at an issue price of 100% of their principal amount in respect of the NC5 Notes and 100% of their principal amount in respect of the NC9 Notes (the "**Offering**"). The Notes are unconditionally and irrevocably guaranteed, on a subordinated basis, by Volkswagen Aktiengesellschaft (the "**Guarantor**" or "**Volkswagen AG**") and together with its consolidated subsidiaries, the "**Volkswagen Group**" or "**Volkswagen**").

The NC5 Notes shall bear interest on their principal amount (i) from and including June 17, 2020 (the "**NC5 Interest Commencement Date**") to but excluding June 17, 2025 (the "**NC5 First Call Date**") at a rate of 3.500% per annum; (ii) from and including the NC5 First Call Date to but excluding June 17, 2030 (the "**First NC5 Step-up Date**") at the relevant 5-year swap rate for the relevant Reset Period (as defined herein) plus a margin of 374.6 basis points per annum (no step-up); (iii) from and including the First NC5 Step-up Date to but excluding June 17, 2045 (the "**Second NC5 Step-up Date**") at the relevant 5-year swap rate for the relevant Reset Period plus a margin of 399.6 basis points per annum (including a 25 basis points step-up); and (iv) from and including the Second NC5 Step-up Date to but excluding the date on which the Issuer redeems the Notes in whole at the relevant 5-year swap rate for the relevant Reset Period plus a margin of 474.6 basis points per annum (including a further 75 basis points step-up). During each such period interest is scheduled to be paid annually in arrear on June 17 of each year (each an "**NC5 Interest Payment Date**"), commencing on June 17, 2021.

The NC9 Notes shall bear interest on their principal amount (i) from and including June 17, 2020 (the "**NC9 Interest Commencement Date**") to but excluding June 17, 2029 (the "**NC9 First Call Date**") at a rate of 3.875% per annum; (ii) from and including the NC9 First Call Date to but excluding June 17, 2030 (the "**First NC9 Step-up Date**") at the relevant 9-year swap rate for the relevant Reset Period (as defined herein) plus a margin of 395.8 basis points per annum (no step-up); (iii) from and including the First NC9 Step-up Date to but excluding June 17, 2049 (the "**Second NC9 Step-up Date**") at the relevant 9-year swap rate for the relevant Reset Period plus a margin of 420.8 basis points per annum (including a 25 basis points step-up); and (iv) from and including the Second NC9 Step-up Date to but excluding the date on which the Issuer redeems the Notes in whole at the relevant 9-year swap rate for the relevant Reset Period plus a margin of 495.8 basis points per annum (including a further 75 basis points step-up). During each such period interest is scheduled to be paid annually in arrear on June 17 of each year (each an "**NC9 Interest Payment Date**"), commencing on June 17, 2021.

The Issuer is entitled to defer payments of interest on any Interest Payment Date (as defined in the Terms and Conditions) ("**Arrears of Interest**") and may pay such Arrears of Interest voluntarily at any time, but only has to pay such Arrears of Interest under certain circumstances as laid out in the terms and conditions of the NC5 Notes (the "**NC5 Note Terms and Conditions**") or the terms and conditions of the NC9 Notes (the "**NC9 Note Terms and Conditions**") and, together with the NC5 Note Terms and Conditions, the "**Terms and Conditions**"), as applicable.

Each issue of the Notes is redeemable, in whole but not in part, at the option of the Issuer at their principal amount plus accrued and unpaid interest and upon payment of any outstanding Arrears of Interest on the NC5 First Call Date for the NC5 Notes and on the NC9 First Call Date for the NC9 Notes and on any respective Interest Payment Date thereafter. The Issuer may also redeem each issue separately in whole but not in part at any time before the respective first call dates following a Rating Event, an Accounting Event, a Tax Deductibility Event or a Gross-up Event at the Early Redemption Amount (each as defined in the applicable Terms and Conditions). Additionally the Issuer may redeem each issue separately, in whole but not in part, if any of the Issuer, the Guarantor or any of the Guarantor's subsidiaries has, severally or jointly, purchased or redeemed at least 80% of the originally issued aggregate principal amount of the Notes of such issue.

Each of the Notes will initially be represented by a temporary global note, without interest coupons, which will be exchangeable in whole or in part for a permanent global note without interest coupons, not earlier than 40 days after the Issue Date, upon certification as to non-U.S. beneficial ownership. The Notes are issued in bearer form with a denomination of EUR 100,000 each.

The Notes are rated BBB- by S&P Global Ratings Europe Limited ("**S&P**") and Baa2 by Moody's Investors Service Ltd. ("**Moody's**" and, together with S&P, the "**Rating Agencies**"). A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organization. As of the date of this Prospectus, each of the Rating Agencies is a credit rating agency established in the European Union or in the United Kingdom and registered under Regulation (EC) No 1060/2009 of the European Parliament and of the Council of September 16, 2009 on credit rating agencies (as amended) (the "**CRA Regulation**"). In general, European regulated investors are restricted from using a credit rating for regulatory purposes if such credit rating is not issued by a rating agency established in the European Union or in the United Kingdom and registered under the CRA Regulation. A list of credit rating agencies registered under the CRA Regulation is available for viewing at the ESMA's website.

This prospectus (the "**Prospectus**") constitutes a prospectus within the meaning of Article 6.3 of Regulation (EU) No 1129/2017 of the European Parliament and of the Council of June 14, 2017 (as amended, the "Prospectus Regulation"). 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](http://www.bourse.lu)).

This Prospectus has been approved by the Commission de Surveillance du Secteur Financier, Luxembourg ("**CSSF**") in its capacity as competent authority under the Prospectus Regulation. The CSSF only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should neither be considered as an endorsement of the Issuer nor of the quality of the securities that are the subject of this Prospectus. By approving this Prospectus, the CSSF gives no undertaking as to the economic and financial soundness of the transaction or the quality or solvency of the Issuer Article 6(4) of Luxembourg Law of July 16, 2019 on Prospectuses for securities (the "**Prospectus Law**").

**Prospective investors should be aware that an investment in the Notes involves a risk and that, if certain risks, in particular those described under "**Risk Factors**" occur, the investors may lose all or a very substantial part of their investment.**

This document does not constitute an offer to sell, or the solicitation of an offer to buy Notes in any jurisdiction where such offer or solicitation is unlawful. The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"), and are subject to U.S. tax law requirements. Subject to certain exceptions, the Notes may not be offered, sold or delivered within the United States or to U.S. persons. For a further description of certain restrictions on the offering and sale of the Notes and on the distribution of this document, see "**Selling Restrictions**".

This Prospectus will be valid until June 11, 2021 and may in this period be used for admission to trading of the Notes on a regulated market. In case of a significant new factor, material mistake or material inaccuracy relating to the information included in this Prospectus which may affect the assessment of the Notes, the Issuer will prepare and publish a supplement to the Prospectus without undue delay in accordance with Article 23 of the Prospectus Regulation. The obligation of the Issuer to supplement this Prospectus will cease to apply once the Notes have been admitted to trading on the regulated market of the Luxembourg Stock Exchange and at the latest upon expiry of the validity period of this Prospectus.

*Joint Bookrunners*

**Barclays**

**BNP PARIBAS**

**BofA Securities**

**Deutsche Bank**

**RBC Capital  
Markets**

*The date of this Prospectus is June 11, 2020*

## IMPORTANT NOTICES

### 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 Terms and Conditions 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 and the Guarantee 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 and the Guarantee 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 and the Guarantee; (ii) the statements contained in this Prospectus relating to the Issuer, the Guarantor, the Notes and the Guarantee are in every material particular true and accurate and not misleading; (iii) there are no other facts in relation to the Issuer, the Guarantor, the Notes or the Guarantee 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.

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.

### US SELLING RESTRICTIONS

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*."

### NOTICE

No person is authorized 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 authorized by or on behalf of the Issuer, the Guarantor or Barclays Bank Ireland PLC, BNP Paribas, BofA Securities Europe SA, Deutsche Bank Aktiengesellschaft 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.

## **FORWARD LOOKING STATEMENTS**

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 "Description of the Guarantor" and "Description of the Issuer" and statements elsewhere in this Prospectus relating to, among other things, the future financial performance, potential synergies to be realized 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 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.

## **CURRENCY**

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, and all references to "**U.S.\$**" or "**USD**" are to United States dollars.

## **PRESENTATION OF FINANCIAL DATA**

The audited consolidated financial statements of Volkswagen AG as of and for the years ended December 31, 2019 and December 31, 2018 (respectively, the "**2019 Annual Financial Statements**" and the "**2018 Annual Financial Statements**", together, the "**Annual Financial Statements**") were prepared in accordance with International Financial Reporting Standards, as adopted by the European Union ("**IFRS**"). The unaudited condensed consolidated interim financial statements of Volkswagen AG as of and for the three-month period ended March 31, 2020 (the "**Interim Financial Statements**" and, together with the Annual Financial Statements, the "**VWAG Financial Statements**") were prepared on the basis of International Financial Reporting Standards applicable to interim financial reporting as adopted by the European Union.

The audited financial statements of the VIF as of and for the years ended December 31, 2019 and December 31, 2018 (respectively, "**Financial Statements 2019 of VIF**" and the "**Financial Statements 2018 of VIF**", together the "**VIF Financial Statements**", and together with the VWAG Financial Statements, the "**Financial Statements**") have been prepared by the VIF'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**").

Unless otherwise specified, the financial information analysis included or incorporated by reference in this Prospectus is based on the Financial Statements. Where financial information in this Prospectus is labeled "audited", it has been taken from the Financial Statements. The label "unaudited" is used to indicate that financial information has not been taken from the Financial Statements but has been derived from the Annual Financial Statements, or the Issuer's Financial Statements or from Volkswagen's or the Issuer's accounting records or from management reporting and has not been audited. As a result, not all figures may be comparable.

The financial information and related discussion and analysis included or incorporated by reference in this Prospectus are presented in euro except as otherwise specified.

Gross margin, operating result, R&D ratio, capex as a percentage of sales revenue, capex, net cash flow and net liquidity in the Automotive Division and operating return on sales are not recognized measures under IFRS ("**Non-GAAP measures**") and should, for this reason, not be considered as an alternative to the applicable IFRS measures. These Non-GAAP measures may not be comparable to similarly titled measures as presented by other companies due to differences in the way of calculation.

## **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 Notes the ability to bear losses resulting from interest rate changes and 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 AND UK 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**") or in the United Kingdom. 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 (EU) 2016/97 ("**Insurance Distribution 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 or in the United Kingdom has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA or in the United Kingdom may be unlawful under the PRIIPs Regulation.

## **BENCHMARK REGULATION**

Interest amounts payable under the Notes may be calculated by reference to the Euro Interbank Offered Rate ("**EURIBOR**"), which is currently provided by European Money Markets Institute ("**EMMI**"). As at the date of this Prospectus, EMMI appears on the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority ("**ESMA**") pursuant to Article 36 of the Benchmarks Regulation.

## **ROUNDING**

Certain figures included in this Prospectus have been subject to rounding adjustments; accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

## **STABILIZATION**

**In connection with the issue of the Notes, BofA Securities Europe SA (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, stabilization may not necessarily occur. Any stabilization 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 stabilizing shall be in compliance with all laws, directives, regulations and rules of any relevant jurisdiction.**

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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.*

*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.*

*The following risk factors are organized in categories depending on their respective nature. In each category the most material risk factors, based on the probability of their occurrence and the expected magnitude of their negative impact, are mentioned first.*

### **Risk Factors regarding Volkswagen International Finance N.V.**

#### **1.1 Finance Subsidiary**

The Issuer is an indirect wholly owned subsidiary of Volkswagen AG. All Notes to be issued by the Issuer are unconditionally and irrevocably guaranteed by Volkswagen AG in respect of principal and interest payments. Accordingly, the ability of the Issuer to fulfil its obligations under the Notes is affected, substantially, by the same risks as those that affect the business and operations of Volkswagen AG and/or its consolidated subsidiaries. Therefore, references in this section to risk factors affecting Volkswagen AG and/or its consolidated subsidiaries shall be considered risk factors affecting the Issuer (if applicable).

Volkswagen AG is subject to various risks resulting from changing economic, political, social, industry, business and financial conditions. The principal risks which could affect Volkswagen AG's business, financial condition, profitability, cash flows, results of operations and future business results are described below. In addition, risks that are not yet known or assessed as not material can influence profitability, cash flows and financial position.

### **Risk Factors regarding Volkswagen Aktiengesellschaft and Volkswagen Group**

#### **1.2 Coronavirus impact**

##### **1.2.1 *The recent outbreak of SARS-CoV-2 has had a material adverse effect on Volkswagen's business, affecting sales, production and supply chains, and employees. Further, the spread of the SARS-CoV-2 outbreak has caused and may continue to cause severe disruptions in the European and global economy and financial markets and could potentially create widespread business continuity issues.***

In December 2019, a novel strain of coronavirus ("SARS-CoV-2") was reported to have surfaced in Wuhan, China. SARS-CoV-2 has since spread globally, including Volkswagen's primary markets and the location of its principal operations, Germany and Europe as a whole and the United States. On March 11, 2020 the World Health Organization declared SARS-CoV-2 a pandemic. The scale and duration of the SARS-CoV-2 pandemic has severely impacted global financial and commodity markets and regional and global economies, pushing many into recessions. Further extended duration of SARS-CoV-2 or another pandemic could further negatively impact financial and commodity markets and regional and global economies.

The global impact of the outbreak continues to evolve rapidly and, as cases of the virus continue to be identified, many countries, including China, the member states of the European Union and the United States, have reacted by instituting quarantines and restrictions on travel. Such actions have caused a material deterioration of the global economy and the financial markets, with serious negative consequences for both advanced economies and emerging markets, including all of Volkswagen's core markets, disrupting global supply chains, severely decreasing consumer demand and spending, and adversely impacting a number of industries, including the automobile industry.

The effects of the SARS-CoV-2 outbreak have had and may continue to have a material adverse effect on Volkswagen's business and results of operations, and, depending on the duration of the outbreak, national responses, the resulting economic downturn, and the shape of any potential recovery could adversely impact Volkswagen's ability to successfully operate in the future due to, among other factors:

- depressed consumer demand, which has led to continued significant declines in vehicle sales in all of Volkswagen's primary markets, adversely impacting Volkswagen's sales to retail and corporate customers, which may be compounded by cancellations of lease and sales contracts due to the economic downturn and import restrictions or other such measures intended to mitigate the economic effects of the SARS-CoV-2 pandemic on national economies;
- dealership closures and quarantine or other measures aimed at preventing the spread of the virus, which may materially affect Volkswagen's ability to sell its products and services through its customary channels; new sales channels may need to be implemented, which may not prove successful;
- a further slowdown or continued suspension in production at Volkswagen's facilities worldwide, including joint ventures in China or at Volkswagen's plants in Germany, or the slowdown or suspension of production at other Volkswagen facilities or further such measures as may be necessary in the future;
- adverse impacts on Volkswagen's ability to operate in affected areas, or delays or disruptions in the supply chain of automotive parts, components, commodities and other materials that are needed for plants and factories to operate effectively and allow Volkswagen to meet targets and complete orders in a timely manner, or impact Volkswagen's ability to comply with regulatory obligations (e.g., homologation, licenses or approvals) leading to reputational harm and regulatory issues, fines or sales stops;
- the current material deterioration of the global economy and significant drop in consumer demand may lead the Financial Services Division to conclude fewer leasing and financing agreements and could additionally cause a significant decrease in residual values for leased vehicles or vehicles financed with a balloon rate and return option. An increase in residual value risk could cause Volkswagen to increase its existing loss provisioning for residual value risks, while fewer leasing and financing contracts could have a significant negative impact on the earnings and financial position of the Financial Services Division and thus also on the Volkswagen Group;
- difficulty accessing debt and equity capital on attractive terms, or at all, and a severe disruption and instability in the global financial markets or deteriorations in credit and financing conditions, which may affect Volkswagen's ability to access capital necessary to fund business operations, meet financial obligations or replace or renew maturing liabilities on a timely basis, and may adversely affect the valuation of financial assets and liabilities, any of which could affect Volkswagen's liquidity, ability to meet capital expenditure requirements or have a material adverse effect on Volkswagen's business, financial condition, results of operations and cash flows;
- the instability of the global financial markets and availability of internal and/or external resources may delay or disrupt some of Volkswagen's cooperation with joint ventures and its acquisition and disposal activities with external partners;
- a decline in the continued service and availability of skilled workforce and personnel, including executive officers and other leaders that are part of Volkswagen's management team and Volkswagen's ability to recruit, attract and retain skilled personnel. To the extent Volkswagen's workforce, personnel and management are impacted in significant numbers by the outbreak of disease and are not available to conduct work, this could lead to delays in the research and



development of vehicles and components and may further negatively impact Volkswagen's business and operating results;

- disruptions, delays or other impairments to Volkswagen's internal business processes, in particular due to working from home schemes being implemented at Volkswagen and potential increased risks in terms of IT exposure, data security and increased risk of cyberattacks;
- supply chain disruptions, which have affected and may continue to affect Volkswagen's alternative drivetrain technology research activities, which may delay the scheduled rollout of products based on such new technologies and may impede Volkswagen's ability to develop and test new technologies needed to comply with intensifying environmental rules (e.g., CO2 targets); and
- continued deterioration of the economy in Volkswagen's core markets and other knock-on effects from the SARS-CoV-2 pandemic may frustrate the attainment of Volkswagen's strategic goals, which could have a material adverse effect on Volkswagen's reputation, general business activities, net assets, financial position and results of operations.

In March 2020, Germany enacted emergency legislation to mitigate the negative economic effects of the SARS-CoV-2 pandemic. Among other measures, section 240 of the introductory law to the German civil law code (*Einführungsgesetz zum Bürgerlichen Gesetzbuch*) was amended to allow lessees that qualify as consumers or micro-sized enterprises or borrowers which qualify as consumers under certain circumstances to defer payments under lease or financing contracts, as relevant, until June 30, 2020 (or such later date as extended by the German government). There is a risk that Volkswagen lessees or borrowers may delay or seek to delay payments on existing leases or financing agreements under the emergency legislation. This could impact among others cash flows and liquidity of Volkswagen. The introduction of similar legislation, and/or amendments to existing legislation, intended to mitigate the SARS-CoV-2 pandemic and its adverse economic consequences can be expected in the markets in which Volkswagen operates. Such legislative measures may have a negative effect on Volkswagen's business, financial condition and results of operations. Even if the impact on Volkswagen of the SARS-CoV-2 pandemic is less severe than expected, future epidemics or pandemics could potentially cause further significant damage to the global economy and to Volkswagen's business.

The rapid development and fluidity of this situation precludes any prediction as to the ultimate adverse impact of SARS-CoV-2. Nevertheless, SARS-CoV-2 presents material uncertainty and risk and has had and could continue to have material adverse effects on Volkswagen's revenues, net assets, cash flows, financial condition and results of operations.

### 1.3 Macroeconomic, sector specific, markets and sales risks

#### 1.3.1 *Demand for Volkswagen's products and services depends upon the overall economic situation; restrictions on trade and increasingly protectionist tendencies can result in a negative trend in markets and impact Volkswagen's unit sales.*

The sales volume of Volkswagen's products and services depends upon the general global economic situation. Economic growth and developments in advanced economies and emerging markets have been endangered by volatility in the financial and commodity markets, restrictions on trade and increasingly protectionist tendencies 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 have in the past, and may in the future have a negative impact on consumption, damaging the macroeconomic environment.

Particular risks to the economic environment, international trade and demand for Volkswagen's products may arise from rising protectionist sentiment in Volkswagen's key markets and the introduction of further tariff and non-tariff barriers or similar measures due to increasing protectionist tendencies. For example, the United Kingdom's decision to leave the European Union ("**Brexit**"), trade tensions between the United States and China, or a reorientation of the United States economic policy (any introduction of additional 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 United States-Mexico-Canada Agreement (USMCA), previously known 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. In February

2019, the U.S. Commerce Department declared European cars a threat to US national security. Although the U.S. administration delayed a decision on whether to impose tariffs on foreign vehicles, such tariffs could still be imposed, adversely affecting Volkswagen's sales to the United States. Any retaliatory measures by regional or global trading partners could further 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 global or regional conflicts, armed confrontations, terrorist activities, cyberattacks, natural catastrophes or the spread of infectious diseases (such as the current spread of SARS-CoV-2) 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 or economic disruptions in countries and regions that are major economic centers or are relevant to the global supply chain, in particular US and China, have an immediate effect on the global economy and thus pose a key risk for Volkswagen's businesses.

Recently, the effects of the SARS-CoV-2 pandemic have resulted in a material deterioration of the global economy and financial markets, with serious negative consequences for both advanced economies and emerging markets, affecting all of Volkswagen's core markets. Most of Volkswagen's key markets are already in, or are expected to soon be in economic recession. The effects of the SARS-CoV-2 pandemic may exacerbate the risks arising from volatility in the financial and commodity markets and restrictions on trade and may increase protectionist tendencies and structural deficits. The SARS-CoV-2 pandemic's impact on the global economy has had a marked adverse effect on consumption and increases the likelihood that consumption could further decline in the future. Volkswagen believes that these developments have had, and could continue to have adverse effects on its business, financial condition and results of operation. See also "1.2.1 The recent outbreak of SARS-CoV-2 has had a material adverse effect on Volkswagen's business, affecting sales, production and supply chains, and employees. Further, the spread of the SARS-CoV-2 outbreak has caused and may continue to cause severe disruptions in the European and global economy and financial markets and could potentially create widespread business continuity issues."

**1.3.2 The larger share of Western Europe, particularly Germany, and of China in Volkswagen's sales exposes Volkswagen to these regions' overall economic development and competitive pressures. The material deterioration of economic conditions and financial markets in these regions caused by spread of SARS-CoV-2 have resulted and may continue to result in a marked decline in consumer demand and investment activity and has significantly adversely affected, and may continue to affect Volkswagen's business.**

In 2019, Volkswagen delivered 32.1% of its passenger cars to customers in Western Europe. Also, in 2019, 11.7% of Volkswagen's passenger cars were delivered to customers in Germany. In the same year, Volkswagen delivered 41.3% of its passenger cars to customers in China. A sustained decrease in demand for Volkswagen's products and services in Western Europe, especially in Germany, or in China 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, recession, large-scale government austerity measures or tax increases, could lead to significant long-term economic weakness.

In addition, Brexit has had consequences for macroeconomic growth and outlook in the United Kingdom and Europe, affected exchange rates and negatively impacted demand for Volkswagen's products. Depending on the future relationship between the UK and the EU, economic conditions in the United Kingdom, the European Union and global markets, including currency markets, may be adversely affected by reduced growth and heightened volatility. If the United Kingdom and the European Union fail to reach an agreement on a future trade relationship, it may result in increased trade barriers between the European Union and the United Kingdom. Any such trade barriers could have a negative impact on volumes and costs both for Volkswagen's vehicles and components produced in the European Union for sale in the United Kingdom, and vice versa. A sustained economic downturn in the United Kingdom as a result of Brexit would furthermore adversely affect Volkswagen's sales in one of its largest individual markets in Western Europe. 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.

A slowdown of the Chinese economy, partly as a result of the trade dispute between China and the US, but mainly due to the rapid spread of SARS-CoV-2 pandemic, has in recent months led to a severe decline in

demand for automobiles, affecting Volkswagen's business. This decline in demand could worsen. Further, the slowdown in the Chinese economy could have a negative impact on the world economy and international capital markets, affecting developed and emerging economies. Additionally, further aggravation of political conflicts and increased nationalist and protectionist behavior, could also result in reduced demand for Volkswagen's products and services in China.

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. Alongside this, China's automotive industry is intensely competitive, with many domestic and foreign manufacturers attempting to maintain or grow their market share, for example, through marketing incentives. A further increase in competitive pressures in Western European or Chinese markets could result in falling prices and decreased demand for Volkswagen's vehicles, which could adversely affect sales, operating margins and cause a loss of market share.

Recently, the effects of the SARS-CoV-2 pandemic caused a significant worldwide economic downturn, affecting among others, Europe, Germany and China. This led to a severe decline in demand for automobiles and other goods, and, depending on the length and severity of the pandemic, could lead to significant prolonged long-term economic weakness or recession and declines in automobile demand. Further global spread and continued severity of the SARS-CoV-2 pandemic could prolong this decline or cause it to worsen. This has had and could continue to have material adverse effects on Volkswagen's revenues, net assets, cash flows, financial condition and results of operations. See also "*1.2.1 The recent outbreak of SARS-CoV-2 has had a material adverse effect on Volkswagen's business, affecting sales, production and supply chains, and employees. Further, the spread of the SARS-CoV-2 outbreak has caused and may continue to cause severe disruptions in the European and global economy and financial markets and could potentially create widespread business continuity issues.*"

#### **1.3.3 *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 main business, such as autonomous 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 its business could be harmed.

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 the US, China or India, 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.

As a result of the SARS-CoV-2 pandemic, competitive pressures in the automotive industry could increase significantly and Volkswagen's ability to sell its products and services through its customary channels may be adversely affected for some time. This could result in new sales channels needing to be implemented, which may not prove successful. Furthermore, the pandemic's effect on the global economy may trigger changes to customer demand characteristics that Volkswagen may not be able to successfully predict or adapt to as quickly and effectively as some of its competitors. See also "*1.2.1 The recent outbreak of SARS-CoV-2 has had a material adverse effect on Volkswagen's business, affecting sales, production and supply*

*chains, and employees. Further, the spread of the SARS-CoV-2 outbreak has caused and may continue to cause severe disruptions in the European and global economy and financial markets and could potentially create widespread business continuity issues."*

**1.3.4     *A decline in retail customers' purchasing power or in corporate customers' financial situation and willingness to invest as well as increased price pressure 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. Alternatively, the government sales support schemes may focus on market segments which are not beneficial for Volkswagen.

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 in the past and may in the future offer 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.

The material deterioration in the global economy and financial markets, including increases in unemployment levels and declines in income and personal wealth caused by the SARS-CoV-2 pandemic have resulted and may continue to result in significant declines in demand for automobiles, affecting Volkswagen's business, revenues, net assets, cash flows, financial condition and results of operations. The global spread and severity of the SARS-CoV-2 pandemic could prolong this decline in demand or cause it to worsen. These effects will be exacerbated the longer the SARS-CoV-2 pandemic lasts. See also "1.2.1 *The recent outbreak of SARS-CoV-2 has had a material adverse effect on Volkswagen's business, affecting sales, production and supply chains, and employees. Further, the spread of the SARS-CoV-2 outbreak has caused and may continue to cause severe disruptions in the European and global economy and financial markets and could potentially create widespread business continuity issues."*

**1.3.5     *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.

Several 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 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.

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. A prolonged 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.

The impact of the SARS-CoV-2 pandemic on local economic growth in these markets has caused, and may continue to cause a significant decline in demand for Volkswagen's products, causing Volkswagen to sell fewer products in these markets and/or obtain lower prices than expected. Should the SARS-CoV-2 pandemic result in a continued decline in, or lack of, economic growth in local markets, this could also lead to significantly intensified price competition, rising inventories and excess production capacity. See also *"1.2.1 The recent outbreak of SARS-CoV-2 has had a material adverse effect on Volkswagen's business, affecting sales, production and supply chains, and employees. Further, the spread of the SARS-CoV-2 outbreak has caused and may continue to cause severe disruptions in the European and global economy and financial markets and could potentially create widespread business continuity issues."*

**1.3.6 *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. Generally, 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 ("CO<sub>2</sub>") balance of Volkswagen's fleet and Volkswagen could incur higher costs in meeting the applicable CO<sub>2</sub> targets. Volkswagen also faces growing pressure 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 self-owned 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. 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.

**1.3.7 *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 several 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 a negative 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, would necessitate 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.

**1.3.8 *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 Volkswagen passenger vehicles as a share of total registrations in Europe amounted to 35.0% in 2019 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 cyclicity. The resulting production fluctuations require significant flexibility on the part of truck producers, 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 or financing agreements.

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 CO<sub>2</sub> 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.

At this time, Volkswagen is not able to fully determine the impact that the SARS-CoV-2 pandemic may have on the financial position of its corporate customers. The sensitivity of this customer group to the material deterioration of the global economy and the financial markets resulting from the SARS-CoV-2 pandemic has caused and may continue to cause Volkswagen to sell significantly fewer vehicles to corporate customers, which in turn may cause the Financial Services Division to conclude fewer leasing or financing agreements. If corporate customers experience significant losses or a deterioration of their financial position or insolvency, this may adversely impact Volkswagen's business, revenues, net assets, cash flows, financial condition and results of operations. See also "1.2.1 *The recent outbreak of SARS-CoV-2 has had a material adverse effect on Volkswagen's business, affecting sales, production and supply chains, and employees. Further, the spread of the SARS-CoV-2 outbreak has caused and may continue to cause severe disruptions in the European and global economy and financial markets and could potentially create widespread business continuity issues.*"

**1.3.9 *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 "1.7.1 *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.*"

**1.3.10 *Volkswagen faces regulatory risks in the aftermarkets 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 is entitled to limit the number of dealers to those 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 the amendment of the Euro 5/Euro 6 legislation in the form of Regulation (EC) No. 2018/858 effective September 1, 2020, Volkswagen could in the future be obliged to grant independent operators 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.

**1.4 *Research and development risks***

**1.4.1 *Volkswagen's future business success depends on its ability to develop new, attractive and energy-efficient products; failure to develop products in line with demand and regulations,***

*especially in view of e-mobility and digitalization could materially impact Volkswagen's operations*

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. See also: *"1.6.1 Volkswagen is subject to a range of different environmental regulatory and legal requirements worldwide that are constantly changing; and not meeting CO2-related regulations could lead to substantial fees, penalties, damages and other materially adverse effects."*

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 future regulations and the extent of governmental support, uncertainties regarding the widespread adoption of electric vehicles and their performance, 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 sufficiently increase its 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, for example as a result of the SARS-CoV-2 pandemic, 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.

The outbreak of SARS-CoV-2 pandemic, and the resulting supply chain disruptions, have affected and may continue to further affect Volkswagen's alternative drivetrain technology research and development activities, causing delays. See also *"1.2.1 The recent outbreak of SARS-CoV-2 has had a material adverse effect on Volkswagen's business, affecting sales, production and supply chains, and employees. Further, the spread of the SARS-CoV-2 outbreak has caused and may continue to cause severe disruptions in the European and global economy and financial markets and could potentially create widespread business continuity issues."*

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.



**1.4.2 *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. In 2019, due to accelerated developments in the industry, Volkswagen has further revised its strategy – "TOGETHER Strategy 2025+" – with the further objective of improving the enterprise value of the Volkswagen Group. In addition to the above-mentioned areas, Volkswagen aims to focus on improving corporate governance and financial performance, further increasing brand value, strengthening software expertise and leadership development.

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 economic and financial repercussions linked to the SARS-CoV-2 pandemic or the diesel issue, as discussed under "1.2.1 *The recent outbreak of SARS-CoV-2 has had a material adverse effect on Volkswagen's business, affecting sales, production and supply chains, and employees. Further, the spread of the SARS-CoV-2 outbreak has caused and may continue to cause severe disruptions in the European and global economy and financial markets and could potentially create widespread business continuity issues.*" and "1.7.1 *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.*"

**1.4.3 *Volkswagen faces challenges in connection with stricter processes/requirements for vehicle approval (homologation) and new test procedures (e.g. WLTP).***

The vehicle approval process (homologation) and the implementation of increasingly stringent emission and consumption regulations are becoming more and more complex and time-consuming and may vary by country. 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, periodic regulatory changes, the need to develop new harmonized internal standards to comply with regulations, and stricter enforcement by regulators globally. In the past, Volkswagen was required and may in the future be required to devote significant resources to develop and maintain the required internal processes.

For example, beginning with September 2017, a new more time-consuming test procedure has applied in the EU to all new vehicles with the transition from the "New European Driving Cycle" (i.e. test procedures used previously in the EU to assess the emission levels and fuel economy) to the new Worldwide Harmonized Light-Duty Vehicle Test Procedure ("**WLTP**"). The transition has caused 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, a temporary decline in sales and build-up in inventory. This has adversely impacted Volkswagen's results in the 2018 and 2019 financial year and could continue to have a material adverse effect on Volkswagen's general business activities, net assets, financial position and results of operations.

Furthermore, the European Real Driving Emissions ("**RDE**") regulation for passenger cars and light commercial vehicles imposed uniform limits to new vehicle types across the EU since September 2017 onwards, for nitrogen oxide and particulate emissions in real road traffic. The RDE test procedure is

fundamentally different from past emission standards. Stricter RDE processes and requirements have resulted in certain challenges relating to test criteria and homologation for Volkswagen.

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. This, in turn, could have a material adverse effect on Volkswagen's general business activities, net assets, financial position and results of operations.

## **1.5 Operational risks**

### **1.5.1 *Volkswagen operates complex IT systems and is exposed to risks in the areas of cyber security and new regulatory requirements for IT.***

Volkswagen operates comprehensive and complex IT systems. IT risks exist in relation to confidentiality, data integrity and availability, and can arise in the form of unauthorized access to, modification of and extraction of sensitive electronic corporate or customer data as well as limited systems availability as a consequence of downtime and disasters.

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 (GDPR) which entered into force in May 2018, and new vehicle and software development requirements are expected as a result of the United Nations Economic Commission for Europe (UNECE) cyber security regulation (WP.29). In addition, Volkswagen is providing more services through private and public clouds, increasing the Group's dependencies on third parties such as cloud vendors. Development and provisioning of cloud software and services is characterized by rapid iterations and rollouts. As a result, there is an increased risk that existing IT compliance and testing procedures will not adequately mitigate IT risks.

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.

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. Volkswagen expects further integration and implementation of the Internet of Things (IoT) infrastructure that may increase the dependency between Volkswagen's infrastructure and that of its partners. 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.

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.

**1.5.2 *Any unauthorized control or manipulation of Volkswagen's in-vehicle systems could impact the safety of Volkswagen 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, or undiscovered software flaws or other malfunctions, 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.

**1.5.3 *Volkswagen's future business success depends on its ability to maintain high quality and Volkswagen may incur substantial costs as a result of having to comply with government-prescribed standards for vehicles and components.***

In order to maintain high quality standards for its products and to comply with government-prescribed standards, such as safety, emissions or environmental standards, Volkswagen incurs substantial costs for monitoring and quality assurance. Since Volkswagen applies a modular component concept in vehicle production, Volkswagen's risk is increased because individual components are used in several different models and brands.

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. Competent authorities have begun assessing potential actions as a result of a finding of excessive lead content in vehicle components supplied to automotive manufacturers, including Volkswagen, by their suppliers. These components have been used in vehicles sold by Volkswagen and other automotive manufacturers. There is a risk that competent authorities may impose, among other things, waste disposal orders and/or fines against Volkswagen.

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 "*1.7.1 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.*" In the future, it cannot be ruled out that Volkswagen may experience 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.

1.5.4 ***If Volkswagen 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, Volkswagen's procurement, production, transport and service chains could be interrupted or impaired.***

Volkswagen's business depends, among other things, on the timely availability of automotive parts and components. 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. Recently, the increasing technical complexity and Volkswagen's expanding use of the modular toolkit system resulted in an increased need for high-grade supplier components and software of impeccable quality.

Volkswagen generally sources 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 fulfil 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, local content requirements and import duties.

Weakening growth in the global economy, ongoing trade disputes and shifts in customer demand – especially the technological shift toward e-mobility – along with the resulting changes in order volume from suppliers are posing challenges for Volkswagen's suppliers, resulting in an increased need for financing. Additionally, if vehicle sales decline significantly across the automotive market, competition in the automotive industry will increase, which could have a significant adverse effect on the financial position of some of Volkswagen's suppliers. Some of Volkswagen's suppliers could experience financial distress or file for insolvency as a result. Financial distress in the supply chain may result in delivery bottlenecks, a loss of quality and price increases.

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 composition of materials required for the vehicle fleet. Metals used for high voltage batteries necessary for electric vehicles 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 damage to Volkswagen or instability of material supply.

The SARS-CoV-2 pandemic has had, and may continue to have, a material effect on Volkswagen's ability to obtain automotive parts and components from suppliers. A bottleneck in supply chains, caused by several factors linked to the SARS-CoV-2 outbreak, including regional, national and international restrictions on the business activities of Volkswagen suppliers and the unavailability of critical workforce, contributed to the decision to slow down or suspend production at Volkswagen's facilities worldwide. Additionally, the SARS-CoV-2 pandemic may have an impact on suppliers' resources and ability to develop and innovate,

thereby adversely influencing Volkswagen's future product innovation and quality. Some of Volkswagen's suppliers have experienced and could continue to experience financial distress or file for insolvency as a result. Financial distress in the supply chain has resulted and may continue to result in delivery bottlenecks, a loss of quality and price increases. While it is currently impossible to estimate and quantify the extent of its negative effects, the SARS-CoV-2 pandemic poses a material risk to Volkswagen's supply chains and production, the sales of Volkswagen products, profits and the delivery of its services. See also "*1.2.1 The recent outbreak of SARS-CoV-2 has had a material adverse effect on Volkswagen's business, affecting sales, production and supply chains, and employees. Further, the spread of the SARS-CoV-2 outbreak has caused and may continue to cause severe disruptions in the European and global economy and financial markets and could potentially create widespread business continuity issues.*"

**1.5.5 *Volkswagen is exposed to risks arising from procurement of raw materials, potentially impacting its procurement, production, transport and service chains.***

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 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, rhodium 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. Such planned changes may not always 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, epidemics or pandemics such as the SARS-CoV-2 pandemic 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.

**1.5.6 *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 the limits of 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 can 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.

Recently, the spread of the SARS-CoV-2 pandemic has had a material impact on Volkswagen's production capacity, leading to the slowdown or temporary closure of Volkswagen facilities worldwide and has presented financial challenges for Volkswagen, as its fixed operating costs could not be fully reduced in line with the decrease in revenue at the height of the pandemic. These measures may be continued or further measures may be necessary in the future. Volkswagen expects that these developments will adversely affect its revenues, net assets, cash flows, financial condition and results of operations. See also "*1.2.1 The recent outbreak of SARS-CoV-2 has had a material adverse effect on Volkswagen's business, affecting sales, production and supply chains, and employees. Further, the spread of the SARS-CoV-2 outbreak has caused and may continue to cause severe disruptions in the European and global economy and financial markets and could potentially create widespread business continuity issues.*"

**1.5.7 *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 – such as the recent SARS-CoV-2 pandemic - 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. In particular, risks may arise 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.

Recently, the rapid spread of the SARS-CoV-2 pandemic has led to regional, national and international restrictions on the business activities of Volkswagen and its suppliers and the unavailability of critical workforce, contributing to the decision to slow down or suspend production at Volkswagen's facilities worldwide. These measures may be continued or further measures may be necessary in the future. Volkswagen expects that these developments will adversely affect its revenues, net assets, cash flows, financial condition and results of operations. See also "*1.2.1 The recent outbreak of SARS-CoV-2 has had a material adverse effect on Volkswagen's business, affecting sales, production and supply chains, and employees. Further, the spread of the SARS-CoV-2 outbreak has caused and may continue to cause severe disruptions in the European and global economy and financial markets and could potentially create widespread business continuity issues.*"

**1.6 *Environmental and Social risks***

**1.6.1 *Volkswagen is subject to a range of different environmental regulatory and legal requirements worldwide that are constantly changing; and not meeting CO2-related regulations could lead to substantial fees, penalties, damages and other materially adverse effects.***

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, including the use of parts provided by suppliers.

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, CO<sub>2</sub> and other emission limits (such as NO<sub>x</sub>), as well as tax regulations in relation to CO<sub>2</sub> or fuel 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 older vehicles (including Volkswagen's own products) may be restricted in particular cities or regions, by a lowering of regulatory limits after the vehicle's sale in response to, among other things, local air quality.

For example, the European Commission has imposed increasingly stricter regulations regarding CO<sub>2</sub> emissions of all passenger cars (calculated on a fleet average) offered for sale in the European Union. Since 2015, Volkswagen's entire new fleet (calculated on yearly registrations) has had to meet a limit of 130g CO<sub>2</sub>/km. From 2020 onward, the average industry emissions from all European passenger car fleet has to meet 95g CO<sub>2</sub>/km (while in 2021 the target will be transferred from NEDC to WLTP). For light commercial vehicles, the EU's CO<sub>2</sub> regulation set limits to be met from 2014 onwards; with targets having been phased in gradually - the average CO<sub>2</sub> emissions from newly registered commercial vehicles was limited to 175g CO<sub>2</sub>/km. From 2020, an industry target of 147g CO<sub>2</sub>/km will apply.

The EU targets for both passenger cars and commercial vehicles are to be further tightened from 2025. For new European passenger car fleets, a reduction of 15% compared to 2021 levels will be required from 2025 and, from 2030 onwards, a reduction of 37.5% will be required. For new light commercial vehicle fleets, from 2025, the required reductions will be 15% compared to 2021 levels and 31% from 2030 onwards. Volkswagen anticipates that targets can only be achieved through a high proportion of electric vehicles. Starting with 2020, non-fulfillment of the fleet-wide targets will incur an excess emission premium of €95 per exceeded gram of CO<sub>2</sub>/km per vehicle sold.

At the same time, regulations governing fleet fuel consumption are in place or are being developed and introduced outside the European Union, for example in Brazil, Canada, China, India, Japan, Mexico, Saudi Arabia, South Korea, Switzerland, Taiwan and the US. In China, the fuel consumption regulations currently require an industry average fleet target of 5.0 liters/100 km, for 2020 (NEDC) and 4.6 liters/100 km in 2025 (WLTP). In addition to this legislation on fleet consumption, a so-called "new energy vehicle quota" applies in China, requiring every manufacturer to increase the share of electric vehicles in its total sales. The quota for 2020 is 12%, to be fulfilled through battery-electric vehicles, plug-in hybrids, or fuel cell vehicles with further increased targets after 2020. Finally, due to the extension of greenhouse gas legislation in the US (the law was signed in 2012), uniform fuel consumption and greenhouse gas standards apply in all federal states in the period from 2017 to 2025.

Commercial vehicles are also increasingly subject to ever stricter environmental regulations all around the world, particularly to regulations relating to climate change and vehicle emissions. The EU has set very ambitious targets for reducing CO<sub>2</sub> emissions within the next decade for new heavy trucks with a permitted gross weight of over 16 tonnes. The CO<sub>2</sub> emissions from such vehicles must be reduced by 15% by 2025 and 30% by 2030 compared to a reference value for a monitoring period from July 2019 to June 2020. If they fail to meet these targets, vehicle manufacturers will be liable to substantial penalties for the excess emissions, amounting to €4,250 per excess gram of CO<sub>2</sub>/ton-kilometer (tkm) per vehicle for the period from 2025 to 2029 and €6,800 per excess gram of CO<sub>2</sub>/tkm per vehicle for the period from 2030 onward.

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 sufficient quantities for Volkswagen to comply with applicable regulations.

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. Failure to comply with applicable regulations could lead to the imposition of penalties, fees, 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 *"1.7.1 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."*

**1.6.2 *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.

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

Volkswagen's success depends substantially on the quality of its employees and senior managers 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.

**1.6.4 *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*) applicable to Volkswagen's German locations (i.e. Wolfsburg, Braunschweig, Salzgitter, Emden, Kassel and Volkswagen Commercial Vehicles with its location in Hannover). 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. The agreement, which is generally applicable to all employees of Volkswagen, rules out compulsory redundancies during its term. In addition, Volkswagen agreed to the target to keep the number of employees at its 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. Moreover, the Board of Management and the General Works Council of Volkswagen have agreed on a pact for the future (*Zukunftspakt*), effective as of December 1, 2016. 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. 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. There can be no assurance that any benefits Volkswagen expects from the pact will be achieved.

In addition to the *Zukunftspakt*, the Board of Management and Volkswagen's General Works Council agreed on a digital transformation roadmap, with a focus on, among other things, personnel development, that ensures employees are prepared for the new challenges of digitization. The parties agreed to extend the employment guarantee through 2029 and to also include Volkswagen Sachsen GmbH alongside the existing Volkswagen German locations.

#### 1.6.5 ***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.

Factors such as currency, interest rate and fluctuations in securities prices may adversely affect the value of the plan assets. 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.

#### 1.7 **Legal risks**

##### 1.7.1 ***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 US. 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 four-cylinder engines). On November 2, 2015, the EPA issued a second "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 governmental proceedings seeking damages, recalls and/or technical fixes for affected diesel vehicles, criminal and administrative proceedings, consumer claims and investor lawsuits were subsequently initiated in the US, Canada, Germany and the rest of the world. In the years 2015 to 2019, Volkswagen recognized expenses directly related to the diesel issue in the total amount of €31.3 billion, adversely affecting its operating profit, financial position and results of operations. Work in respect of the legal proceedings that are still pending in the US and the rest of the world is ongoing, will require considerable efforts and coordination from Volkswagen, may demand significant management resources, and is expected to continue for some time. Ongoing and potential further legal proceedings related to the diesel issue could result in considerable further financial charges.

In coordination with the respective responsible authorities, Volkswagen Group is making technical measures available to rectify the diesel issue in affected diesel vehicles worldwide. In this context, within the Volkswagen Group, Volkswagen AG has development responsibility for the four-cylinder diesel engines such as the type EA 189, and AUDI AG has development responsibility for the six- and eight-cylinder diesel engines such as the type V6 3.0 l and V8 diesel engines. These measures have resulted in, and may continue to result in, significant expenses for the Volkswagen Group.

In the USA Volkswagen AG and certain affiliates reached settlement agreements with various government authorities and private plaintiffs, the latter represented by a Plaintiffs' Steering Committee in a multidistrict litigation in the US state of California. These agreements resolved certain civil claims as well as criminal charges under US federal law and the laws of certain US states in connection with the diesel issue. As part of the agreements entered into with the US Department of Justice ("**DOJ**") and the State of California (Plea Agreement and Third Partial Consent Decrees), a Compliance Monitor and Compliance Auditor were appointed for Volkswagen in 2017 for a term of three years. On October 17, 2019, Volkswagen announced that it has been granted a 90-day extension by DOJ and the Monitor to demonstrate that it has met its commitments under the terms of the Plea Agreement. Although Volkswagen AG and its subsidiaries and affiliates are firmly committed to fulfilling the obligations arising from these agreements, a breach of these obligations cannot be completely ruled out. In the event of a violation, significant penalties could be imposed as stipulated in the agreements, in addition to the possibility of further monetary fines, criminal sanctions and injunctive relief.

Several thousand consumers initially opted out of the settlement agreements, and many of these consumers filed civil lawsuits seeking monetary damages for fraud and violations of state consumer protection acts. As a result of various subsequent resolutions, fewer than 300 consumer opt-outs have claims pending against Volkswagen. A significant volume of the remaining opt-out cases are pending in the federal multidistrict litigation in California and in California state court. The first opt-out trial was held in late February and early March 2020 in the federal multidistrict litigation. In the aggregate, the ten opt-out plaintiffs were awarded a total of \$28,735 in compensatory and punitive damages combined. In Canada, which has the same NOx emissions limits as the US, Volkswagen has reached settlements with consumers relating to 2.0l and 3.0l diesel vehicles, which, *inter alia*, provided for cash payments for completing free vehicle emissions modifications, buy-backs/trade-ins and early lease terminations, as applicable. In connection with these consumer settlements, Volkswagen Group Canada and the Canadian Competition Bureau reached civil resolutions related to consumer protection issues in relation to the 2.0 l and 3.0 l diesel engines.

Outside the US and Canada, Volkswagen has also reached agreements with regard to the implementation of technical measures with numerous authorities.

In agreement with the respective responsible authorities, the Volkswagen Group made technical measures available worldwide for virtually all diesel vehicles with type EA 189 engines. In the European Union (EU 28), the German Federal Motor Transport Authority ("**KBA**"– *Kraftfahrt-Bundesamt*) ascertained for all clusters (groups of vehicles) that implementation of the technical measures would not bring about any adverse changes in fuel consumption figures, CO<sub>2</sub> emission figures, engine output, maximum torque, and noise emissions. Nevertheless, the proposed technical measures are currently under varying stages of implementation and under consideration by the KBA. The discussions are ongoing, and their outcome is open. This may lead to further significant costs, regulatory proceedings and/or customer claims for damages.

Following the studies carried out by AUDI AG to check all relevant diesel concepts for possible irregularities and retrofit potentials, measures proposed by AUDI AG have been adopted and mandated by the KBA in various recall orders pertaining to vehicle models with V6 and V8 TDI engines. Currently,

AUDI AG assumes that the total cost, including the amount based on recalls, of the ongoing largely software based retrofit program that began in July 2017 will be manageable and has recognized corresponding balance-sheet risk provisions. However, if AUDI AG's assumptions are incorrect and costs exceed expectations and balance-sheet provisions, AUDI AG and Volkswagen's results of operations and cash flows may be adversely affected. AUDI AG has in the meantime developed software updates for many of the affected powertrains and, after approval by the KBA, already installed these in the vehicles of a large number of affected customers. However, additional measures may become necessary as a result of the investigations by AUDI AG and the consultations with the KBA.

Worldwide, responsible authorities are continuing their review and assessment of the diesel concepts and of the technical solutions. Volkswagen may be required to repurchase vehicles sold in the US, Germany, Canada and elsewhere. This could lead to further significant costs. In 2018, the Korean Ministry of Environment ("**KME**") ordered a recall after it 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 (ii) the Dynamic Shift Program (DSP) in the gearbox control in some AUDI vehicle models, as prohibited defeat devices. On August 21, 2019, the KME further announced that it has categorized an injection strategy of urea solution as an illegal emission defeat device and plans to (i) revoke the certifications of eight AUDI, Volkswagen and Porsche brand diesel vehicles with V6 engines, (ii) issue a recall order and an advance notice for administrative fines, and (iii) refer the manufacturers to the prosecutors' office in criminal proceedings. In addition, AUDI AG is responding to requests from the U.S. authorities for information regarding automatic gearboxes in certain vehicles. 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. Further field measures with financial consequences cannot be ruled out completely at this time.

Alongside coordination with authorities on technical measures, there are ongoing criminal and administrative proceedings in relation to the diesel issue in the US, Germany and other countries worldwide.

In the US, Volkswagen has entered into agreements to resolve federal criminal liability relating to the diesel issue and to resolve civil penalties and injunctive relief under the U.S. 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 US law – including conspiracy to commit fraud, obstruction of justice and using false statements to import cars into the US – 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 every U.S. state to resolve existing or potential consumer protection and unfair trade practices claims. Volkswagen has also settled the environmental claims of certain states. However, certain states and municipalities still have pending state or local environmental law claims against Volkswagen. Furthermore, there is a risk that other states or jurisdictions may pursue similar claims, following a decision of the U.S. Court of Appeals for the Ninth Circuit on June 1, 2020 that reversed in part an earlier decision to fully dismiss the environmental claims of two U.S. counties.

Investigations by various U.S. regulatory and other government authorities, including in areas relating to securities, tax and financing, are ongoing. In March 2019, the SEC filed a complaint in the U.S. District Court for the Northern District of California against Volkswagen AG, Volkswagen Group of America Finance, VW Credit and the former Volkswagen CEO, Martin Winterkorn, alleging violations of the antifraud provisions of the federal securities laws in connection with securities sold in the US. The SEC complaint seeks permanent injunctions, disgorgement of allegedly ill-gotten gains with prejudgment interest, and civil penalties. 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 US, 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 proceedings result in adverse court decisions 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 Canada, in December 2019, the Canadian federal environmental regulator filed charges against Volkswagen AG in respect of 2.0 l and 3.0 l Volkswagen and Audi vehicles at the conclusion of its criminal enforcement-related investigation into the diesel issue. Volkswagen AG cooperated with the investigation and agreed to a plea resolution addressing all of the charges. In January 2020, Volkswagen AG pleaded guilty to the charges and agreed to pay a penalty of C\$196.5 million, which was approved by the court. Following this approval, the Ontario provincial environmental regulator withdrew its action against Volkswagen AG charging a quasi-criminal enforcement-related offense with respect to certain Volkswagen and Audi 2.0 l diesel vehicles. As to pending matters in Canada, an environmental class action has been authorized on behalf of residents in Quebec. This environmental class action was authorized on the sole issue of whether punitive damages could be recovered. While Volkswagen's appeals from the authorization ruling have been denied, the case remains in the early stages. Class action and joinder lawsuits have also been filed against Volkswagen in Canada, including alleged consumer protection and securities claims, asserting damages among other things. While a class action filed in Quebec provincial court was authorized as to claims relating to Volkswagen AG's shares, ADRs and debt securities, the case was dismissed by the Quebec court on April 16, 2020 for lack of jurisdiction. The plaintiff has at least thirty days to notice any appeal. A similar class action pertaining to shares and ADRs was also filed in the Province of Ontario. On August 15, 2018, the Ontario proceeding was dismissed by the Ontario court. While an appeal from this Ontario court ruling was noticed on September 14, 2018, the appeal was resolved before a hearing and dismissed.

In addition to the U.S. and Canadian proceedings, criminal investigations/misdemeanor proceedings have been opened in Germany by, among others, the public prosecutor's offices in Braunschweig, Stuttgart and Munich and by the Federal Financial Supervisory Authority ("**BaFin**" – *Bundesanstalt für Finanzdienstleistungsaufsicht*). Some of these regulatory offense proceedings against Volkswagen AG were terminated in 2018 and 2019, with the authorities issuing administrative notices imposing fines on Volkswagen Group companies.

Proceedings are ongoing in relation to current and former employees of Volkswagen. The public prosecutor's office in Braunschweig has issued indictments 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. In April 2019, the Braunschweig public prosecutors brought criminal charges, among others, against former Volkswagen CEO, Martin Winterkorn, in relation to alleged crimes tied to the diesel issue. These proceedings have been dismissed with regard to one current and one former board member and with regard to Volkswagen AG. The Stuttgart public prosecutor's office also confirmed that it is investigating, among others, the former CEO of Volkswagen AG, Martin Winterkorn, in his capacity as member of the management board of Porsche Automobil Holding SE ("**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 Dr. Ing. h.c. F. Porsche AG ("**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 US and Europe. In July 2019, the Munich II public prosecutor brought criminal charges against, among others, former Audi CEO, Rupert Stadler, in relation to alleged crimes tied to the diesel issue. In June 2020, the Munich II Regional Court allowed the prosecution's charges in respect to four suspects, including the former Audi CEO, and opened the main proceedings, with trial scheduled to begin in September 2020. Should any of these ongoing proceedings, especially those headed against (former) board members, result in final criminal court decisions against these individuals, it could result in substantial additional costs and have a material adverse effect on Volkswagen's business, financial position, results of operations, and reputation, and could have an impact on the consolidated financial statements and on the group management report for 2019 and prior years.

There are additional regulatory, criminal and/or civil proceedings in several jurisdictions worldwide. Volkswagen continues to cooperate with government authorities. However, there is a risk the criminal administrative proceedings discussed above, or any other further claims that may arise, could ultimately result in further fines for Volkswagen.

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 Australia, Belgium, Brazil, Germany, Italy, the Netherlands, Portugal, South Africa, the United Kingdom and the US. These proceedings are lawsuits aimed among other things at asserting damages, rescission of the purchase contracts or seeking declaratory judgments that customers are entitled to damages. Some of 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. 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 for Volkswagen. In Germany for example, Volkswagen reached a settlement with the Verbraucherzentrale Bundesverband e.V. (Federation of Consumer Organizations) involving approximately 233,000 customers, who decided to submit an offer for a settlement agreement. Volkswagen cannot estimate how many of approximately 30,000 customers who decided to not submit an offer, will file individual lawsuits. Individual lawsuits and similar proceedings are pending against Volkswagen in various countries, most of which are seeking damages or rescission of purchase contracts. In Germany, there are around 70 thousand such individual lawsuits. On May 25, 2020, the German Supreme Court (*Bundesgerichtshof*) in connection with one of the individual lawsuits decided that the customer is entitled to return his car and receive partial financial reimbursement from manufacturer. Volkswagen has announced to offer claimants one-off payments to end comparable proceedings. A total of approximately one thousand three hundred additional lawsuits are pending in other countries. Volkswagen cannot estimate how many customers will choose to file lawsuits in the future in addition to those already pending.

Furthermore, 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 supposed 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. Further investor claims could be brought.

The vast majority of these investor lawsuits are currently pending at the Regional Court in Braunschweig. In 2016, the Regional Court in Braunschweig ordered that common questions of law and fact be referred to the Higher Regional Court (*Oberlandesgericht*) in Braunschweig for binding declaratory rulings pursuant to the German Act on Model Case Proceedings in Disputes Regarding Capital Market Information ("**KapMuG**" – *Kapitalanleger-Musterverfahrensgesetz*). All lawsuits at the Regional Court in Braunschweig will be stayed pending resolution of the common issues, unless the cases can be dismissed for reasons independent of the common issues that are to be adjudicated in the model case proceedings. The resolution in the model case proceedings of the common questions of law and fact will be binding for all pending cases that have been stayed in the described manner. Oral argument hearings in the model case proceeding began in September 2018 and are being continued at subsequent hearings.

Outside the US and Canada, investor lawsuits, judicial applications for dunning procedures and conciliation proceedings, and claims under the KapMuG are currently pending against Volkswagen AG in connection with the diesel issue, amounting to an aggregated exposure of approximately €9.6 billion.

In the U.S., 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.

Overall, Volkswagen Group recognized expenses directly related to the diesel issue in the total amount of €31.3 billion in the years 2015 to 2019, adversely affecting its operating profit, financial position and results of operations. Expenses recognized in operating profit relating to the diesel issue amounted to €3.2 billion in fiscal year 2018 and were mainly attributable to the legally final administrative fine orders imposed by the public prosecutor's office in Braunschweig against Volkswagen AG (€1.0 billion) and by the Munich II public prosecutor's office against AUDI AG (€0.8 billion), higher legal risks and legal defense costs, as well as higher expenses for technical measures. In fiscal year 2019, additional expenses of €2.3 billion had

to be recognized in connection with the diesel issue. Charges of €2.6 billion were recognized under other operating expenses, which arose from the administrative fine order of €0.5 billion issued by the Stuttgart Public Prosecutor, which ended the ongoing regulatory offense proceeding against Porsche AG, and higher provisions for legal risks. This was set against the reversal of reserves for technical measures of €0.3 billion, which reduced cost of sales.

In addition, contingent liabilities were disclosed in relation to the diesel issue in the aggregate amount of €3.7 billion as of December 31, 2019 (December 31, 2018: €5.4 billion), of which lawsuits filed by investors account for €3.4 billion (December 31, 2018: €3.4 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.

Evaluating known information and making reliable estimates for provisions is a continuous process. The provisions recognized, and the contingent liabilities disclosed as well as the other latent legal risks in the context of the diesel issue are in part subject to substantial estimation risks given that the fact-finding efforts have not yet been concluded, and due to the complexity of the individual relevant factors and the ongoing coordination with the authorities. As a result, Volkswagen could be subject to further considerable financial charges that exceed its current estimates. 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.

In addition to ongoing, extensive investigations by governmental authorities in various jurisdictions worldwide, further investigations (including in relation to areas carved out of the plea agreement with the U.S. authorities, such as tax) 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 and 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 "1.8 Financial risks — 1.8.2 Volkswagen may not succeed in financing or

*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 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 investigations, proceedings and litigation are ongoing 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, proceedings and litigation, 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, proceedings and litigation 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.

**1.7.2 *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 compliance monitor in April 2017. Mr. Thompson submitted his initial review report under the plea agreement in March 2018. On February 8, 2019, Mr. Thompson submitted his first follow-up review report under the plea agreement. In November 2019, the Mr. Thompson submitted his second follow-up review report under the plea agreement. Additionally, on August 17, 2018 and August 16, 2019, Mr. Thompson submitted his first and second annual reports under the Third Partial Consent Decrees. Volkswagen is working to address the recommendations set forth in Mr. Thompson's reports. On October 17, 2019, Volkswagen announced that it has been granted a 90-day extension by DOJ and the Monitor to demonstrate that it has met its commitments under the terms of the Plea Agreement.

On August 13, 2019, Volkswagen and the US Environmental Protection Agency entered into an administrative agreement with a three-year term, seeking to resolve all administrative matters that relate to

suspension and debarment arising from the Plea Agreement. Pursuant to the administrative agreement, Volkswagen has also retained an Independent EPA Auditor for the duration of this agreement.

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.

**1.7.3 *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 "1.7.1 *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.*" and "1.7.2 *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.*"

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.

**1.7.4 *Volkswagen may fail to 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.

**1.7.5 *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 "1.7.1 *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.*" 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. Furthermore, in May 2020, Volkswagen agreed with NHTSA on future recalls of models with a certain type of Takata airbag inflators in the USA. Based on findings from Volkswagen's analysis program, further models were voluntarily recalled in certain countries with specific climate conditions. 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.

**1.7.6 *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.

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.

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.

**1.7.7 *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 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. Furthermore, German tax authorities may not accept all costs, expenses, fines or similar liabilities incurred by Volkswagen and its subsidiaries in Germany as a result of the diesel issue as tax deductible business expense.

In Brazil, the Brazilian tax authorities commenced tax proceedings against MAN Latin America; at issue in these proceedings are the tax consequences of the acquisition structure chosen for MAN Latin America in 2009. In December 2017, a final instance judgment that was negative for MAN Latin America was rendered in administrative court proceedings. MAN Latin America initiated proceedings against this judgment before the regular court in 2018. Due to the difference in the 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 €0.5 billion for the contested period from 2009 onwards, which has been reported within contingent liabilities as of March 31, 2020.

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.

**1.7.8 *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 SE claiming 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 (*Oberlandesgericht*) in Celle will decide on in model case proceedings under the German Capital Markets Model Case Act ("**KapMuG**" — *Kapitalanleger-Musterverfahrensgesetz*). 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. The Senate also held that some of the desired objects of declaratory judgment on the litigants' side may be inadmissible.

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. However, in the event of a settlement or an unfavorable decision in the legal proceedings, Volkswagen AG could sustain considerable losses.

**1.7.9 *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 conducted searches at European truck manufacturers on suspicion of an unlawful exchange of information during the period 1997–2011 and issued a statement of objections to MAN, Scania and the other truck manufacturers concerned in November 2014. With its settlement decision in July 2016, the European Commission fined five European truck manufacturers. MAN's fine was waived in full as the company had informed the European Commission about the irregularities as a key witness.

In September 2017, the European Commission fined Scania €0.88 billion. Scania has appealed to the European Court of Justice in Luxembourg. Scania had already recognized a provision of €0.4 billion in 2016.

Furthermore, antitrust lawsuits for damages were received from customers. As is the case in any antitrust proceedings, this may result in further lawsuits for damages. Neither provisions nor contingent liabilities were stated because the early stage of proceedings makes an assessment currently impossible.

In April 2019 the European Commission issued a statement of objections to Volkswagen AG, AUDI AG, and Porsche AG in connection with the Commission's antitrust investigation of the automobile industry. These objections state the European Commission's preliminary evaluation of the matter and afford the opportunity to comment. The subject matter of the proceedings is limited to the cooperation of German automobile manufacturers on technical questions in connection with the development and introduction of Selective Catalytic Reduction (SCR) systems and gasoline particulate filters for passenger cars that were sold in the European Economic Area. The manufacturers are not charged with any other misconduct such as price fixing or allocating markets and customers. After receiving access to the investigation files starting in July 2019, Volkswagen in December 2019 filed its reply to the European Commission's statement of objections. In the same matter, the Chinese Competition Authority has also issued information requests to Volkswagen AG, AUDI AG, and Porsche AG, and commenced an administrative action. More recently, in May 2020, the Korean Fair Trade Commission conducted on-site visits at Audi Volkswagen Korea and Porsche Korea offices in initiating an investigation into the same matter.

In the proceedings against a number of captive automobile finance companies regarding potential competition law infringements (alleged exchange of competitively sensitive information), the Italian Competition Authority assessed a fine of €163 million against Volkswagen AG and Volkswagen Bank GmbH in January 2019. Provisions were recognized by Volkswagen Bank GmbH. Volkswagen AG and

Volkswagen Bank GmbH filed an appeal against this decision in March 2019. In the same context, an antitrust class action lawsuit has furthermore been filed by customers in Italy against Volkswagen Bank GmbH, among others.

In March 2020, the US District Court for the Northern District of California dismissed two putative class action complaints brought by purchasers of German luxury vehicles alleging that, since the 1990s, several automobile manufacturers, including Volkswagen AG and other Group companies conspired to unlawfully increase the prices of German luxury vehicles in violation of US antitrust and consumer protection law. The court held that the plaintiffs have not stated a claim for relief because the allegations in the complaints do not plausibly support that the alleged agreements unreasonably restrained competition in violation of U.S. law. The court granted Plaintiffs leave to file amended complaints with respect to a limited subset of plaintiffs' original claims.

Plaintiffs in Canada filed claims with similar allegations on behalf of putative classes of purchasers of German luxury vehicles against several automobile manufacturers, including Volkswagen Group Canada Inc., Audi Canada Inc., and other Group companies. Neither provisions nor contingent liabilities were stated because the early stage of proceedings makes an assessment currently impossible.

In addition, a few national and international authorities have initiated antitrust investigations. Volkswagen is cooperating closely with the responsible authorities in these investigations. The above proceedings are currently pending, and it is too early to assess the potential consequences of the investigation on Volkswagen.

#### **1.7.10 *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 law has already led to a significant increase in consumer litigation in Germany, including with respect to diesel-related litigation against Volkswagen and it may lead to further increases in litigation the future.

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.

Risks may also emerge in connection with the adherence to regulatory requirements. This particularly applies in the case of regulatory grey areas where Volkswagen and the authorities responsible for the respective regulations may interpret the regulations differently. In addition, legal risks can arise from criminal activities of individual persons, which even the best compliance management system can never completely prevent.

See also "1.7.1 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."*

**1.7.11 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.

**1.8 Financial risks**

**1.8.1 *Volkswagen is exposed to risks from volatile foreign exchange markets; changes in exchange rates, interest rates and commodity prices as well as respective hedging transactions may have a negative impact on Volkswagen operating result.***

Volkswagen operates across numerous jurisdictions around the world, conducting business in multiple currencies and as a result, is exposed to financial risks that may arise from changes in interest rates, exchange rates, raw material prices, or share and fund prices. These market risks may have substantial adverse effects on Volkswagen's operating results and cash flows. Volkswagen enters into hedging transactions to lower currency, interest rate and commodity price risks. Management of these financial and liquidity risks is centrally operated by the Group's treasury department, using nonderivative and derivative financial instruments. However, these risks are not fully hedged and losses arising from hedging activities, together with the expenses of hedging transactions, may result in significant costs.

Volkswagen is exposed to the effects of changes in the exchange rates – especially against the euro - of several currencies that play a significant role in the group's worldwide operations. Such currencies include, the: 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. 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. This could affect results from hedging activities and adversely affect Volkswagen's operating results and cash flows.

Moreover, 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, exposing the group to interest rate risk. This also applies to the leasing and financing operations. Volkswagen hedges interest rate risk – where appropriate in combination with currency risk – and risks arising from fluctuations in the value of financial instruments by means of interest rate swaps, cross-currency interest rate swaps and other interest rate contracts with generally matching amounts and maturities. However, if interest rates develop in an adverse manner and/or

if Volkswagen's hedge positions are inadequate, this could result in losses, affect results from hedging activities, create liquidity issues, and adversely affect Volkswagen's operating results and cash flows.

Finally, the hedging of commodity prices entails risks relating to the availability of raw materials and price trends. See also: *"1.5.5 Volkswagen is exposed to risks arising from procurement of raw materials, potentially impacting its procurement, production, transport and service chains."* Volkswagen limits these risks mainly by entering into forward transactions and swaps. For example, Volkswagen hedges some of its requirements for commodities such as aluminum, lead, coal and copper over a period of up to six years, in the case of nickel for up to nine years. The precious metals platinum, palladium and rhodium have shorter hedging periods, generally amounting to a maximum of up to three years. Volkswagen has entered into similar transactions in order to supplement and improve allocations of CO<sub>2</sub> emission certificates. Compliance with environmental protection regulations and Volkswagen's strategy for e-mobility might increase Volkswagen's need for commodities used in catalytic converters and / or for batteries, in turn increasing hedge positions. Changes in prices due to high market demand for such commodities as well as changes in market values of hedges for such commodities might impact Volkswagen's ability to maintain appropriate hedge positions for affected commodities, and could in turn adversely affect Volkswagen's operating results.

The effects of the SARS-CoV-2 pandemic on the global economy have created significant volatility in exchange rates and commodity prices, caused interest rates to drop and severely disrupted financial markets. These developments have affected and could continue to affect results, including results from hedging activities, and may exacerbate the financial risks to which Volkswagen is exposed and could have a material adverse effect on Volkswagen's operating results and cash flows. See also *"1.2.1 The recent outbreak of SARS-CoV-2 has had a material adverse effect on Volkswagen's business, affecting sales, production and supply chains, and employees. Further, the spread of the SARS-CoV-2 outbreak has caused and may continue to cause severe disruptions in the European and global economy and financial markets and could potentially create widespread business continuity issues."*

**1.8.2 *Volkswagen may not succeed in financing or 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 March 31, 2020, Volkswagen's noncurrent and current financial liabilities amounted to €206,473 million.

Volkswagen's Automotive Division and Financial Services Division carry out refinancing separately, but 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.

The rapid global spread of the SARS-CoV-2 pandemic has resulted in a material deterioration of global economic conditions and financial markets, which may make it difficult for Volkswagen to obtain sufficient financing to meet its needs or may prevent Volkswagen from being able to finance on reasonable terms or at all. This may have a material adverse effect on Volkswagen's business, net assets, financial position and results of operations.

Volkswagen AG's credit ratings were downgraded in the wake of the diesel issue and Volkswagen has in the past, and may experience in the future limited access to refinancing opportunities. In addition, the recent SARS-CoV-2 pandemic has and may continue to adversely affect the automotive industry, potentially affecting Volkswagen AG's credit ratings and refinancing opportunities. See also *"1.7.1 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."* and *"1.2.1 The recent outbreak of SARS-CoV-2 has had a material adverse effect on Volkswagen's business, affecting sales, production and supply chains, and employees. Further, the spread of the SARS-CoV-2 outbreak has caused and may continue to cause severe disruptions in the European and global economy and financial markets and could potentially create widespread business continuity issues."*

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 lead to lower profitability.

**1.8.3 *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 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 addition, 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.

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 and regulatory or political decisions. 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.

In addition, the SARS-CoV-2 pandemic could lead to a weakening of the global economy which in turn could have a negative impact on the creditworthiness of Volkswagen Group customers, both retail customers, dealers and fleet customers. Possibly increasing unemployment rates or short-time work could lead to increasing payment delays due to lower income for private customers. At the same time, Volkswagen's fleet customers could also be affected by a troubled economy and their solvency could be impaired by lower sales and thus lower cash flows and earnings. Additionally, fewer sales of motor vehicles can have a negative impact on dealers, so that payment difficulties can also arise here due to longer vehicle downtimes and a lack of revenue. A shift in consumption of retail customers due to the uncertain situation could initially lead to increasing drawdowns on credit lines in this context and subsequently lead to the failure of dealers. All of these scenarios would have a material negative impact on the assets, earnings and financial position of Volkswagen Group. See also *"1.2.1 The recent outbreak of SARS-CoV-2 has had a material adverse effect on Volkswagen's business, affecting sales, production and supply chains, and employees. Further, the spread of the SARS-CoV-2 outbreak has caused and may continue to cause severe disruptions in the European and global economy and financial markets and could potentially create widespread business continuity issues."*

*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. The foregoing risks could have a material adverse effect on Volkswagen's business, net assets, financial position and results of operations.

**1.8.4     *The Volkswagen Financial Services Division is dependent on Volkswagen Group sales, and 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 reasons 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. Furthermore, a weakening economy is accompanied by lower disposable income from both existing and potential new customers. A decrease in customers' disposable income or their financial condition will generally have a negative impact on vehicle sales.

Recently, the rapid spread of the SARS-CoV-2 pandemic has led to a weakening of the global economy, which caused and may continue to cause to a corresponding drop in demand for vehicles, and in Volkswagen's ability to produce vehicles. Fewer vehicle sales could have a significant negative impact on the earnings position of the Financial Services Division and thus also on Volkswagen Group. See also "1.2.1 *The recent outbreak of SARS-CoV-2 has had a material adverse effect on Volkswagen's business, affecting sales, production and supply chains, and employees. Further, the spread of the SARS-CoV-2 outbreak has caused and may continue to cause severe disruptions in the European and global economy and financial markets and could potentially create widespread business continuity issues.*"

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) or technological developments (e.g., e-mobility) 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.



**1.8.5     *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 premiums) 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 for 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, including as a result of the SARS-CoV-2 pandemic, 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, 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.

The development of residual value risks could be influenced by the topic of e-mobility. On the one hand, rapid technical progress in the field of battery technology in favor of vehicle ranges could lead to increasing residual value risks in existing electric vehicle portfolios, as customer demand for outdated technologies declines, especially in the first few years. On the other hand, due to substitution effects, sales of electric cars as a result of changing customer behavior could have a negative impact on the residual values of conventional combustion based vehicles, as a result of decreasing customer demand. Finally, e-mobility developments and the impact on residual value risks are difficult to predict and could therefore materially adversely affect Volkswagen Financial Services Division'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 remaining 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.

As a result of the spread of the SARS-CoV-2 pandemic, Volkswagen could face an increasing residual value risk. Due to the drop in consumer demand, new vehicles may have to be sold at a significant discount, which could have a material impact on the residual value of used vehicles. In addition, consumer demand for used vehicles may also decline, which could further impact the residual values of used vehicles. Decreasing residual values and resulting residual value risks could influence both Volkswagen Group (direct residual value risk) and the dealers, which are financed by the Financial Services Division (indirect residual value risk). Consequently, Volkswagen Group may have to post direct write-offs on its portfolio or build higher loss allowances, which would have a material adverse effect on earnings. See also "1.2.1 The recent outbreak of SARS-CoV-2 has had a material adverse effect on Volkswagen's business, affecting sales, production and supply chains, and employees. Further, the spread of the SARS-CoV-2 outbreak has caused and may continue to cause severe disruptions in the European and global economy and financial markets and could potentially create widespread business continuity issues."

**1.8.6 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 deposits of private individuals and foundations and certain deposits of commercial enterprises, institutional investors and public-sector entities. Under the by-laws of the Association's Deposit Protection Fund, Volkswagen AG and Porsche SE have provided declarations of indemnity for Volkswagen Bank. Under these declarations, they have agreed to hold the Association of German Banks harmless from any losses it incurs resulting from assistance provided to Volkswagen Bank. Volkswagen AG, in turn, has provided a declaration of indemnity to Porsche SE in respect of the indemnity provided by Porsche SE to the Association of German Banks. 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.

**1.8.7 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 March 31, 2020, goodwill reported in Volkswagen's balance sheet amounted to €23,057 million and the reported value of brand names amounted to €16,737 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 recoverable amount is lower than the carrying amount for the asset concerned, Volkswagen incurs an impairment loss. As a consequence, should Volkswagen need to record an impairment loss in the future, this may have a material adverse effect to its balance sheet and result of operations.

**1.9 Risks from mergers & acquisitions, strategic partnerships and/or investments**

**1.9.1 Cooperation with joint venture partners or other 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, autonomous driving, 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, which may not always be the case. 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. Disputes with joint venture partners can be costly and divert management's attention from the operation of the business. 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.

**1.9.2 *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 be 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.

The spread of the SARS-CoV-2 pandemic and resulting economic downturn may adversely affect Volkswagen's acquisition and disposal activities, causing, among other things, increased financial exposure due to availability of debt, potential transaction delays or project cancellations. Furthermore, the general slowdown in business processes and activities might limit to some extent Volkswagen's ability for risk mitigation actions (e.g. depth of due diligence, possibility for onsite inspections, etc.) resulting in a higher transaction risk. Furthermore, adverse effects on the target business cases due to prolonged economic uncertainty may impact long term value creation resulting in impairments post-closing. See also "1.2.1 The recent outbreak of SARS-CoV-2 has had a material adverse effect on Volkswagen's business, affecting sales, production and supply chains, and employees. Further, the spread of the SARS-CoV-2 outbreak has caused and may continue to cause severe disruptions in the European and global economy and financial markets and could potentially create widespread business continuity issues."

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, it may lead to an impairment of the acquisition, reputational damage and compliance risks, and may have a material adverse effect on Volkswagen's business activities, net assets, financial position and results of operations.

## **Risks relating to the Notes**

### **1.10 Risks associated with the nature of the Notes**

#### **1.10.1 *The Notes are undated securities in which an investment constitutes a financial risk for an indefinite period.***

The Notes are undated securities and Noteholders may not declare the Notes due and payable. Therefore, prospective investors should be aware that they may be required to bear the financial risks of an investment in the Notes for an indefinite period and may not recover their investment in a foreseeable future.

#### **1.10.2 *Noteholders are subject to risks relating to the early redemption of the Notes.***

At the Issuer's option each type of the Notes may be redeemed at 100% of the principal amount plus accrued and unpaid interest and any Arrears of Interest pursuant to the Terms and Conditions (i) on the respective First Call Date of an issue or any Interest Payment Date thereafter, (ii) if as a consequence of a change in law it has to pay any additional amounts with respect to taxation or (iii) if 80% or more in principal amount of such issue of Notes initially issued has been redeemed or repurchased.

In addition, the Issuer may at its option redeem each issue of the Notes at 101% of the principal amount plus accrued and unpaid interest and any Arrears of Interest pursuant to the Terms and Conditions, if (i) interest payable in respect of such issue of the Notes is no longer fully income tax deductible, (ii) the funds raised through the issuance of such issue of Notes must not or must no longer be recorded as "equity capital" of the Issuer pursuant to IFRS, (iii) Moody's and / or S&P determine to no longer grant the same or higher category of "equity credit" to such issue of Notes as a result of an amendment, clarification or change to the equity credit criteria of such rating agency.

In the case of redemption, Noteholders might suffer a lower than expected yield and might not be able to reinvest the funds on the same terms. Moreover, the redemption amount in the event of a redemption may be lower than the prevailing market price of the Notes.

#### **1.10.3 *The Notes are subordinated to senior obligations of the Issuer.***

The obligations of the Issuer under the Notes will be unsecured subordinated obligations of the Issuer which in an insolvency or liquidation of the Issuer rank *pari passu* among themselves and with certain other obligations of the Issuer, subordinated to all present and future unsubordinated and subordinated obligations of the Issuer and senior only to the Issuer's share capital and similar present or future instruments. According to the Terms and Conditions, in an insolvency or liquidation of the Issuer, no payments under the Notes will be made to the Noteholders unless the Issuer has discharged or secured in full (i.e. not only with a quota) all claims that rank senior to the Notes. In a liquidation, insolvency or any other proceeding for the avoidance of insolvency of the Issuer, the Noteholders may recover proportionately less than the Noteholders of unsubordinated or subordinated obligations of the Issuer or may recover nothing at all. Investors should take into consideration that liabilities ranking senior to the Notes may also arise out of events that are not reflected on the Issuer's balance sheet, including, without limitation, the issuance of guarantees or other payment undertakings. Claims of beneficiaries under such guarantees or other payment

undertakings will, in liquidation or insolvency proceedings of the Issuer, become unsubordinated or subordinated liabilities and will therefore be paid in full before payments are made to Noteholders.

**1.10.4 *The Notes do not include express events of default or a cross default.***

The Noteholders should be aware that the Terms and Conditions do not contain any express event of default provisions. There will also not be any cross default under the Notes.

**1.10.5 *The Issuer will partially depend on payments from other members of the Volkswagen Group to make payments on the Notes.***

The Issuer's cash flow and ability to service debt depend upon its own business operations, which consist principally of the receipt of payments from the other operating subsidiaries within the Volkswagen Group for amounts lent to such subsidiaries. Applicable laws and regulations and the terms of other agreements to which the Issuer or other Volkswagen Group operating subsidiaries may be or may become subject, could restrict their ability to provide the Issuer with adequate funds.

**1.10.6 *Neither the Guarantee nor the Notes contain any financial covenants.***

Neither the Guarantor nor any of its subsidiaries (including the Issuer) will be restricted from incurring additional unsecured debt or other liabilities, including senior debt under the terms of the Notes or the Guarantee. If the Guarantor incurs additional debt or liabilities, the Issuer and/or the Guarantor's ability to pay its obligations on the Notes or the Guarantee could be adversely affected. In addition, under the Notes or the Guarantee, neither the Issuer nor the Guarantor will be restricted from paying dividends or issuing or repurchasing their other securities. Noteholders will not be protected under the terms of the Notes or the Guarantee in the event of a highly leveraged transaction, a reorganization or a restructuring, merger or similar transaction that may adversely affect Noteholders.

**1.10.7 *The Noteholders have no voting rights.***

The Notes are non-voting with respect to general meetings of the Issuer. Consequently, the Noteholders cannot influence any decisions by the Issuer to defer interest payments or to optionally settle such Arrears of Interest or any other decisions by the Issuer's shareholders concerning the capital structure or any other matters relating to the Issuer.

**1.10.8 *The Noteholders' only remedy against the Issuer is the institution of legal proceedings to enforce payment or to file an application for insolvency proceedings.***

The only remedy against the Issuer or the Guarantor available to the Noteholders for recovery of amounts which have become due in respect of the Notes or the Guarantee will be the institution of legal proceedings to enforce payment of the amounts or to file an application for the institution of insolvency proceedings. On an insolvency or liquidation of the Issuer, any holder may only declare its Notes due and payable and may claim the amounts due and payable under the Notes, after the Issuer has discharged or secured in full (i.e. not only with a quota) all claims that rank senior to the Notes. On an insolvency or liquidation of the Guarantor, any holder may only declare its Notes due and payable and may claim the amounts due and payable under the Guarantee, after the Guarantor has discharged or secured in full (i.e. not only with a quota) all claims that rank senior to the claims under the Guarantee.

**1.10.9 *No limitation on issuing further debt ranking senior or pari passu with the Notes.***

There is no restriction on the amount of debt which the Issuer or the Guarantor may issue ranking senior or equal to the obligations under or in connection with the Notes or the Guarantee, respectively. Such issuance of further debt would reduce the amount recoverable by the holders upon insolvency or liquidation of the Issuer or the Guarantor or may increase the likelihood that the Issuer is required or permitted to defer payments of interest under the Notes.

**1.10.10 *Subordinated claims under Guarantee.***

The Guarantor's obligations under the Guarantee are unsecured deeply subordinated obligations of the Guarantor ranking subordinated to all unsubordinated obligations and to all subordinated obligations within the meaning of section 39 paragraph 1 of the German Insolvency Code (*Insolvenzordnung*) (including any shareholder loans) and at least *pari passu* amongst them-selves and with all present unsecured obligations

of the Guarantor which rank subordinated to all unsubordinated obligations and to all subordinated obligations under section 39 paragraph 1 of the German Insolvency Code, except for any subordinated obligations required to be preferred by mandatory provisions of law. In the event of the liquidation, dissolution or insolvency of the Guarantor or any proceeding for the avoidance of insolvency of the Guarantor, the obligations of the Guarantor under the Guarantee are subordinated to the claims of all holders of unsubordinated obligations and subordinated obligations within the meaning of section 39 paragraph 1 of the German Insolvency Code, so that in any such event payments in respect of the Guarantee will not be made until all claims against the Guarantor under obligations which rank senior to obligations of the Guarantor under the Guarantee have been satisfied in full (i.e. not only with a quota). The obligations of the Guarantor under the Guarantee are senior only to the Junior Obligations of the Guarantor.

Investors should take into consideration that liabilities ranking senior to the Guarantee may also arise out of events that are not reflected on the Guarantor's balance sheet, including, without limitation, the issuance of guarantees or other payment undertakings. Claims of beneficiaries under such guarantees or other payment undertakings will, in liquidation or insolvency proceedings of the Guarantor, become unsubordinated or subordinated liabilities and will therefore be paid in full before payments are made to holders.

**1.10.11 *The beneficiaries under the Guarantee have limited rights in German insolvency proceedings.***

In an insolvency over the assets of the Guarantor, claims against the Guarantor under the Guarantee would be treated as a deeply subordinated insolvency claim (*nachrangige Insolvenzforderungen*). According to Section 174 paragraph 3 of the German Insolvency Code, deeply subordinated insolvency claims must not be registered with the insolvency court unless the insolvency court handling the case has granted special permission allowing these deeply subordinated insolvency claims to be filed which is not the rule, but the exception. The beneficiaries of the Guarantee would not participate in any creditors' committee (*Gläubigerausschuss*) and would have very limited rights within the creditors' assembly (*Gläubigerversammlung*). They may be invited to participate in the creditors' assembly, but would not be entitled to vote within such meetings (Section 77 paragraph 1 of the German Insolvency Code).

In case of insolvency plan proceedings (*Insolvenzplanverfahren*) the beneficiaries under the Guarantee generally would have no voting right on the adoption of an insolvency plan presented by the Guarantor, the relevant insolvency administrator or custodian (Sections 237 and 246 of the German Insolvency Code). In addition, their claims would be waived after the adoption of the insolvency plan unless the insolvency plan makes an exception to this general rule (Section 225 paragraph 1 German Insolvency Code).

**1.10.12 *The Noteholders are exposed to risks relating to the fixed interest notes.***

Each issue of Notes bears interest at a fixed rate to but excluding the First Call Date for that issue of Notes.

A holder of a fixed interest rate note is exposed to the risk that the price of such note may fall because of changes in the market interest rate. While the nominal interest rate of a fixed interest rate note is fixed during the life of such note or during a certain period of time, the current interest rate on the capital market (market interest rate) typically changes on a daily basis. If the market interest rate changes, the price of such bond changes in the opposite direction. If the market interest rate increases, the price of such note typically falls, until the yield of such note is approximately equal to the market interest rate. If the market interest rate falls, the price of a fixed interest rate note typically increases, until the yield of such bond is approximately equal to the market interest rate. Noteholders should be aware that movements of the market interest rate can adversely affect the market price of the Notes and can lead to losses for Noteholders if they sell their Notes.

**1.10.13 *The Noteholders are exposed to risks relating to the reset of interest rates linked to the 5-year swap rate or 9-year swap rate.***

From and including the First Call Date to but excluding the date on which the Issuer redeems the Notes in whole, the Notes bear interest at a rate which will be determined on each reset date at the 5-year swap rate or the 9-year swap rate, as applicable, for the relevant reset period plus a margin.

Investors should be aware that the performance of the 5-year swap rate or the 9-year swap rate, as applicable, and the interest income on the Notes cannot be anticipated. Due to varying interest income, investors are not able to determine a definite yield of the Notes at the time they purchase them, so that their

return on investment cannot be compared with that of investments having longer fixed interest periods. In addition, after interest payment dates, investors are exposed to the reinvestment risk if market interest rates decline. That is, investors may reinvest the interest income paid to them only at the relevant lower interest rates then prevailing.

Furthermore, during each Reset Period, it cannot be ruled out that the price of the Notes may fall as a result of changes in the current interest rate on the capital market (market interest rate), as the market interest rate fluctuates. During each of these periods, the investor is exposed to the risk as described under "1.10.12 *The Noteholders are exposed to risks relating to the fixed interest notes.*"

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

Following the respective First Call Date, interest amounts payable under the Notes are calculated by reference to the annual swap rate for swap transactions denominated in euro with a term of 5 and 9 years respectively, which appear on the Reuters Screen Page ICESWAP2.

These swap-rates, the underlying Euro Interbank Offered Rate ("EURIBOR") and other interest rates or other types of rates and indices which are deemed "benchmarks" (each a "**Benchmark**" and together, the "**Benchmarks**") have become the subject of regulatory scrutiny and recent national and international regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such Benchmarks to perform differently than in the past, or to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on the Notes.

International proposals for reform of Benchmarks include the European Council's regulation (EU) 2016/1011 of June 8, 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014 (the "**Benchmark Regulation**") which is fully applicable since January 1, 2018.

The Benchmark Regulation could have a material impact on the Notes, including in any of the following circumstances:

- a rate or index which is a Benchmark may only be used if its administrator obtains authorization or is registered and in case of an administrator which is based in a non-EU jurisdiction, if the administrator's legal benchmark system is considered equivalent (Article 30 Benchmark Regulation), the administrator is recognized (Article 32 Benchmark Regulation) or the relevant Benchmark is endorsed (Article 33 Benchmark Regulation) (subject to applicable transitional provisions). If this is not the case, Notes linked to such Benchmarks could be impacted; and
- the methodology or other terms of the Benchmark could be changed in order to comply with the terms of the Benchmark Regulation, and such changes could have the effect of reducing or increasing the rate or level or affecting the volatility of the published rate or level, and could have an impact on the Notes, including determination of the rate by the Issuer, the Calculation Agent or an independent adviser, as the case may be.

In addition to the aforementioned Benchmark Regulation, there are numerous other proposals, initiatives and investigations which may impact Benchmarks.

Following the implementation of any such potential reforms, the manner of administration of Benchmarks may change, with the result that they may perform differently than in the past, or Benchmarks could be eliminated entirely, or there could be other consequences which cannot be predicted.

Any changes to a Benchmark as a result of the Benchmark Regulation or other initiatives, could have a material adverse effect on the costs of administering or otherwise participating in the setting of a Benchmark and complying with any such regulations or requirements. Investors should be aware that any changes to a relevant Benchmark may have a material adverse effect on the value of the Notes.

Under the terms and conditions of the Notes, certain benchmark replacement provisions will apply in case a Benchmark (or any component part thereof) used as a reference for the calculation of interest amounts payable under the Notes were to be discontinued or otherwise unavailable:

If a Benchmark (or any component part thereof) used to calculate interest amounts payable under the Notes for any interest period has ceased to be calculated or administered, the Issuer shall endeavor to appoint an independent adviser, which must be an independent financial institution of international repute or other independent financial adviser experienced in the international capital markets. Such independent adviser will be tasked with determining whether an officially recognized successor rate to the discontinued Benchmark exists. If that is not the case, the independent adviser will attempt to find an alternative rate which, possibly after application of adjustments or spreads, can replace the discontinued Benchmark. If the independent adviser determines a successor rate or alternative rate (the "New Benchmark Rate"), such rate will replace the previous Benchmark for purposes of determining the relevant rate of interest. Such determination will be binding for the Issuer, the Calculation Agent, the Paying Agents and the Noteholders of such Series of Notes. Any amendments pursuant to these fall-back provisions will apply with effect from the respective effective date specified in the terms and conditions of the Notes.

If the Issuer fails to appoint an independent adviser or if the adviser fails to determine a New Benchmark Rate following a discontinuation of a relevant Benchmark, the reference rate applicable to the immediately following reset period shall be the original benchmark rate determined on the last preceding interest determination date, provided, however, that, in case of the first reset period, the reference rate shall be the original benchmark rate on the screen page on the last day preceding the interest determination date on which such original benchmark rate was displayed.

The replacement of a Benchmark could have adverse effects on the economic return of the Noteholder of Notes compared to the applicable original benchmark rate.

**1.10.15 *Interest payments under the Notes may be deferred at the option of the Issuer.***

Noteholders should be aware that interest may not be due and payable (*fällig*) on the scheduled Interest Payment Date, and that the payment of the resulting Arrears of Interest is subject to certain further conditions. Failure to pay interest as a result of an interest deferral will not constitute a default of the Issuer or a breach of any other obligations under the Notes or for any other purposes. Failure to pay interest as a result of an interest deferral will also not give rise to a claim under the Guarantee. Noteholders will not receive any additional interest or compensation for the deferral of payment. In particular, the resulting Arrears of Interest will not bear interest.

**1.10.16 *Ratings of the Issuer, the Guarantor or the Notes may be subject to change at all times.***

A rating of the Issuer or the Guarantor may not adequately reflect all risks of the investment in the Notes. Equally, ratings may be suspended, downgraded or withdrawn. Such suspension, downgrading or withdrawal may have an adverse effect on the market value and trading price of the Notes. One or more independent credit rating agencies may assign credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. Rating agencies may also change their methodologies for rating securities with features similar to the Notes in the future.

If the rating agencies were to change their practices for rating such securities in the future and the ratings of the Notes were to be subsequently lowered, this may have a negative impact on the trading price of the Notes.

A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

**1.10.17 *For Noteholders for which the Euro represents a foreign currency, the Notes expose them to currency risk.***

The Notes are denominated in Euro. If such currency represents 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 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.



**1.10.18 *Risks in connection with the application of the German Act on Issues of Debt Securities (Gesetz über Schuldverschreibungen aus Gesamtemissionen).***

A holder is subject to the risk of being outvoted and of losing rights towards the Issuer against his will in the event that Noteholders agree pursuant to the Terms and Conditions of the Notes to amendments of the Terms and Conditions of the Notes by majority vote according to the German Act on Issues of Debt Securities (*Gesetz über Schuldverschreibungen aus Gesamtemissionen*). In the event of an appointment of a Noteholders' representative for all Noteholders a particular holder may lose, in whole or in part, the possibility to enforce and claim his rights against the Issuer regardless of other Noteholders. As a result, the Noteholders may lose all or a very substantial part of their investment.

**1.10.19 *Investors in the Notes assume the risk that the credit spread of the Issuer or the Guarantor changes (credit spread risk).***

A credit spread is the margin payable by the Issuer to the holder of a Note as a premium for the assumed credit risk of the Issuer (which will also reflect the obligations assumed by the Guarantor under the Guarantee in respect of the Notes). Credit spreads are offered and sold as premiums on current risk-free interest rates or as discounts on the price.

Factors influencing the credit spread include, among other things, the creditworthiness and rating of the Issuer, probability of default, recovery rate, remaining term to maturity of obligations under any collateralization or guarantee and declarations as to any preferred payment or subordination. The liquidity situation, the general level of interest rates, overall economic developments, and the currency, in which the relevant obligation is denominated may also have a positive or negative effect.

Investors are exposed to the risk that the credit spread of the Issuer and/or the Guarantor widens, resulting in a decrease in the price of the Notes.

**1.10.20 *Due to future money depreciation (inflation), the real yield of an investment may be reduced.***

Inflation risk describes the possibility that the value of assets such as the Notes or income therefrom will decrease as inflation reduces the purchasing power of a currency. Inflation causes the rate of return to decrease in value. If the inflation rate exceeds the interest paid on any Notes the yield on such Notes will become negative and investors will have to suffer a loss.

**1.10.21 *The tax impact of an investment in the Notes should be carefully considered.***

Potential purchasers and sellers of the Notes should be aware that they may be required to pay taxes or other documentary charges or duties in accordance with the laws and practices of the country where the Notes are transferred or other jurisdictions. Potential investors are advised not to rely upon the tax overview contained in this Prospectus but to ask for their own tax adviser's advice on their individual taxation with respect to the acquisition, sale and redemption of the Notes. Only these advisers are in a position to duly consider the specific situation of the potential investor. This investment consideration has to be read in connection with the section "Taxation" of this Prospectus.

**1.10.22 *If a loan is used to finance the acquisition of the Notes, the loan may significantly increase the risk of a loss.***

If a loan is used to finance the acquisition of the Notes by an investor and the Notes subsequently go into default, or if the trading price diminishes significantly, the investor may not only have to face a potential loss on its investment, but it will also have to repay the loan and pay interest thereon. A loan may significantly increase the risk of a loss. Investors should not assume that they will be able to repay the loan or pay interest thereon from the profits of a transaction in the Notes. Instead, investors should assess their financial situation prior to an investment, as to whether they are able to pay interest on the loan, repay the loan on demand, and that they may suffer losses instead of realizing gains.

**1.10.23 *Incidental costs related in particular to the purchase and sale of the Notes may have a significant impact on the profit potential of the Notes.***

When Notes are purchased or sold, several types of incidental costs (including transaction fees and commissions) may be incurred in addition to the purchase or sale price of the Notes. These incidental costs may significantly reduce or eliminate any profit from holding the Notes. Credit institutions as a rule charge

commissions which are either fixed minimum commissions or pro-rata commissions, depending on the order value. To the extent that additional - domestic or foreign - parties are involved in the execution of an order, including but not limited to domestic dealers or brokers in foreign markets, investors may also be charged for the brokerage fees, commissions and other fees and expenses of such parties (third party costs).

In addition to such costs directly related to the purchase of Notes (direct costs), investors must also take into account any follow-up costs (such as custody fees). Investors should inform themselves about any additional costs incurred in connection with the purchase, custody or sale of the Notes before investing in the Notes.

#### **1.10.24 *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.

#### **1.11 *Risks associated with the offer and/or admission of the securities to trading on a regulated market***

##### **1.11.1 *The Notes may not be a suitable investment for all investors.***

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

- 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;
- 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;
- have sufficient financial resources and liquidity to bear all 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;
- understand thoroughly the terms of the relevant Notes and be familiar with the behaviors of any relevant indices and financial markets;
- 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; and
- recognize that it may not be possible to dispose of the Notes for a substantial period of time or at all.

##### **1.11.2 *The Notes have not been admitted to trading and any trading market may be volatile.***

Application has been made for the Notes to be admitted to trading on the regulated market of the Luxembourg Stock Exchange and to be listed on the Official List of the Luxembourg Stock Exchange. There can, however, be no assurance that a liquid secondary market for the Notes will develop or, if it does

develop, that it will continue. In an illiquid market, an investor may not be able to sell his Notes at any time at fair market prices. The ability of Noteholders to sell the Notes might also be restricted for country-specific reasons.

Moreover, the trading market for the Notes may be volatile and can be adversely impacted by many events. The market for the Notes may be influenced by economic and market conditions in Germany, the Netherlands or Luxembourg and, to varying degrees, by market conditions, interest rates, currency exchange rates and inflation rates in other European and other industrialized countries. There can be no assurance that events in Luxembourg, Germany, the Netherlands, Europe or elsewhere will not cause market volatility or that such volatility will not adversely affect the price of the Notes or that economic and market conditions will not have other adverse effects.

**1.11.3 *There is a risk that trading in the Notes will be suspended, interrupted or terminated.***

The listing of the Notes may be suspended or interrupted by the Luxembourg Stock Exchange or a competent regulatory authority for any of a number of reasons, including violation of price limits, breach of statutory provisions, occurrence of operational problems of the stock exchange or generally if deemed required in order to secure a functioning market or to safeguard the interests of investors. Furthermore, trading in the Notes may be terminated, either upon decision of the stock exchange, a regulatory authority or upon application by the Issuer. Investors should note that the Issuer has no influence on trading suspension or interruptions (other than where trading in the Notes is terminated upon the Issuer's decision) and that investors in any event must bear the risks connected therewith. In particular, investors may not be able to sell their Notes where trading is suspended, interrupted or terminated, and the stock exchange quotations of such Notes may not adequately reflect the price of such Notes. Finally, even if trading in the Notes is suspended, interrupted or terminated, investors should note that such measures may neither be sufficient nor adequate nor in time to prevent price disruptions or to safeguard the investors' interests; for example, where trading in the Notes is suspended after price-sensitive information relating to such Notes has been published, the price of such Notes may already have been adversely affected. All these risks would, if they materialize, have a material adverse effect on the investors.

**1.11.4 *Because the Global Notes are held by or on behalf of Euroclear and Clearstream, investors will have to rely on their procedures for transfer, payment and communication with the Issuer.***

The Notes will be represented by one or more global notes. Such global notes will be deposited with a common depositary for Euroclear and Clearstream. Investors will not be entitled to receive definitive notes. Euroclear and Clearstream will maintain records of the beneficial interests in the global notes. While the Notes are represented by one or more global notes, investors will be able to trade their beneficial interests only through Euroclear and Clearstream and the Issuer will discharge its payment obligations under the Notes by making payments to the common depositary for Euroclear and Clearstream for distribution to their account holders. A holder of a beneficial interest in global notes must rely on the procedures of Euroclear and Clearstream to receive payments under the Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of beneficial interests in, the global notes.

## 2. GENERAL INFORMATION

### 2.1 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 MiFID II, as amended.

### 2.2 Clearance

The Notes have been accepted for clearance by 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"). The following table sets forth the securities identifying data for the Notes.

	Common Code	International Securities Identification Number (ISIN)	German Securities Identification Number (WKN)
NC5 Notes .....	218768903	XS2187689034	A28YTB
NC9 Notes .....	218768938	XS2187689380	A28YTC

### 2.3 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 March 5, 2020 and the Issuer's Supervisory Board dated March 13, 2020.

### 2.4 Ratings

#### 2.4.1 Credit Ratings of the Issuer

As of the publication date of this Prospectus, no ratings had been assigned to the Issuer.

#### 2.4.2 Credit Ratings of the Guarantor

The following ratings have been assigned to the Guarantor at the date of this Prospectus:

S&P Global Ratings Europe Limited			
Rating	Short term	Long term	Outlook
Volkswagen AG	A-2	BBB +	Negative
Moody's Investors Service Ltd.			
Rating	Short term	Long term	Outlook
Volkswagen AG	P-2	A3	Negative

***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.***

S&P Global Ratings Europe Limited ("**S&P**") and Moody's Investors Service Ltd. ("**Moody's**") are established in the European Union and the United Kingdom, respectively, 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 "**CRA Regulation**"). 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 Articles 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.

#### **2.4.3 Credit Ratings assigned to the Notes**

The Issuer has applied for ratings to be assigned to the Notes by Moody's and S&P. As of the publication date of the Prospectus, the Notes are rated Baa2 by Moody's and BBB- by S&P.

Obligations of companies rated BBB- by S&P include an adequate capacity to meet financial commitments, but are subject to adverse economic conditions. Obligations rated Baa2 by Moody's are subject to moderate credit risk and are considered medium grade and as such may possess certain speculative characteristics.

***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.***

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.

#### **2.5 Expenses of the Issue and admission to trading**

The total expenses related to the issue and admission to trading of the Notes are expected to amount to approximately EUR 16 million.

#### **2.6 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 Guarantor 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 Guarantor or 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 Guarantor or the Volkswagen Group or their affiliates. Certain of the Managers or their affiliates that have a lending relationship with the Issuer, the Guarantor or 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, the Guarantor or the 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 and the Guarantor involved in the issue, including conflicting ones that are material to the issue.

### 3. **USE OF PROCEEDS**

In connection with the issue of the Notes, the Issuer will receive net proceeds of EUR 3,000,000,000.

The Issuer intends to use the net proceeds to refinance its outstanding 3.750% Non-Call 2021 notes in an aggregate principal amount of EUR 1.25 billion and for general corporate purposes, which will include lending the net proceeds to the Guarantor for the Guarantor's general corporate purposes.

## 4. DESCRIPTION OF THE ISSUER

### 4.1 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 (LEI: 5299004PWNHKYTR23649). 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).

VIF's website can be accessed under <https://www.vif.nl>. The content of this website is for information purposes only and does not form part of this Prospectus and has not been scrutinized or approved by the CSSF.

### 4.2 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.

### 4.3 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.

### 4.4 Share Capital

As of December 31, 2019, the authorized capital of VIF amounted to €104,370,000 divided into 104,370 registered shares with a par nominal value of €1,000 each, 103,035 of which were issued and fully paid-up.

### 4.5 Employees

During the year 2019, the average number of employees calculated on a full-time-equivalent basis was 14.

### 4.6 Business Overview

#### 4.6.1 Principal activities

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

Within the financing business VIF issues notes under various debt issuance programmes and commercial papers programmes. 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. All 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, 2019:

<b>Company name</b>	<b>Main activity</b>	<b>Country of Registration</b>	<b>Participation (%)</b>	<b>Book Value (Million EUR)</b>	<b>Year of acquisition</b>
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	3.5	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 Skoda Auto Volkswagen India Private Ltd. For VW Group Saudi Arabia LLC and Skoda Auto Volkswagen India Private Ltd VIF has concluded de-domination agreements (*Stimmbindungsvereinbarungen*) with its parent company VFL regarding the execution of the voting rights in these companies. VIF also holds 1 share in the capital of Volkswagen do Brasil.

#### 4.6.2 *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.

#### 4.7 **Administrative, Management and Supervisory Bodies**

##### 4.7.1 *Management Board*

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

<b>Name</b>	<b>Additional Activities</b>
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  Managing Director of car.software Luxemburg S.A.

##### 4.7.2 *Supervisory Board*

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

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



<b>Name</b>	<b>Additional Activities</b>
	Chairman of the Supervisory Board of Volkswagen Finance Luxembourg S.A., Strassen
	Chairman of the Supervisory Board of Volkswagen International Luxembourg 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 Luxembourg S.A., Strassen
	Member of the Supervisory Board of Volkswagen International Luxembourg S.A., Strassen
Bjoern 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.

#### 4.8 Selected Financial Information

The following table shows selected financial information of VIF extracted without material adjustment from the audited financial statements, for the years ended December 31, 2019 and 2018 and prepared in accordance with accounting standards generally accepted in the Netherlands (Dutch GAAP, as defined below):

	As of and for the year ended December 31	
	2019	2018
	(audited)	
	in € thousands	
Key Financial Information (Dutch GAAP)		
Total assets .....	30,789,650	40,448,368
Shares in participations .....	165,690	165,504
Loans to and receivables due from Volkswagen Group companies .....	30,447,618	40,103,940
Receivables due from joint ventures of Volkswagen Group .....	9,847	8,168
Total receivables from loans .....	30,457,465	40,112,108
Total shareholder's equity .....	234,630	258,123
Liabilities from external funding activities (bonds and commercial papers) .....	29,535,657	39,091,531
Liabilities to Volkswagen Group companies .....	535,403	565,514
Total liabilities from funding activities .....	30,071,060	39,657,045
Interest and similar income .....	978,115	895,595
Interest and similar expenses .....	-940,797	-854,911
Result from shares in participations .....	11,120	8,164
Fees received and other operating income .....	1,795	1,374
Impairment of shares in participations .....	186	27,706
Other expenses .....	-3,396	-6,035
Result before taxation .....	47,023	71,893
Taxation .....	-10,951	-12,328
Result after taxation .....	36,072	59,565
Net cash flow current year .....	4,456	93,143

#### 4.9 **Historical Financial Information**

The audited financial statements of VIF for the financial years ended December 31, 2019 and 2018 are incorporated herein by reference and form part of this Prospectus.

#### 4.10 **Statutory Auditors**

BDO Audit & Assurance B.V., Krijgsman 9, 1186 DM Amstelveen, P.O. Box 71730, 1008 DE Amsterdam, the Netherlands, (BDO) 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, 2019 and December 31, 2018. The financial statements as of and for the years ended December 31, 2019 and December 31, 2018 have been prepared by the Issuer's management in accordance with Dutch GAAP. The auditor signing on behalf of BDO Audit & Assurance B.V. is a member of the Royal Netherlands Institute of Chartered Accountants (*Koninklijke Nederlandse Beroepsorganisatie van Accountants*) in the Netherlands. BDO Audit & Assurance B.V. is registered at the Dutch Authority for the Financial Markets (*Autoriteit Financiële Markten*, AFM).

#### 4.11 **Trend Information**

Notwithstanding the impact of the SARS-CoV-2 pandemic, which has affected and may continue to affect Volkswagen Group's operations and financial results for 2020 (See also: "*Description of the Guarantor – Recent Events*"), there has been no material adverse change in the prospects of VIF since December 31, 2019, the date of its last published audited financial statements.

Notwithstanding the impact of the SARS-CoV-2 pandemic, which has affected and may continue to affect Volkswagen Group's operations and financial results for 2020 (See also: "*Description of the Guarantor – Recent Events*"), there has been no significant change in the financial performance of VIF and its subsidiaries since December 31, 2019, the date for which financial information has been published.

#### 4.12 **Significant Change in VIF's Financial Position**

Notwithstanding the impact of the SARS-CoV-2 pandemic, which has affected and may continue to affect Volkswagen Group's operations and financial results for 2020 (See also: "*Description of the Guarantor – Recent Events*"), there has been no significant change in the financial position of VIF and its subsidiaries since December 31, 2019, the date for which financial information has been published.

#### 4.13 **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.

## 5. DESCRIPTION OF THE GUARANTOR

### 5.1 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) (LEI: 529900NNUPAGGOMPXZ31).

Volkswagen AG's website can be accessed under <https://www.volkswagenag.com>. The content of this website is for information purposes only and does not form part of this Prospectus and has not been scrutinized or approved by the CSSF.

### 5.2 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.

### 5.3 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.

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 capacity as parent company, Volkswagen AG holds direct or indirect interests in AUDI AG, SEAT S.A., ŠKODA AUTO a.s., Porsche AG, TRATON SE, Volkswagen Financial Services AG, Volkswagen Bank GmbH and a large number of other companies in Germany and abroad.

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 light commercial vehicles of the Volkswagen Commercial Vehicles brand, and the genuine parts business.
- The Commercial Vehicles business area primarily comprises the development, production and sale of trucks and buses from the 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.

In May 2018, Volkswagen introduced an additional internal operational structure. 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.

The Volkswagen Group collaborates across six operating units and the China region, in addition to the Finance & IT, Human Resources and Integrity and Legal Affairs divisions. The units consist of the "Volume", "Premium", "Sport & Luxury" and "Truck & Bus" brand groups, as well as the Components & Procurement business and 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. The collaboration between the MAN and Scania vehicle brands is coordinated within the TRATON GROUP (formerly Volkswagen Truck & Bus). Components & Procurement intends to act as one unit spanning all of the brands and supporting them. The Financial Services business has been combined into a single unit.

With effect from January 1, 2019, segment reporting of passenger cars and commercial vehicles was adapted to reflect the re-allocation of the Volkswagen Commercial Vehicles brand to the Passenger Cars and Light Commercial Vehicles segment. In 2019, no further material modifications or changes of Volkswagen Group's organizational or financial reporting structure were implemented as a result of this revision of Volkswagen's internal operational structure.

#### 5.4 Volkswagen Group Reporting Structure

Volkswagen Group's financial reporting comprises four reportable segments: the Passenger Cars and Light Commercial Vehicles segment, Commercial Vehicles segment, Power Engineering segment and Financial Services segment.

The Automotive Division's three business areas described above conform to Volkswagen's financial reporting segments as follows: the Passenger Cars business area corresponds to the Passenger Cars and Light Commercial Vehicle reporting segment together with the reconciliation, to account for intra-group activities. The Commercial Vehicles business area and Power Engineering business area correspond to the reporting segments of the same name. The Financial Services Division corresponds to the Financial Services segment.

The following table shows Volkswagen Group's reporting structure as of December 31, 2019:

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 Volkswagen Commercial Vehicles <sup>(1)</sup> Others	Scania Vehicles and Services MAN Commercial Vehicles	Power Engineering	Dealer and customer financing Leasing Direct bank Insurance Fleet management Mobility offerings

<sup>(1)</sup> Effective from January 1, 2019, light commercial vehicles of the Volkswagen Commercial Vehicles brand are no longer allocated to the Commercial Vehicles segment but reported under the Passenger Cars and Light Commercial Vehicles segment. The Commercial Vehicles segment continues to correspond to the Commercial Vehicles Business Area but excludes the Volkswagen Commercial Vehicles brand. These changes do not impact reporting under the Automotive Division.

#### 5.5 Shareholder Structure

Volkswagen AG's subscribed capital amounted to €1,283,315,873.28 as of December 31, 2019.

The distribution of voting rights for the 295,089,818 ordinary shares at December 31, 2019 was the following: Porsche Automobil Holding SE, Stuttgart, held 53.1% 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 9.9% 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 as of December 31, 2019:

Porsche Automobil Holding SE .....	31.3%
Foreign institutional investors .....	26.4%
Qatar Holding LLC .....	14.6%
State of Lower Saxony .....	11.8%
Private shareholders / Others .....	12.9%
German institutional investors .....	3.1%

## 5.6 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, usually within the first eight months of each financial year.

## 5.7 Share Capital

On December 31, 2019, the share capital of Volkswagen AG amounted to €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 €2.56 in the share capital. All shares have been issued and are fully paid.

## 5.8 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 2019, the Volkswagen Group delivered a total of 11.0 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. In addition, the Volkswagen Group offers a wide range of financial services, including dealer and customer financing, vehicle leasing, direct banking and insurance activities, fleet management and mobility offerings.

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 124 production facilities worldwide at the end of 2019. 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 667,748 people in 2019.

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. In 2019, due to accelerated developments in the industry, Volkswagen has further revised its strategy – "TOGETHER Strategy 2025+" – with the further objective of improving the enterprise value of the Volkswagen Group. In addition to the above-mentioned areas, Volkswagen aims to focus on improving corporate governance and financial performance, further increasing brand value, strengthening software expertise and leadership development.

As of December 31, 2019, Volkswagen AG owned indirectly 89.05% of the shares in Scania AB, corresponding to 100% of the voting rights, and held a 94.36% interest in the share capital of MAN SE, corresponding to 94.68% of the voting rights. On February 28, 2020, MAN SE announced that TRATON SE intends to implement a merger squeeze-out of the minority shareholders of MAN SE.

## 5.9 Automotive Division

### 5.9.1 *Figures for the three months ended March 31, 2020 compared to the three months ended March 31, 2019*

#### 5.9.1.1 *Volkswagen Group Deliveries Worldwide*

In the first three months of 2020, the Volkswagen Group delivered 2,006,044 vehicles to customers worldwide, 599,516 fewer vehicles or a decrease of 23.0% on the prior-year period figure.

#### (i) *Passenger car deliveries*

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):

	Three Months Ended March 31, 2020	Three Months Ended March 31, 2019	Change (%)
<b>Deliveries to customers by markets (units)<sup>(1)</sup></b>			
<b>Europe/Other markets .....</b>	<b>983,547</b>	<b>1,198,133</b>	<b>- 17.9</b>
<b>Western Europe.....</b>	<b>748,281</b>	<b>934,714</b>	<b>- 19.9</b>
of which: Germany .....	276,988	326,993	- 15.3
France.....	45,042	71,535	- 37.0
United Kingdom.....	118,429	158,355	- 25.2
Italy .....	61,264	81,873	- 25.2
Spain .....	60,223	79,810	- 24.5
<b>Central and Eastern Europe .....</b>	<b>159,147</b>	<b>178,619</b>	<b>- 10.9</b>
of which: Czech Republic.....	28,018	32,823	- 14.6
Russia.....	51,733	46,523	+ 11.2
Poland .....	30,360	43,503	- 30.2
<b>Other markets .....</b>	<b>76,119</b>	<b>84,800</b>	<b>- 10.2</b>
of which: Turkey .....	25,177	14,640	+ 72.0
South Africa .....	21,646	22,092	- 2.0
<b>North America.....</b>	<b>188,096</b>	<b>215,905</b>	<b>- 12.9</b>
of which: USA.....	129,797	149,985	- 13.5
Canada .....	17,002	22,001	- 22.7
Mexico .....	41,297	43,919	- 6.0
<b>South America.....</b>	<b>114,282</b>	<b>119,308</b>	<b>- 4.2</b>
of which: Brazil .....	87,746	84,032	+ 4.4
Argentina.....	14,655	22,054	- 33.5
<b>Asia-Pacific .....</b>	<b>674,129</b>	<b>1,015,051</b>	<b>- 33.6</b>
of which: China .....	612,737	945,305	- 35.2
India .....	5,451	14,255	- 61.8
Japan .....	19,927	19,709	+ 1.1
<b>Worldwide.....</b>	<b>1,960,054</b>	<b>2,548,397</b>	<b>- 23.1</b>

<sup>1</sup> Deliveries for 2019 have been updated to reflect subsequent statistical trends. The figures include the Chinese joint ventures.

	Three Months Ended March 31, 2020	Three Months Ended March 31, 2019	Change (%)
<b>Deliveries to customers by brands (units)<sup>(1)</sup></b>			
Volkswagen Passenger Cars .....	1,091,507	1,456,384	- 25.1
Audi .....	352,993	447,247	- 21.1
ŠKODA .....	232,885	307,617	- 24.3
SEAT .....	130,316	151,612	- 14.0
Bentley .....	2,395	2,268	+ 5.6
Lamborghini .....	1,944	1,992	- 2.4
Porsche .....	53,125	55,700	- 4.6
Bugatti .....	20	20	+ 0.0
Volkswagen Commercial Vehicles .....	94,869	125,557	- 24.4
<b>Volkswagen Group (total) .....</b>	<b>1,960,054</b>	<b>2,548,397</b>	<b>- 23.1</b>

<sup>1</sup> Deliveries for 2019 have been updated to reflect subsequent statistical trends. The figures include the Chinese joint ventures.

(ii) *Commercial vehicle deliveries*

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

	Three Months Ended March 31, 2020	Three Months Ended March 31, 2019	Change (%)
<b>Deliveries to customers by markets (units)<sup>(1)</sup></b>			
<b>Europe/Other markets .....</b>	<b>29,787</b>	<b>41,220</b>	<b>- 27.7</b>
of which: EU27+3 .....	25,401	36,339	- 30.1
Germany .....	7,398	10,166	- 27.2
Russia .....	1,525	1,688	- 9.7
Turkey .....	455	142	>+100
South Africa .....	676	923	- 26.8
<b>North America .....</b>	<b>537</b>	<b>757</b>	<b>- 29.1</b>
of which: Mexico .....	537	757	- 29.1
<b>South America .....</b>	<b>12,694</b>	<b>12,151</b>	<b>+4.5</b>
of which: Brazil .....	10,997	10,404	+5.7
<b>Asia-Pacific .....</b>	<b>2,972</b>	<b>3,035</b>	<b>- 2.1</b>
<b>Worldwide .....</b>	<b>45,990</b>	<b>57,163</b>	<b>- 19.5</b>

<sup>1</sup> Deliveries for 2019 have been updated to reflect subsequent statistical trends.

	Three Months Ended March 31, 2020	Three Months Ended March 31, 2019	Change (%)
<b>Deliveries to customers by brands (units)<sup>(1)</sup></b>			
Scania .....	18,184	23,576	- 22.9
MAN .....	27,806	33,587	- 17.2
<b>Volkswagen Group (total) .....</b>	<b>45,990</b>	<b>57,163</b>	<b>- 19.5</b>

<sup>1</sup> Deliveries for 2019 have been updated to reflect subsequent statistical trends.

5.9.1.2 *Passenger Car and Light Commercial Vehicle deliveries*

Global demand for the Volkswagen Group's passenger cars and light commercial vehicles fell by 23.1% year-on-year to 1,960,054 units in the reporting period as a consequence of the deterioration in market conditions arising from the uncertainty and the measures taken worldwide to mitigate the effects of the SARS-CoV-2 pandemic. The pandemic led to delays and also had different geographical effects on Volkswagen Group's deliveries to customers. Bentley and Bugatti were the only Volkswagen Group brands that did not fall short of their prior-year figures. The Volkswagen Group registered declining demand year-on-year in nearly all regions. Exceptions were recorded in the Middle East region and in some individual markets such as Russia, Brazil and Japan. Volkswagen's passenger car market share was 12.3% for the three months ended March 31, 2020 (same period in 2019: 12.3%).

In Western Europe, the Volkswagen Group delivered 748,281 vehicles to customers in the first three months of 2020 in a much weaker overall market. This was 19.9% fewer vehicle deliveries than in the same period of 2019, primarily due to lower demand caused by the global spread of the SARS-CoV-2 outbreak and the measures taken to contain it. Demand for Volkswagen Group vehicles declined at similar levels in all major individual markets. The Volkswagen Group's share of the passenger car market in Western Europe rose to 24.4% in the first quarter of 2020 (first three months of 2019: 22.1%).

In Germany, demand for vehicles from the Volkswagen Group was down 15.3% year-on-year between January and March 2020 in a significantly weaker overall market. Like the overall market in Western Europe, the decrease was attributable to the spread of the SARS-CoV-2 virus and the containment measures taken.

In the Central and Eastern Europe region, the number of vehicles delivered to customers in 2020 fell by 10.9% as compared to the first quarter of 2019, a less sharp decline than in Western Europe due to the rise in deliveries in Russia, particularly in March of 2020. The Volkswagen Group's share of the passenger car market in the Central and Eastern Europe region amounted to 19.7% (first three months 2019: 20.3%). In Turkey, the Volkswagen Group benefited from the catch-up effects in the overall market and increased the number of vehicles handed over to customers between January and March of this year by 72.0% compared with the first quarter of 2019. In the distinctly weaker South African market, the number of Volkswagen Group models sold fell by 2.0% as compared to the same period in 2019.

In North America, demand for Volkswagen Group models fell by 12.9% year-on-year in the first three months of 2020, mirroring the trend in the market as a whole. As this region did not experience the effects of the SARS-CoV-2 pandemic until somewhat later, deliveries rose in the months of January and February. The Volkswagen Group's share of the market in this region amounted to 4.6% in 2020 (first three months 2019: 4.5%). In the considerably weaker U.S. market, the Volkswagen Group delivered 13.5% fewer vehicles to customers between January and March 2020 than in the same period of the previous year. In Canada, the number of deliveries to Volkswagen Group customers fell by 22.7% year-on-year for the first three months of 2020. The market as a whole also declined during this period. In a declining overall market in Mexico, the Volkswagen Group delivered 6.0% fewer vehicles to customers in the first three months of 2020 than in the prior-year period.

In the South American passenger car and light commercial vehicles markets, which saw a marked decline overall, the number of Volkswagen Group models delivered to customers in the first quarter of 2020 was down by 4.2% year-on-year. As this region did not experience the effects of the SARS-CoV-2 pandemic until somewhat later, deliveries actually rose in the months of January and February. The Volkswagen Group's share of the market in South America expanded to 13.3% (first three months 2019: 11.8%). The recovery of the Brazilian market was interrupted by the outbreak of the SARS-CoV-2 pandemic. Here, however, the Volkswagen Group increased the number of vehicles sold to customers by 4.4% year-on-year based on the positive trend in the first two months of 2020. In Argentina, the number of vehicles delivered to Volkswagen Group customers fell 33.5% in the first three months of 2020 as compared to the prior-year figure amid a very sharp and persistent contraction in the overall market.

From January to March 2020, the Volkswagen Group saw demand taper off in the overall market of the Asia-Pacific region that was contracting very sharply, due primarily to the SARS-CoV-2 pandemic, and delivered 33.6% fewer vehicles to customers as compared to the first quarter of 2019. The Volkswagen Group's share of the passenger car market in this region was at 11.3% (first three months 2019: 11.7%). In China, the Volkswagen Group delivered 35.2% fewer vehicles to customers year-on-year in an overall market that had been drastically weakened in particular by the spread of the SARS-CoV-2 outbreak throughout the first quarter of 2020. Following extremely high declines in volumes in February, the first signs of a recovery in China were recorded during the month of March 2020. In the Indian passenger car market, which registered a significant decline, the Volkswagen Group saw 61.8% less demand in the first three months of 2020 than in the prior-year period. In Japan, the number of Volkswagen Group models delivered to customers rose slightly by 1.1% year-on-year from January to March 2020, while the overall market was markedly weaker.

#### 5.9.1.3 *Commercial Vehicle Deliveries*

In the first three months of 2020, the Volkswagen Group handed over 19.5% fewer commercial vehicles to customers worldwide than in the same period in 2019. The Volkswagen Group delivered a total of 45,990 commercial vehicles to customers. Trucks accounted for 38,532 units (-22.7% compared to the prior year



period) and buses for 4,030 units (–4.3% compared to the prior year period). A total of 3,428 vehicles from the MAN TGE van series were delivered (compared to 3,122 vehicles in first quarter 2019). The decline in the truck business was due to a slump in Volkswagen's core markets, which was exacerbated further in March 2020 by the uncertainty generated by the SARS-CoV-2 pandemic.

In the 27 EU states excluding Malta, but including the United Kingdom, Norway and Switzerland (EU27+3), sales were down by 30.1% on the same period of 2019 to a total of 25,401 units, of which 20,784 were trucks and 1,304 were buses. Here, the MAN brand delivered 3,313 light commercial vehicles.

In Russia, sales fell by 9.7% year-on-year as compared to the first quarter of 2019 to 1,525 units, including 1,404 trucks and 121 buses. Between January and March 2020, deliveries in Turkey increased to 455 vehicles (as compared to 142 vehicles for the same period in 2019). Trucks accounted for 402 units and buses for 23 units, while 30 vehicles from the MAN TGE van series were sold. In South Africa, deliveries of Volkswagen Group commercial vehicles decreased by 26.8% year-on-year to a total of 676 units as compared to first quarter 2019; of this figure 603 were trucks and 73 were buses.

Sales in North America declined 29.1% in the first quarter of 2020 as compared to the same period in 2019 to 537 vehicles, which were delivered exclusively to customers in Mexico; this included 320 trucks and 217 buses.

Deliveries in South America rose to a total of 12,694 vehicles (+4.5% as compared to first quarter 2019), of which 10,865 were trucks and 1,829 were buses. Following continued improvement in the economic climate in Brazil in the first quarter of 2020, sales increased by 5.7% as compared to first quarter 2019. Of the units delivered, 9,649 were trucks and 1,348 were buses.

In the Asia-Pacific region, the Volkswagen Group sold 2,972 vehicles to customers in the first three months of 2020, a decrease of 2.1% as compared to the same period in 2019; among these, 2,653 were trucks and 315 were buses.

#### *5.9.1.4 Worldwide Development of Inventories*

Global inventories at Group companies and in the dealer organization were lower on March 31, 2020 than at year-end 2019, and also below the corresponding prior-year figure.

#### *5.9.1.5 Production*

Between January and March 2020, the Volkswagen Group's production fell by 24.8% year-on-year to a total of 1,996,957 vehicles due to the measures taken to stem the spread of the SARS-CoV-2 virus. The impact of national measures to contain the pandemic led to a disruption of the supply chains and consequently to production stoppages in the Volkswagen Group. This resulted in a decline in production, particularly at the locations in China and somewhat later in Europe toward the end of the first quarter of 2020. Production in Germany fell by 18.2% as compared to first quarter 2019 to 453,282 units. Production abroad decreased by 26.5% year-on-year for the first three months of 2020 to a total of 1,543,675 vehicles. The proportion of vehicles produced in Germany increased to 22.7% (as compared to 20.9% for first quarter 2019).

### **5.9.2 Figures for 2019 compared to 2018**

#### *5.9.2.1 Sales to the Dealer Organization*

In 2019, the Volkswagen Group's worldwide unit sales to the dealer organization – including the Chinese joint ventures – amounted to 10,956,499 million vehicles (2018: 10,899,869 million vehicles).

#### *5.9.2.2 Volkswagen Group Deliveries Worldwide*

In 2019, the Volkswagen Group increased its deliveries to customers worldwide by 1.3% to 10,974,636 vehicles (2018: 10,834,008).

(i) *Passenger car deliveries*

The following tables show 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):

<b>Deliveries to customers by markets (units)<sup>(1)</sup></b>	<b>Year Ended December 31, 2019</b>	<b>Year Ended December 31, 2018</b>	<b>Change (%)</b>
<b>Europe/Other markets .....</b>	<b>4,714,997</b>	<b>4,575,023</b>	<b>+3.1</b>
<b>Western Europe.....</b>	<b>3,627,693</b>	<b>3,475,401</b>	<b>+4.4</b>
of which: Germany .....	1,324,942	1,248,952	+6.1
United Kingdom.....	544,117	540,817	+0.6
Italy .....	310,944	286,980	+8.4
France.....	307,847	280,533	+9.7
Spain .....	305,494	309,907	-1.4
<b>Central and Eastern Europe .....</b>	<b>769,681</b>	<b>757,575</b>	<b>+1.6</b>
of which: Russia .....	223,452	216,950	+3.0
Poland .....	165,530	164,480	+0.6
Czech Republic .....	136,377	138,922	-1.8
<b>Other markets .....</b>	<b>317,623</b>	<b>342,047</b>	<b>-7.1</b>
of which: South Africa.....	90,969	91,311	-0.4
Turkey .....	78,251	110,785	-29.4
<b>North America.....</b>	<b>948,309</b>	<b>953,188</b>	<b>-0.5</b>
of which: USA.....	654,152	638,274	+2.5
Mexico .....	181,910	196,431	-7.4
Canada .....	112,247	118,483	-5.3
<b>South America.....</b>	<b>551,734</b>	<b>542,239</b>	<b>+1.8</b>
of which: Brazil .....	420,880	363,766	+15.7
Argentina.....	70,496	115,426	-38.9
<b>Asia-Pacific .....</b>	<b>4,517,375</b>	<b>4,530,564</b>	<b>-0.3</b>
of which: China .....	4,228,840	4,202,398	+0.6
Japan .....	79,268	86,356	-8.2
India .....	51,541	61,277	-15.9
<b>Worldwide.....</b>	<b>10,732,415</b>	<b>10,601,014</b>	<b>+1.2</b>

<sup>(1)</sup> Deliveries for 2018 have been updated or amended to reflect subsequent statistical trends and the changes in reporting structure. The figures include the Chinese joint ventures.

<b>Deliveries to customers by brands (units)<sup>(1)</sup></b>	<b>Year Ended December 31, 2019</b>	<b>Year Ended December 31, 2018</b>	<b>Change (%)</b>
Volkswagen Passenger Cars .....	6,278,345	6,244,888	+0.5
Audi.....	1,845,573	1,812,485	+1.8
ŠKODA .....	1,242,767	1,253,741	-0.9
SEAT.....	574,078	517,627	+10.9
Bentley .....	11,006	10,494	+4.9
Lamborghini .....	8,205	5,750	+42.7
Porsche .....	280,800	256,255	+9.6
Bugatti .....	82	76	+7.9
Volkswagen Commercial Vehicles.....	491,559	499,698	-1.6
<b>Volkswagen Group (total) .....</b>	<b>10,732,415</b>	<b>10,601,014</b>	<b>+1.2</b>

<sup>(1)</sup> Deliveries for 2018 have been updated or amended to reflect subsequent statistical trends and the changes in reporting structure. The figures include the Chinese joint ventures.

(ii) *Commercial vehicle deliveries*

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

<b>Deliveries to customers by markets (units)<sup>(1)</sup></b>	<b>Year Ended December 31, 2019</b>	<b>Year Ended December 31, 2018</b>	<b>Change (%)</b>
<b>Europe/Other markets .....</b>	<b>169,409</b>	<b>165,998</b>	<b>+2.1</b>
Western Europe.....	119,284	108,122	+10.3
Central and Eastern Europe.....	36,130	39,590	-8.7
Other markets.....	13,995	18,286	-23.5
<b>North America .....</b>	<b>3,219</b>	<b>3,517</b>	<b>-8.5</b>
<b>South America .....</b>	<b>56,826</b>	<b>47,734</b>	<b>+19.0</b>
Brazil .....	49,551	37,984	+30.5

	Year Ended December 31, 2019	Year Ended December 31, 2018	Change (%)
<b>Deliveries to customers by markets (units)<sup>(1)</sup></b>			
<b>Asia-Pacific</b> .....	12,767	15,745	-18.9
China .....	4,737	4,658	+1.7
<b>Worldwide</b> .....	<b>242,221</b>	<b>232,994</b>	<b>+4.0</b>

<sup>1</sup> Deliveries for 2018 have been updated or amended to reflect subsequent statistical trends and the changes in reporting structure.

	Year Ended December 31, 2019	Year Ended December 31, 2018	Change (%)
<b>Deliveries to customers by brands (units)<sup>(1)</sup></b>			
Scania .....	99,457	96,477	+3.1
MAN .....	142,764	136,517	+4.6
<b>Volkswagen Group (total)</b> .....	<b>242,221</b>	<b>232,994</b>	<b>+4.0</b>

<sup>1</sup> Deliveries for 2018 have been updated or amended to reflect subsequent statistical trends and the changes in reporting structure.

### 5.9.2.3 Passenger Car and Light Commercial Vehicle 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 of America, Brazil, Russia, Mexico and Poland. In 2019, the Volkswagen Group recorded encouraging growth in many key markets.

In 2019, deliveries of passenger cars to Volkswagen Group customers worldwide increased to 10,732,415 units amid difficult conditions resulting primarily from mainly declining overall markets. Compared to 2018, the number of deliveries increased by 131,401 vehicles or 1.2% (2018: 10,601,014). Volkswagen Group's new SUV models made a particular contribution to this increase. As the passenger car market as a whole declined by 4.0% in 2019 compared to 2018, Volkswagen Group's share of the global market improved to 12.9% (2018:12.2%). The largest increases in volume in absolute terms were seen in Germany and Brazil. In Argentina and Turkey, among other countries, sales figures were down in 2019 as compared to prior year figures. The Volkswagen Passenger Cars, SEAT, Porsche and Lamborghini brands each exceeded their record figures from the previous year. The brands that achieved the largest growth in absolute terms were SEAT, Volkswagen Passenger Cars and Audi; whereas ŠKODA and Volkswagen Commercial Vehicles both fell slightly short of the 2018 figures.

In 2019, the passenger car market as a whole in Western Europe increased slightly by 0.6% compared to the prior-year figures. Volkswagen Group delivered 3,627,693 passenger cars and light commercial vehicles to customers, an increase of 4.4% compared to the previous year's figures (2018: 3,475,401). Negative effects, arising primarily from the public debate around driving bans for diesel vehicles and restricted capacity for petrol engines were offset by positive effects such as the successful launch of new vehicle models.

In the Central and Eastern Europe region, the market for passenger cars in fiscal year 2019 increased slightly by 2.7%. In 2019, Volkswagen Group delivered 769,681 passenger cars and light commercial vehicles to Central and Eastern Europe customers, an increase of 1.6% in 2019 as compared to prior-year figures (2018: 757,575). Demand for Volkswagen Group models increased in Russia and Poland, while it declined in the Czech Republic. Volkswagen Group's share of the passenger car market in Central and Eastern Europe in 2019 was 20.3%, a slight decrease compared to 2018 (20.6%).

In Turkey, the Volkswagen Group delivered 29.4% fewer vehicles in 2019 than in the previous year, totaling 78,251 deliveries (2018: 110,785), in the context of a substantially weaker overall market. In South Africa's declining passenger car market, demand for Volkswagen Group vehicles decreased by 0.4% in 2019.

The German passenger car market exceeded the high prior-year level (+5.0%) in 2019. Volkswagen Group delivered 1,324,942 vehicles to customers in its home market, an increase of 6.1% compared to the previous year (2018: 1,248,952), which had been positively influenced by various environmental buying incentives among other things. Negative effects caused by the public debate on driving bans for diesel vehicles and

restricted capacity for petrol engines were offset by, among other things, the successful introduction of new models.

In North America, demand for Volkswagen Group models in 2019 was 0.5% lower at 948,309 vehicles compared to the prior year period (2018: 953,188); in a slightly declining overall passenger car and light commercial vehicle market. In the US, demand for Volkswagen Group models increased by 2.5% year-on-year in 2019; while the overall market volume in the US shrank slightly compared to the 2018 level (–1.6%). In the Canadian automotive market, the downward trend that had begun in the previous year continued during 2019, with the market registering a decline of 4.3%. The demand for Volkswagen Group vehicles in 2019 decreased by 5.3% to 112,247 compared to prior year figures (2018: 118,483), in the context of the shrinking overall market. In Mexico, overall sales of passenger cars and light commercial vehicles in 2019 decreased compared to the prior-year figure (–8.2%) for the third year in a row; with Volkswagen Group delivering 181,910 vehicles to customers, 7.4% fewer compared with the previous year (2018: 196,431).

The South American market for passenger cars and light commercial vehicles declined overall in 2019, registering a 5% decrease compared to prior year levels. However, Volkswagen Group delivered 551,734 vehicles to customers in 2019, an increase of 1.8% compared to the prior year period (2018: 542,239). In Brazil the recovery in the demand for automobiles continued, with an increase of 7.7% compared to 2018; while nevertheless remaining at much lower level than the record level achieved in 2012. Volkswagen Group benefited from this development and delivered 420,880 vehicles to customers, an increase of 15.7% compared to prior year levels (2018: 363,766). In the Argentinian market, the deterioration in the macroeconomic situation once again had a negative impact on demand for passenger cars and light commercial vehicles in 2019, with sales figures declining drastically by 43.0% compared to prior year levels. Amid a significantly weaker overall market, Volkswagen Group delivered 70,496 vehicles to customers in 2019, a 38.9% decrease compared to 2018 (2018: 115,426).

Following slight decreases in 2018, the market for passenger cars in the Asia-Pacific region weakened further in 2019, decreasing by 6.0%. In 2019, Volkswagen Group delivered 4,517,375 units to customers in this region, a decrease of 0.3% compared to 2018 (2018: 4,530,564); while the Group's market share in the region rose to 13.2% of the overall market (2018: 12.4%). China, the world's largest single market and the main growth driver of the Asia-Pacific region, recorded a distinct downturn in the reporting period, decreasing by 6.4% compared to 2018 levels. Nevertheless, Volkswagen Group slightly increased sales, delivering 4,228,840 vehicles to customers, 0.6% more than in the prior year (2018: 4,202,398). The volume of the Indian passenger car market declined in the reporting year. Demand for models from the Volkswagen Group decreased by 15.9% in 2019 compared with the previous year. In Japan, the number of passenger cars delivered to Volkswagen Group customers in 2019 decreased by 8.2% year-on-year amid a declining overall market volume.

#### 5.9.2.4 *Commercial Vehicle Deliveries*

Volkswagen Group delivered a total of 242,221 mid-sized and heavy trucks, buses and TGE model vehicles from MAN in 2019 (an increase of 4.0% compared to 2018). Trucks accounted for 205,936 units (+1.7%), buses for 21,496 units (–5.0%) and TGE model vehicles from MAN for 14,789 deliveries (2018: 7,871).

In Western Europe, Volkswagen Group's total deliveries in 2019 amounted to 119,284 units, up 10.3% on the previous year's figure. The growth was mainly driven by the German, French and UK markets. Of this figure, 100,362 were trucks and 6,042 buses; and 12,880 TGE model vehicles from MAN. In 2019, deliveries in the markets of the Central and Eastern Europe region fell by 8.7% to 36,130 vehicles; trucks accounted for 33,312 and buses for 1,311; light commercial vehicles from the MAN brand came to 1,507 units. In Russia, the region's largest market, sales decreased year-on-year by 21.4% to 10,123 units.

In the Other markets, particularly in Turkey, deliveries of Volkswagen Group commercial vehicles in 2019 decreased by 23.5% year-on-year, amounting to 13,995 units; of this figure 11,280 were trucks and 2,326 were buses.

Deliveries in North America in 2019 declined by 8.5% to 3,219 vehicles; this included 1,794 trucks and 1,425 buses. The vehicles were handed over almost exclusively to customers in Mexico. In South America, the Volkswagen Group sold a total of 56,826 units in 2019 (+19.0%); of this figure 48,350 were trucks and 8,476 were buses. In Brazil, deliveries in 2019 rose by 30.5% following continued improvement in the economic climate. Of the units delivered, 43,438 were trucks and 6,113 were buses. Marked declines in

deliveries were recorded in the other South American markets, especially Argentina, due to the development of the general economic environment.

In the Asia-Pacific region, Volkswagen Group delivered 12,767 commercial vehicles to customers in 2019; among these 10,838 were trucks and 1,916 were buses. Overall, this was a decrease of 18.9% compared to the previous year. In China, sales increased by 1.7% to 4,737 vehicles in 2019, of which 4,514 were trucks and 219 were buses.

#### **5.9.2.5 Worldwide Development of Inventories**

Global inventories at Group companies and in the dealer organization were lower at the end of 2019 when compared to the prior year-end.

#### **5.9.2.6 Production**

Volkswagen Group produced 10,823,378 vehicles worldwide in 2019, 1.8% less than in the previous year. In total, Volkswagen Group's Chinese joint ventures manufactured 4.1% fewer units in 2019 than in the prior year. In Germany, the production declined by 8.3%, mainly due to numerous new vehicle startups as well as the transition to electric vehicles. The percentage of the Group's total production accounted for by Germany was lower than in 2018, at 19.5% (2018: 20.9%).

### **5.10 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 and Porsche Holding Salzburg. Since January 1, 2019, contracts signed by Volkswagen Group's international joint ventures are also included. The comparative figures have been adjusted.

#### **5.10.1 Figures for the three months ended March 31, 2020 compared to the three months ended March 31, 2019**

In the period from January to March 2020, the number of new financing, leasing, service and insurance contracts signed worldwide decreased by 2.0% to 2.1 million as compared to the first three months of 2019, due in part to the SARS-CoV-2 pandemic's effect on demand. As the Volkswagen Group's deliveries fell out of proportion to the contracts signed, the ratio of leased and financed vehicles to Group deliveries (penetration rate) in the Financial Services Division's markets in the reporting period increased to 39.8% (prior year period: 33.8%). As of March 31, 2020, the total number of contracts was 23.7 million, 0.3% higher than at December 31, 2019.

#### **5.10.2 Figures for 2019**

At 9.3 million, the worldwide number of new financing, leasing, service and insurance contracts signed was higher than in the previous year (2018: 8.8 million). In 2019, the ratio of leased or financed vehicles to Volkswagen Group deliveries (penetration rate) in the Financial Services Division's markets was 34.5% (2018: 34.2%). As of December 31, 2019, the total number of contracts was 23.7 million, an increase of 5.7% compared to the end of 2018. The number of contracts in the customer financing/leasing area also increased by 4.7% to 11.8 million in 2019; while – in the service/insurance area – it increased by 6.7% to 11.9 million in 2019.

### **5.11 Volkswagen Group Sales Revenue and Profit**

Unless otherwise indicated, the 2019 and the 2018 financial figures have been taken or derived from the 2019 Annual Financial Statements. The 2018 and the 2017 financial figures have been taken or derived from the 2018 Annual Financial Statements. As a result, not all figures may be comparable.

#### **5.11.1 Figures for the Three Months ended March 31, 2020 compared to the Three Months ended March 31, 2019**

The Volkswagen Group generated sales revenue of €55.1 billion for the first three months ended March 31, 2020, a decline of 8.3% compared with the first three months ended March 31, 2019. The main adverse factor was a decline in volumes due to the SARS-CoV-2 pandemic. In addition, changes in exchange rates

had a negative effect, while mix effects, better price positioning and the business performance in the Financial Services Division made a positive contribution. The Volkswagen Group generated 80.1% of its sales revenue (excluding sales revenue from hedges) outside Germany in the three months ended March 31, 2020 (first three months of 2019: 79.7%). Gross result decreased to €9.2 billion (first three months of 2019: €11.7 billion); the gross margin (gross result as percentage of sales revenue) stood at 16.8% (first three months of 2019: 19.5%).

The Volkswagen Group's operating result for the period from January 1 to March 31, 2020 amounted to €0.9 billion, down €3.0 billion on the period from January 1 to March 31, 2019, in which expenses directly related to the diesel issue of €–1.0 billion weighed on profit. The operating return on sales (operating result as percentage of sales revenue) for the first three months ended March 31, 2020 decreased to 1.6% as compared to 6.4% for the first three months of 2019. The main reason for the decline was the negative impact of the spread of the SARS-CoV-2 pandemic. In addition to lower unit sales because of the fall in customer demand, turbulence in the commodity and capital markets meant that the fair value measurement of commodity hedges and the measurement of receivables and liabilities denominated in foreign currencies had a negative effect.

The financial result decreased by €0.4 billion to €–0.2 billion for the first three months ended March 31, 2020, as compared to the first three months ended March 31, 2019 primarily due to the spread of the SARS-CoV-2 coronavirus. The interest expenses included in the financial result were down markedly for measurement-related reasons caused by a change in discount rates applied in the measurement of liabilities, while changes in share prices weighed on net income from securities and funds. The share of the result of equity-accounted investments was markedly lower than in the previous year-period. The decline was primarily due to lower profit generated by the Chinese joint ventures, which were affected by the SARS-CoV-2 pandemic during the entire first quarter of 2020.

The Volkswagen Group's earnings before tax decreased by €3.4 billion to €0.7 billion for the first three months ended March 31, 2020 as compared to the first three months ended March 31, 2019. Earnings after tax amounted to €0.5 billion for the first three months ended March 31, 2020 (first three months ended March 31, 2019: €3.1 billion).

#### **5.11.2 *Figures for 2019 compared to 2018***

Using the modified retrospective method (adjustments to the opening balance sheet), right-of-use assets were recognized under noncurrent assets and lease liabilities as financial liabilities for the first time as of January 1, 2019. This led to an increase in total assets but did not affect equity.

The new approach resulted in a slight increase in operating profit in 2019, because the only items allocated to operating profit as of January 1, 2019 are depreciation charges on right-of-use assets. Interest expenses on lease liabilities in the Automotive Division are recognized in the financial result, with a corresponding negative impact.

The Volkswagen Group generated sales revenue of €252.6 billion in 2019, 7.1% higher than in 2018. Improvements in product mix, higher sales volumes and the healthy business performance of the Financial Services Division had a positive impact; offsetting the negative effects from exchange rate developments. The major share of sales revenue (excluding sales revenue from hedges) was recorded outside Germany (80.6% in 2019 compared with 81.4% in 2018).

In 2019, the Volkswagen Group generated an operating result of €17.0 billion, which was €3.1 billion higher than in 2018 (€13.9 billion). The increase was mainly attributable to positive mix effects, higher volumes, the reversal of impairment losses following the remeasurement of development costs, product cost optimizations, and the fair value measurement of certain derivatives. A rise in fixed costs had a negative impact. Expenses directly related to the diesel issue weighed on operating result, reducing operating result by €2.3 billion (2018: €3.2 billion). The operating return on sales increased to 6.7% in 2019 (2018: 5.9%).

Volkswagen's financial result decreased slightly by €0.3 billion to €1.4 billion in 2019 compared with 2018. The interest expenses included in financial result increased markedly, driven by the rise in the refinancing volume, the interest expense on provisions, and application of the new IFRS 16 accounting standards. The share of the result of equity-accounted investments in 2019 was approximately at the same level as in 2018, at €3.3 billion.

The Volkswagen Group's earnings before tax improved by 17.3% to €18.4 billion in 2019 compared to 2018. The return on sales before tax rose to 7.3% in 2019 (2018: 6.6%). Income taxes resulted in an expense of €4.3 billion in 2019 (2018: €3.5 billion), which in turn led to a tax rate of 23.6% (2018: 22.3%). Earnings after tax increased by €1.9 billion to €14.0 billion in 2019 compared with 2018.

## 5.12 Selected Historical Financial Information

### 5.12.1 Figures for the Three Months ended March 31, 2020

The following consolidated operating and financial data were extracted from the Volkswagen Group's interim report for the period January 1, 2020 to March 31, 2020:

<b>Volume Data in thousands<sup>1</sup> (unaudited)</b>	<b>Three Months Ended March 31, 2020</b>	<b>Three Months Ended March 31, 2019</b>	<b>%</b>
Vehicle sales (units) .....	1,937	2,583	-25.0
Production (units) .....	1,997	2,655	-24.8
Employees at March 31, 2019/December 31, 2018 .....	670.0	671.2	-0.2

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

<b>Financial Data (IFRS), € million (unaudited)</b>	<b>Three Months Ended March 31, 2020</b>	<b>Three Months Ended March 31, 2019</b>	<b>%</b>
Sales revenue .....	55,054	60,012	-8.3
Operating result <sup>1</sup> .....	904	3,868	-76.6
Earnings before tax .....	682	4,071	-83.3
Earnings after tax .....	517	3,053	-83.1
Earnings attributable to Volkswagen AG shareholders .....	405	2,912	-86.1
Cash flows from operating activities .....	1,894	2,849	-33.5
<b>Automotive Division<sup>2</sup></b>			
Total research and development costs .....	3,563	3,483	+2.3
R&D ratio (as a percentage) <sup>3</sup> .....	8.0	6.9	-
Cash flows from operating activities .....	1,546	5,364	-71.2
Capex <sup>4</sup> .....	2,087	2,008	+4.0
as a percentage of sales revenue <sup>4</sup> .....	4.7	4.0	-
Net cash flow <sup>5</sup> .....	-2,518	1,990	>-100
Net liquidity at March 31 <sup>6</sup> .....	17,787	15,991	+11.2

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 interim reports of Volkswagen AG for the respective periods.

<sup>1</sup> 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.

<sup>2</sup> Including allocation of consolidation adjustments between the Automotive and Financial Services divisions.

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

<sup>4</sup> Capex is defined as investments in intangible assets (excluding capitalised development costs), property, plant and equipment, and investment property (three months ended March 31, 2020: €2,087 million, March 31, 2019: €2,008 million) and as percentage of sales revenue (three months ended March 31, 2020: €55,054 million, March 31, 2019: €60,012 million).

<sup>5</sup> Net cash flow is defined as cash flows from operating activities (three months ended March 31, 2020: €1,546 million, March 31, 2019: €5,364 million), net of investing activities attributable to operating activities (investing activities excluding change in investments in securities, loans and time deposits) (three months ended March 31, 2020: €4,064 million, March 31, 2019: €3,375 million).

<sup>6</sup> Net liquidity is defined as the total of cash and cash equivalents (three months ended March 31, 2020: €18,938 million, March 31, 2019: €14,275 million), securities, loans and time deposits (three months ended March 31, 2020: €14,928 million, March 31, 2019: €14,030 million) net of third-party borrowings (noncurrent and current financial liabilities) (three months ended March 31, 2020: €16,078 million, March 31, 2019: €12,314 million).

### 5.12.2 Figures for 2019

On January 1, 2019, the new IFRS 16 accounting standard came into effect, amending previous lease accounting rules. This led to, among other things, an increase in total assets (but did not affect equity) and an impact on cash flow for 2019. The prior-year figures have not been adjusted. As a result, the figures as of and for the year ended December 31, 2019 may not be comparable to the results presented as of and for the years ended December 31, 2018 and December 31, 2017. For further information, please refer to the

discussion on IFRS 16 "Effects of new and amended IFRSs" in the notes to the 2019 Annual Financial Statements.

The following consolidated operating and financial data were extracted from the Volkswagen Group's 2019 annual report:

<b>Volume Data<sup>1</sup> (unaudited)</b>	<b>2019</b>	<b>2018</b>	<b>%</b>
Vehicle sales (units) .....	10,956,499	10,899,869	+0.5
Production (units) .....	10,823,378	11,017,621	-1.8
Employees at December 31 .....	671,205	664,496	+1.0

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

<b>Financial Data (IFRS), € million (audited unless otherwise indicated)</b>	<b>2019</b>	<b>2018</b>	<b>% (unaudited)</b>
Sales revenue .....	252,632	235,849	+7.1
Operating result <sup>1</sup> .....	16,960	13,920	+21.8
Earnings before tax .....	18,356	15,643	+17.3
Earnings after tax .....	14,029	12,153	+15.4
Earnings attributable to Volkswagen AG shareholders .....	13,346	11,827	+12.8
Cash flows from operating activities .....	17,983	7,272	n.m.
<b>Automotive Division<sup>2</sup></b>			
Total research and development costs <sup>7</sup> .....	14,306	13,640	+4.9
R&D ratio (as a percentage) <sup>3,7</sup> .....	6.7	6.8	—
Cash flows from operating activities <sup>7</sup> .....	30,733	18,531	+65.8
Capex <sup>4,7</sup> .....	14,007	13,218	+6.0
as a percentage of sales revenue <sup>4,7</sup> .....	6.6	6.6	—
Net cash flow <sup>5,7</sup> .....	10,835	-306	n.m.
Net liquidity at December 31 <sup>6,7</sup> .....	21,276	19,368	+9.9

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.

<sup>1</sup> 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.

<sup>2</sup> Including allocation of consolidation adjustments between the Automotive and Financial Services divisions.

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

<sup>4</sup> Capex is defined as investments in intangible assets (excluding capitalized development costs), property, plant and equipment, and investment property (2019: €14,007 million, 2018: €13,218 million) and as percentage of sales revenue of the Automotive Division (2019: €212,473 million, 2018: €201,067 million).

<sup>5</sup> Net cash flow is defined as cash flows from operating activities (2019: €30,733 million, 2018: €18,531 million), net of investing activities attributable to operating activities (investing activities excluding change in investments in securities, loans and time deposits) (2019: €19,898 million, 2018: €18,837 million).

<sup>6</sup> Net liquidity is defined as the total of cash and cash equivalents (2019: €18,098 million, 2018: €23,354 million), securities, loans and time deposits (2019: €13,458 million, 2018: €8,697 million) net of third-party borrowings (noncurrent and current financial liabilities) (2019: €10,280 million, 2017: €12,683 million).

<sup>7</sup> Unaudited.

### 5.12.3 *Figures for 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 2017 figures in the income statement. For further information, please refer to the discussion on IFRS 9 and 15 under "Effects of new and amended IFRSs" in the notes to the 2018 Annual Financial Statements.

The 2018 and the 2017 financial figures have been taken or derived from the 2018 Annual Financial Statements.

<b>Volume Data<sup>1</sup> (unaudited)</b>	<b>2018</b>	<b>2017</b>	<b>%</b>
Vehicle sales (units) .....	10,899,869	10,777,048	+1.1
Production (units) .....	11,017,621	10,875,000	+1.3
Employees at December 31 .....	664,496	642,292	+3.5



Financial Data (IFRS), € million (audited unless otherwise indicated)	2018	2017 <sup>7</sup>	% (unaudited)
Sales revenue.....	235,849	229,550	+2.7
Operating result <sup>1</sup> .....	13,920	13,818	+0.7
Earnings before tax .....	15,643	13,673	+14.4
Earnings after tax .....	12,153	11,463	+6.0
Earnings attributable to Volkswagen AG shareholders .....	11,827	11,179	+5.8
Cash flows from operating activities .....	7,272	-1,185	n.m.
<b>Automotive Division<sup>2</sup></b>			
Total research and development costs <sup>8</sup> .....	13,640	13,135	+3.8
R&D ratio (as a percentage) <sup>3,8</sup> .....	6.8	6.7	
Cash flows from operating activities <sup>8</sup> .....	18,531	11,686	+58.6
Capex <sup>4,8</sup> .....	13,218	12,631	+4.6
as a percentage of sales revenue <sup>4,8</sup> .....	6.6	6.5	
Net cash flow <sup>5,8</sup> .....	-306	-5,950	-94.9
Net liquidity at December 31 <sup>6,8</sup> .....	19,368	22,378	-13.5

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.

<sup>1</sup> 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.

<sup>2</sup> Including allocation of consolidation adjustments between the Automotive and Financial Services divisions.

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

<sup>4</sup> Capex is defined as investments in intangible assets (excluding capitalized development costs), property, plant and equipment, and investment property (2018: €13,218 million, 2017: €12,631 million) and as percentage of sales revenue divided by sales revenue (2018: €201,067 million, 2017: €195,817 million).

<sup>5</sup> Net cash flow is defined as cash flows from operating activities (2018: €18,531 million, 2017: €11,686 million), net of investing activities attributable to operating activities (investing activities excluding change in investments in securities, loans and time deposits) (2018: €18,837 million, 2017: €17,636 million).

<sup>6</sup> Net liquidity is defined as the total of cash and cash equivalents (2018: €23,354 million, 2017: €13,428 million), securities, loans and time deposits (2018: €8,697 million, 2017: €15,201 million) net of third-party borrowings (noncurrent and current financial liabilities) (2018: €12,683 million, 2017: €6,251 million).

<sup>7</sup> Adjusted for changes in accounting policy. For more information, see "Effects of new and amended IFRSs" in the notes to the 2018 Annual Financial Statements.

<sup>8</sup> Unaudited.

## 5.13 Statutory Auditors

PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft ("PwC"), Fuhrberger Str. 5, 30625 Hannover, Germany, audited the consolidated financial statements of the Guarantor as of and for the years ended December 31, 2019 and December 31, 2018, which were prepared in accordance with IFRS, and the additional requirements of German commercial law pursuant Section 315e (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, 2019 as well as December 31, 2018 each contain an emphasis of matter paragraph concerning "The Diesel Issue", and the related awareness of members of the Volkswagen AG's board of management and provisions for warranties and legal risks.

PwC issued a review report (*Bescheinigung nach prüferischer Durchsicht*) on the unaudited IFRS condensed consolidated interim financial statements of the Guarantor as of and for the three-month period ended March 31, 2020. 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 Volkswagen AG's board of management and provisions for warranties and legal risks.

PwC is a member of the Chamber of Public Accountants (*Wirtschaftsprüferkammer, Körperschaft des öffentlichen Rechts*), Berlin, Germany.

In accordance with the requirements of the EU Audit Regulation for mandatory rotation of audit firms, the Supervisory Board of Volkswagen plans to switch to Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft ("EY") for the review of the IFRS condensed consolidated interim financial statements of the Guarantor as of June 30, 2020 and September 30, 2020 as well as for the audit of the IFRS consolidated annual financial statements of the Guarantor as of December 31, 2020.

## 5.14 Trend Information

Notwithstanding the impact of the SARS-CoV-2 pandemic, which has affected and may continue to affect Volkswagen Group's operations and financial results for 2020 (see also: "*Recent Events*"), there has been no material adverse change in the prospects of the Guarantor since December 31, 2019, the date of its last published audited consolidated financial statements.

A material adverse change in the prospects of the Guarantor may occur after the date of its last published audited financial statements as of and for the year ended December 31, 2019. Such material adverse change would – should it occur – relate mainly to the diesel issue of Volkswagen AG, as discussed in detail under "*1. Risk Factors — 1.7.1 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.*" and "*1.7.5 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 "*5.18 Legal and Arbitration Proceedings — 5.18.1 Diesel Issue*". The outcome of the diesel issue may have a material adverse effect on Volkswagen's business, and may, as a consequence, influence Volkswagen AG's and VIF's prospects in an unfavorable manner.

Notwithstanding the impact of the SARS-CoV-2 pandemic, which has affected and may continue to affect Volkswagen Group's operations and financial results for 2020 (see also: "*Recent Events*"), there has been no significant change in the financial performance of Volkswagen since March 31, 2020, the date for which financial information has been published.

## 5.15 Significant Changes in the Guarantor's Financial Position

Notwithstanding the impact of the SARS-CoV-2 pandemic, which has affected and may continue to affect Volkswagen Group's operations and financial results for 2020 (see also: "*Recent Events*"), there has been no significant change in the financial position of Volkswagen since March 31, 2020, the date for which financial information has been published.

## 5.16 Recent Events

### 5.16.1 Coronavirus impact

Prospective investors are cautioned that key business metrics in the 2019 Annual Financial Statements and in the Interim Financial Statements may not be predictive of the Volkswagen Group's actual results, performance or achievements for the financial year 2020 due to the global spread of the SARS-CoV-2 pandemic and the related restrictions on movement and business imposed by many governments and the resulting global economic downturn, as well as other factors discussed under "*Risk Factors*" in general and as specifically discussed under "*1.2.1 The recent outbreak of SARS-CoV-2 has had a material adverse effect on Volkswagen's business, affecting sales, production and supply chains, and employees. Further, the spread of the SARS-CoV-2 outbreak has caused and may continue to cause severe disruptions in the European and global economy and financial markets and could potentially create widespread business continuity issues.*"

The management of Volkswagen anticipates a negative growth rate in the world economy in 2020 as a result of the spread of the SARS-CoV-2 coronavirus. In addition, Volkswagen continues to believe that there are risks of continuing protectionist tendencies, volatility on financial markets and structural deficits in individual countries. In addition, growth prospects are expected to be negatively impacted by continuing geopolitical tensions and conflicts. Volkswagen therefore expects advanced as well as emerging economies to experience a marked decline in economic performance even though Volkswagen believes there could be the beginning of an economic recovery during the course of the year 2020.

The global economy contracted over the three-month period ending March 31, 2020, primarily due to the global spread of the SARS-CoV-2 outbreak and the related restrictions on movement and business imposed by many governments. Advanced economies and emerging markets have both been affected, including Volkswagen's core markets. The spread of SARS-CoV-2 has caused serious disruptions in global supply

chains, a significant decrease in consumer demand and spending, and adversely impacted a number of industries, including the automobile industry.

The global economic downturn and restrictions on movement attributable to the coronavirus pandemic resulted in a significant decrease in customer demand for Volkswagen's products and services, as well as serious disruptions to the supply chains and production and have had a material impact on all of Volkswagen's business areas for the three month period ending March 31, 2020.

Global demand for passenger cars decreased substantially by 23.3% over the first quarter of 2020 as compared to the same period in 2019, primarily due to economic effects related to the SARS-CoV-2 pandemic. Worldwide demand for light commercial vehicles for January through March 2020 also decreased substantially compared to the same period for 2019. Volkswagen's key markets were negatively affected, especially Western Europe and the Asia-Pacific region. In Western Europe, the passenger car market in Italy, France, the United Kingdom and Spain lost one-third of its volume and in Germany, new passenger car registrations fell by one-fifth as compared to the first quarter of 2019. The volume of new registrations of light commercial vehicles in Western Europe dropped substantially below the prior-year figure. Demand for light commercial vehicles in Germany in the same period was markedly lower than in the first quarter of 2019. In major emerging markets such as Central and Eastern Europe and Brazil, new registrations of passenger cars and light commercial vehicles were significantly lower as compared to first quarter of 2019. The passenger car market in Russia, however, remained substantially unchanged from the same period in 2019 and the number of light commercial vehicles in Russia between January and March 2020 was down moderately on the previous year. Due to an earlier outbreak, the negative effects of SARS-CoV-2 impacted the entire first quarter of 2020 in the Asia-Pacific region, with the number of new registered passenger cars almost one-third lower than the first quarter of 2019. This decline was primarily attributable to developments in the passenger car market in China, where the effects of the coronavirus further depressed an already negative growth rate. There was as well a sharp year-on-year decline in demand for light commercial vehicles in the Asia-Pacific region for the first quarter of 2020. New registrations for passenger cars and light commercial vehicles declined significantly in North America and South America in the first quarter as compared to 2019, due to the initial effects of the coronavirus pandemic.

Demand for commercial vehicles over 6 tons for January and February 2020 in Volkswagen's key markets were significantly lower than the relevant period in 2019 and are expected to fall further for March 2020 due to the effects of the SARS-CoV-2 pandemic. Demand for commercial vehicles in the EU27+3 was significantly lower in January and February 2020 as compared to 2019.

The markets for Power Engineering are affected by differing regional and cyclical influences, causing the development of the different segments to vary independently of each other. Overall, the markets were negatively affected by the SARS-CoV-2 pandemic and in different ways affected by the low oil prices.

Global demand for automotive financial services was steady in the first three months of 2020 due, among other things, to the low interest rates in the main currency areas. At the same time, the SARS-CoV-2 pandemic put pressure on the demand for financial services in nearly all regions.

Demand for Volkswagen products and services after the three month period ended March 31, 2020 continued to be impacted by the SARS-CoV-2 pandemic (see also: "5.9 Automotive Division – 5.9.1 Figures for the three months ended March 31, 2020 compared to the three months ended March 31, 2019" and "5.10 Volkswagen Group Financial Services – 5.10.1 Figures for the three months ended March 31, 2020 compared to the three months ended March 31, 2019"). In the Automotive Division, demand for Volkswagen products and services continued to strongly decrease in the months of April and May 2020 compared to the three-month period ended March 31, 2020. Volkswagen's financial services business remained stable in the months of April and May 2020, compared to the corresponding period in 2019.

Going forward, Volkswagen – in a very uncertain environment – anticipates that economic recovery could commence in the course of 2020, but expects a continued decrease in global demand for new vehicles, an increase in competition and challenges in maintaining a stable supply chain and protecting the health of its employees.

The Volkswagen Group expects deliveries to customers and sales revenue in 2020 to be significantly below the prior year due to the impact of the SARS-CoV-2 pandemic. Challenges will also arise particularly from the increasing intensity of competition, volatile commodity and foreign exchange markets and more stringent emissions-related requirements.

### 5.16.2 *E-mobility activities in China*

On May 29, 2020, Volkswagen announced plans to increase its share in JAC Volkswagen, its joint venture for e-mobility. This amount includes the acquisition of 50 percent of JAG, the parent company of the Volkswagen partner JAC, and an increase in the stake in JAC Volkswagen from 50 to 75 percent. The parties intend to close the deal amounting to €1 billion by the end of the year, subject to customary regulatory approvals.

Furthermore, at the same time, Volkswagen announced that Volkswagen (China) Investment Co. Ltd. will become the largest shareholder in battery manufacturer Gotion High-Tech Co., Ltd. ("**Gotion**"), with 26 percent of the shares, through a buy-in of around €1.1 billion. Volkswagen is the first global automaker to invest directly in a Chinese battery supplier, with the deal planned to close by the end of 2020, subject to customary regulatory approvals. Gotion is in the process of becoming a certified Volkswagen Group battery supplier in China, including supplies for local MEB vehicles. The MEB is the new modular electric vehicle platform of the Volkswagen Group. The deal will not affect ongoing contracts with other battery suppliers.

### 5.16.3 *Change in the management of the Volkswagen brand and in Volkswagen's Board of Management*

On June 8, 2020, Volkswagen announced that the Volkswagen Group is reassigning responsibilities for the management of the Volkswagen brand and the Group. The Volkswagen core brand is to be led by the brand's previous COO, Ralf Brandstätter starting July 1, 2020. The CEO of the Volkswagen Group, Dr. Herbert Diess, who had previously been responsible for both functions, will retain overall responsibility for Volkswagen Passenger Cars and the Volume brand group.

Additionally, Dr. Stefan Sommer will be leaving the Board of Management of Volkswagen AG on June 30, 2020. Dr. Sommer's responsibility for components and procurement on the Board of Management will be taken over on a provisional basis until further notice by Frank Witter.

## 5.17 **Administration, Management and Supervisory Bodies**

### 5.17.1 *Board of Management*

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

<b>Name</b>	<b>Position at Volkswagen AG</b>
Dr. Ing. Herbert Diess <sup>(1)</sup> .....	Chairman; Chairman of the Brand Board of Management of Volkswagen Passenger Cars, Volume brand group, China
Dr. Oliver Blume <sup>(2)</sup> .....	Chairman of the Executive Board of Porsche AG, Sport & Luxury brand group
Gunnar Kilian <sup>(3)</sup> .....	Human Resources and Organization
Hiltrud Dorothea Werner .....	Integrity and Legal Affairs
Andreas Renschler .....	Chairman of the Board of Management of TRATON SE, Truck & Bus brand group
Dr. Stefan Sommer <sup>(4)</sup> .....	Components and Procurement
Frank Witter <sup>(4)</sup> .....	Finance and IT
Mr. Markus Duesmann <sup>(5)</sup> .....	Chairman of the Board of Management of AUDI AG, Premium brand group

<sup>(1)</sup> 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 also assumed responsibility of the China division from Prof. Jochem Heizmann, effective January 11, 2019.

<sup>(2)</sup> Mr. Oliver Blume, Chairman of the Board of Management of 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 Volkswagen AG at his own request.

<sup>(3)</sup> 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.

<sup>(4)</sup> Dr. Stefan Sommer assumed responsibility for Components and Procurement as from September 1, 2018. Dr. Stefan Sommer will be leaving the Board of Management of Volkswagen AG on 30 June 2020. Following Dr. Sommer's departure, Frank Witter will be provisionally taking over the Components and Procurement responsibility.

<sup>(5)</sup> Mr. Markus Duesmann has taken over the responsibility as the Chairman of the Board of Management of AUDI AG, effective April 1, 2020, replacing Mr. Abraham Schot.

The members of the Board of Management hold the following additional mandates in supervisory bodies<sup>1</sup>:

<b>Name</b>	<b>Additional activities (as of December 31, 2019)</b>
Dr. Ing. Herbert Diess.....	FC Bayern München AG, Munich; Infineon Technologies AG, Neubiberg <sup>2</sup>
Andreas Renschler.....	Deutsche Messe AG, Hanover <sup>2</sup>

<sup>1</sup> 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.

<sup>2</sup> Membership of statutory supervisory boards in Germany.

### 5.17.2 *Supervisory Board*

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

<b>Name, Position</b>	<b>Principal activities outside Volkswagen AG</b>
Hans Dieter Pötsch Chairman Chairman of the Executive Board and Chief Financial Officer of Porsche Automobil Holding SE	<ul style="list-style-type: none"> <li>• AUDI AG, Ingolstadt<sup>(1)</sup></li> <li>• Autostadt GmbH, Wolfsburg<sup>(1)</sup></li> <li>• Bertelsmann Management SE, Gütersloh<sup>(1)</sup></li> <li>• Bertelsmann SE &amp; Co. KGaA, Gütersloh<sup>(1)</sup></li> <li>• Dr. Ing. h.c.F. Porsche AG, Stuttgart<sup>(1)</sup></li> <li>• TRATON SE<sup>(2)</sup>, Munich (Chairman)</li> <li>• Wolfsburg AG, Wolfsburg<sup>(1)</sup></li> <li>• Porsche Austria Gesellschaft m.b.H., Salzburg (Chairman)<sup>(2)</sup></li> <li>• Porsche Holding Gesellschaft m.b.H., Salzburg (Chairman)<sup>(2)</sup></li> <li>• Porsche Retail GmbH, Salzburg (Chairman)<sup>(2)</sup></li> <li>• VfL Wolfsburg-Fußball GmbH, Wolfsburg (Deputy Chairman)<sup>(2)</sup></li> </ul>
Jörg Hofmann* Deputy Chairman First Chairman of IG Metall	<ul style="list-style-type: none"> <li>• Robert Bosch GmbH, Stuttgart<sup>(1)</sup></li> </ul>
Dr. Hussain Ali Al-Abdulla Minister of State, Qatar	<ul style="list-style-type: none"> <li>• Gulf Investment Corporation, Safat/Kuwait<sup>(2)</sup></li> <li>• Masraf Al Rayan, Doha (Chairman)<sup>(2)</sup></li> <li>• Qatar Investment Authority, Doha<sup>(2)</sup></li> <li>• Qatar Supreme Council for Economic Affairs and Investment, Doha<sup>(2)</sup></li> </ul>
Dr. Hessa Sultan Al-Jaber Chairwoman of the Supervisory Board of Malomatia Qatar, Doha Chairwoman of the Supervisory Board of Qatar Satellite Company (Es'hailSat), Doha Member of the Consultative Assembly (Shura Council) of the state Qatar, Doha	<ul style="list-style-type: none"> <li>• Malomatia, Doha<sup>(2)</sup></li> <li>• Qatar Satellite Company (Es'hailSat), Doha<sup>(2)</sup></li> <li>• Trio Investment, Doha<sup>(2)</sup></li> </ul>
Marianne Heiß <sup>(3)</sup> Chief Financial Officer of BBDO Group Germany GmbH, Düsseldorf	<ul style="list-style-type: none"> <li>• AUDI AG, Ingolstadt<sup>(1)</sup></li> <li>• Porsche Automobil Holding SE, Stuttgart<sup>(1)</sup></li> </ul>
Dr. jur. Hans-Peter Fischer* Chairman of the Board of Management of Volkswagen Management Association	<ul style="list-style-type: none"> <li>• Volkswagen Pension Trust e.V., Wolfsburg<sup>(2)</sup></li> </ul>
Conny Schönhardt <sup>(4)*</sup>	n.a.

Name, Position	Principal activities outside Volkswagen AG
Secretary to the Board of IG Metall Trade Union	
Uwe Hück (stepped down on February 8, 2019) Chairman of the General and Group Works Council of Dr. Ing. h.c.F. Porsche AG	<ul style="list-style-type: none"> <li>• Dr. Ing. h.c.F. Porsche AG, Stuttgart (Deputy Chairman)<sup>(1)</sup></li> </ul>
Johan Järvklo*	n.a.
Secretary-General of the European and Global Group Works Council	
Ulrike Jakob*	n.a.
Deputy Chairwoman of the Works Council of Volkswagen AG, Kassel plant	
Dr. Louise Kiesling Businesswoman	n.a.
Dr. Bernd Althusmann Minister of Economic Affairs, Labor, Transport and Digitalization for the Federal State of Lower Saxony	<ul style="list-style-type: none"> <li>• Deutsche Messe, AG, Hanover (Chairman)<sup>(1)</sup></li> <li>• Container Terminal Wilhelmshaven JadeWeserPort-Marketing GmbH &amp; Co. KG, Wilhelmshaven (Chairman)<sup>(2)</sup></li> <li>• JadeWeserPort Realisierungs GmbH &amp; Co. KG, Wilhelmshaven (Chairman)<sup>(2)</sup></li> <li>• JadeWeserPort Realisierungs-Beteiligungs GmbH, Wilhelmshaven (Chairman)<sup>(2)</sup></li> <li>• Niedersachsen Ports GmbH &amp; Co. KG, Oldenburg (Chairman)<sup>(2)</sup></li> </ul>
Peter Mosch* Chairman of the General Works Council of AUDI AG	<ul style="list-style-type: none"> <li>• AUDI AG, Ingolstadt (Deputy Chairman)<sup>(1)</sup></li> <li>• Audi Pensionskasse – Altersversorgung der AUTO UNION GmbH, VVaG, Ingolstadt<sup>(1)</sup></li> </ul>
Bertina Murkovic* Chairwoman of the Works Council of Volkswagen Commercial Vehicles	<ul style="list-style-type: none"> <li>• MOIA GmbH, Berlin</li> </ul>
Bernd Osterloh* Chairman of the General and Group Works Councils of Volkswagen AG	<ul style="list-style-type: none"> <li>• Autostadt GmbH, Wolfsburg<sup>(1)</sup></li> <li>• TRATON SE<sup>(1)</sup></li> <li>• Wolfsburg AG, Wolfsburg<sup>(1)</sup></li> <li>• Allianz für die Region GmbH, Braunschweig<sup>(2)</sup></li> <li>• Porsche Holding Gesellschaft m.b.H., Salzburg<sup>(2)</sup></li> <li>• SEAT, S.A., Martorell<sup>(2)</sup></li> <li>• ŠKODA Auto a.s., Mladá Boleslav<sup>(2)</sup></li> <li>• VfL Wolfsburg-Fußball GmbH, Wolfsburg<sup>(2)</sup></li> <li>• Volkswagen Immobilien GmbH, Wolfsburg<sup>(2)</sup></li> </ul>
Dr. jur. Hans Michel Piëch Lawyer in private practice	<ul style="list-style-type: none"> <li>• AUDI AG, Ingolstadt<sup>(1)</sup></li> <li>• Dr. Ing. h.c. F. Porsche AG, Stuttgart<sup>(1)</sup></li> <li>• Porsche Automobil Holding SE, Stuttgart (Deputy Chairman)<sup>(1)</sup></li> <li>• Porsche Cars Great Britain Ltd., Reading<sup>(2)</sup></li> <li>• Porsche Cars North America Inc., Atlanta<sup>(2)</sup></li> <li>• Porsche Holding Gesellschaft m.b.H., Salzburg<sup>(2)</sup></li> <li>• Porsche Ibérica S.A., Madrid<sup>(2)</sup></li> </ul>

Name, Position	Principal activities outside Volkswagen AG
<p>Dr. jur. Ferdinand Oliver Porsche Member of the Board of Management of Familie Porsche AG Beteiligungsgesellschaft</p>	<ul style="list-style-type: none"> <li>• Porsche Italia S.p.A., Padua<sup>(2)</sup></li> <li>• Schmittenhöhebahn AG, Zell am See<sup>(2)</sup></li> <li>• Volksoper Wien GmbH, Vienna<sup>(2)</sup></li> </ul>
<p>Dr. rer. comm. Wolfgang Porsche Chairman of the Supervisory Board of Porsche Automobil Holding SE Chairman of the Supervisory Board of Dr. Ing. h.c. F. Porsche AG</p>	<ul style="list-style-type: none"> <li>• AUDI AG, Ingolstadt<sup>(1)</sup></li> <li>• Dr. Ing. h.c. F. Porsche AG, Stuttgart<sup>(1)</sup></li> <li>• Porsche Automobil Holding SE, Stuttgart<sup>(1)</sup></li> <li>• TRATON SE<sup>(1)</sup></li> <li>• Porsche Holding Gesellschaft m.b.H., Salzburg<sup>(2)</sup></li> <li>• Porsche Lizenz- und Handelsgesellschaft mbH &amp; Co. KG, Ludwigsburg<sup>(2)</sup></li> <li>• AUDI AG, Ingolstadt<sup>(1)</sup></li> <li>• Dr. Ing. h.c. F. Porsche AG, Stuttgart (Chairman)<sup>(1)</sup></li> <li>• Porsche Automobil Holding SE, Stuttgart (Chairman)<sup>(1)</sup></li> <li>• Familie Porsche AG Beteiligungsgesellschaft, Salzburg (Chairman)<sup>(2)</sup></li> <li>• Porsche Cars Great Britain Ltd., Reading<sup>(2)</sup></li> <li>• Porsche Cars North America Inc., Atlanta<sup>(2)</sup></li> <li>• Porsche Holding Gesellschaft m.b.H., Salzburg<sup>(2)</sup></li> <li>• Porsche Ibérica S.A., Madrid<sup>(2)</sup></li> <li>• Porsche Italia S.p.A., Padua<sup>(2)</sup></li> <li>• Schmittenhöhebahn AG, Zell am See<sup>(2)</sup></li> </ul>
<p>Athanasios Stimoniaris* Chairman of the Group Works Council of MAN SE and of the SE Works Council</p>	<ul style="list-style-type: none"> <li>• MAN SE, Munich<sup>(1)</sup></li> <li>• MAN Truck &amp; Bus AG, Munich (Deputy Chairman)<sup>(1)</sup></li> <li>• Rheinmetall MAN Military Vehicles GmbH, Munich<sup>(1)</sup></li> <li>• TRATON SE (Deputy Chairman)<sup>(1)</sup></li> </ul>
<p>Stephan Weil Minister-President of the Federal State of Lower Saxony</p>	<p>n.a</p>
<p>Mr. Werner Weresch<sup>(5)*</sup> Chairman of the General and Group Works Council of Dr. Ing. h.c. F. Porsche AG</p>	<p>Dr. Ing. h.c. F. Porsche AG, Stuttgart</p>

\* Employee representative.

<sup>(1)</sup> Membership of statutory supervisory boards in Germany.

<sup>(2)</sup> Comparable appointments in Germany and abroad.

<sup>(3)</sup> 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.

<sup>(4)</sup> Replaced Ms. Birgit Dietze as member of the Supervisory Board as of June 16, 2019. Ms. Dietze resigned her mandate as a member of the Supervisory Board of Volkswagen AG with effect from May 31, 2019.

<sup>(5)</sup> Replaced Mr. Uwe Hück as member of the Supervisory Board as of February 21, 2019. Mr. Hück resigned his mandate as a member of the Supervisory Board of Volkswagen AG with effect from February 8, 2019.

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 Hei 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 Hei 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.

## **5.18 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.



### 5.18.1 *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 – 1.7.1 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"*.

#### 5.18.1.1 *Overview of the Diesel Issue*

The diesel issue is rooted in a modification of parts of the software of the relevant engine's control units – which, according to Volkswagen AG's legal position, is only unlawful under US law – for the type EA 189 diesel engines that Volkswagen AG was developing at that time.

In the months following publication of a study by the International Council on Clean Transportation in May 2014, Volkswagen AG's Powertrain Development department checked the test set-ups on which the study was based for plausibility and confirmed the unusually high NOx emissions from certain US vehicles with type EA 189 2.0 l diesel engines. The California Air Resources Board (CARB) – a part of the environmental regulatory authority of California – was informed of this result, and, at the same time, Volkswagen offered to recalibrate the engine control unit software of type EA 189 diesel engines in the US. This measure was evaluated and adopted by the *Ausschuss für Produktsicherheit* (APS – Product Safety Committee), which initiates necessary and appropriate measures to ensure the safety and conformity of Volkswagen AG's products that are placed in the market.

In the course of the summer of 2015, it became successively apparent to individual members of Volkswagen AG's Board of Management that the cause of the discrepancies in the US was a modification of parts of the software of the engine control unit, which was later identified as an unlawful "defeat device" as defined by US law. This culminated in the disclosure of the existence of a "defeat device" in certain US vehicles with type EA 189 2.0 l diesel engines to EPA and CARB on September 3, 2015. According to the assessment of the responsible persons dealing with the matter at that time, the scope of the costs expected by the Volkswagen Group (recall costs, retrofitting costs and financial penalties) was not fundamentally dissimilar to that of previous cases involving other vehicle manufacturers, and, therefore, appeared to be manageable overall with a view to the business activities of the Volkswagen Group. This assessment by the Volkswagen Group was based, among other things, on the advice of a law firm engaged in the US for compliance issues, according to which similar cases in the past were resolved amicably with the US authorities.

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 US. 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 second "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 governmental proceedings seeking damages, recalls and/or technical fixes for affected diesel vehicles, criminal and administrative proceedings, consumer, dealer and salespersons claims and investor lawsuits were subsequently initiated in the US, Canada, Germany and the rest of the world.

After the first Notice of Violation was issued, Volkswagen AG initiated its own internal inquiries and an external investigation. The Supervisory Board of Volkswagen AG formed a special committee to coordinate the activities relating to the diesel issue for the Supervisory Board. The law firm Jones Day was instructed by Volkswagen AG to carry out an 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 US with respect to the diesel issue.

Work in respect of the legal proceedings that are still pending in the US and the rest of the world is ongoing, will require considerable efforts and coordination from Volkswagen, may demand significant management resources, and is expected to continue for some time. In connection with this further work, Volkswagen AG is being advised by a number of external law firms. Ongoing legal proceedings related to the diesel issue could result in further considerable financial charges.

The diesel issue has affected and will continue to affect Volkswagen's business, financial position and results of operations. In the years 2015 to 2019, Volkswagen recognized expenses directly related to the diesel issue in the total amount of €31.3 billion, adversely affecting its operating profit, financial position and results of operations.

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 and Light Commercial Vehicles 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.

In 2018, expenses recognized in operating profit relating to the diesel issue amounted to €3.2 billion and were mainly attributable to the legally final administrative fine orders imposed by the public prosecutor's office in Braunschweig against Volkswagen AG (€1.0 billion) and by the Munich II public prosecutor's office against AUDI AG (€0.8 billion), higher legal risks and legal defense costs, as well as higher expenses for technical measures.

In 2019, additional expenses of €2.3 billion had to be recognized in connection with the diesel issue. Charges of €2.6 billion were recognized under other operating expenses, which arose from the administrative fine order of €0.5 billion issued by the Stuttgart Public Prosecutor, which ended the ongoing regulatory offense proceeding against Porsche AG, and higher provisions for legal risks. This was set against the reversal of reserves for technical measures of €0.3 billion, which reduced cost of sales.

As of March 31, 2020 no additional expenses directly related to the diesel issue had to be recognized.

Contingent liabilities were disclosed in relation to the diesel issue as of December 31, 2019 in the aggregate amount of €3.7 billion (December 31, 2018: €5.4 billion), of which lawsuits filed by investors account for €3.4 billion (December 31, 2018: €3.4 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.

Evaluating known information and making reliable estimates for provisions is a continuous process. The provisions recognized, and the contingent liabilities disclosed as well as the other latent legal risks in the context of the diesel issue are in part subject to substantial estimation risks given that the fact-finding efforts

have not yet been concluded, the complexity of the individual relevant factors and the ongoing coordination with the authorities. As a result, Volkswagen could be subject to further considerable financial charges that exceed its current estimates. 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.

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.

#### *5.18.1.2 Coordination with authorities on technical measures*

In coordination with the respective responsible authorities, Volkswagen Group is making technical measures available designed to rectify the diesel issue in affected diesel vehicles worldwide. In this context, within the Volkswagen Group, Volkswagen AG has development responsibility for the four-cylinder diesel engines such as the type EA 189, and AUDI AG has development responsibility for the six- and eight-cylinder diesel engines such as the type V6 3.0 l and V8 diesel engines. These measures have resulted in, and may continue to result in, significant expenses for the Volkswagen Group.

In the United States and Canada, where Volkswagen's planned actions for the four-cylinder and six-cylinder diesel engines must be approved by U.S. regulators, intensive exchanges of information with the authorities have resulted in approval of emissions modifications for these engines in certain vehicles in the markets. Due to NOx limits in the United States and Canada that are considerably stricter than in the EU and much of the rest of the world, it is a greater technical challenge to refit the vehicles so that the emission standards defined in the U.S. settlement agreements for these vehicles can be achieved. In 2017 and 2018, the EPA/CARB issued the outstanding approvals needed for the technical solutions for affected vehicles with 2.0 l TDI and with V6 3.0 l TDI engines. In the case of 2.0 l Generation 2 diesel vehicles with manual transmissions, Volkswagen elected to withdraw the approved emissions modification proposal, whereby owners were given the option of a buyback and lessees were given the option of early lease termination. Further field measures with financial consequences cannot be ruled out completely at this time. On October 31, 2018, after discussions with DOJ, EPA, and CARB, the parties agreed to modify the First and Second Partial Consent Decrees to clarify that Volkswagen may repair certain technical issues with approved emissions modifications through an "AEM Correction" (Approved Emissions Modification Correction).

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. Because, as in the US, no repair will be available in Canada for 2.0 l Generation 2 manual transmission vehicles, 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.

Volkswagen may be required to repurchase any other 2.0 l Generation 2 diesel vehicles with manual transmissions and any other diesel vehicles sold in the US, Canada and elsewhere, even if not covered under a settlement. This could lead to further significant costs. For example, in Canada, as agreed with the federal environmental regulator, any owners or lessees of manual transmission 2.0 l Generation 2 diesel vehicles who made a claim by the September 1, 2018 settlement deadline could surrender their vehicle, even if they 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.

In October and December 2015, the KBA ordered the Volkswagen Passenger Cars, Volkswagen Commercial Vehicles, SEAT and Audi brands to recall all EA189 diesel vehicles that had been issued with vehicle type approval by the KBA. The recall concerned the member states of the European Union (EU 28). 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 technical measures 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 KBA has ascertained for all clusters (groups of vehicles) that the implementation of the technical measures would not bring about any adverse changes

in fuel consumption figures, CO<sub>2</sub> emissions figures, engine power, maximum torque and noise emissions. On Volkswagen's voluntary notification the KBA approved a voluntary modification for the technical measures for one class of EA189 engines (1.2l 3-cylinder only). In addition, in 2018, Volkswagen together with AUDI AG proposed a voluntary modification to the onboard monitoring system (On-Board Diagnosis (OBD)) for certain vehicles equipped with EA 288 EU6 diesel engines, which has been accepted by the KBA in March 2020 for Volkswagen; whereas for AUDI AG the proposed voluntary modification has been accepted by the SNCH, the Luxembourg national certification and homologation authority (*Société Nationale de Certification et d'Homologation*, "**SNCH**") in April 2020. The technical measures are under varying stages of implementation and under consideration by the KBA. The discussions are ongoing, and their outcome is open. This may lead to further significant costs, regulatory proceedings and/or customer claims for damages.

AUDI AG has worked intensively for many months to check all relevant V-TDI diesel concepts for possible discrepancies and retrofit potentials to ensure compliance with environmental rules. The measures proposed by AUDI AG have been adopted and mandated in various recall notices issued by the KBA for vehicle models of the AUDI, Volkswagen and Porsche brand with a V6 or V8 TDI engine meeting the Euro 4 (AUDI and Volkswagen), Euro 5 or Euro 6 emission standard. Further issues are still under consideration by the KBA. Currently, AUDI AG assumes that the total cost, including the amount based on recalls, of the ongoing largely software-based retrofit program that began in July 2017 will be manageable and has recognized corresponding balance-sheet risk provisions. Additional measures may become necessary as a result of the investigations by AUDI AG and the consultations with the KBA.

In some countries outside the EU (excluding US and Canada), vehicles are homologated by national type approval authorities; the technical measure had to be approved by the national authorities. This approval process has been concluded in all countries.

On April 4, 2018, the Korean Ministry of Environment ("**KME**") ordered a recall after it 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 (ii) the Dynamic Shift Program (DSP) in the gearbox control in some AUDI vehicle models, as prohibited defeat devices. On August 21, 2019, the KME further announced that it has categorized an injection strategy of urea solution as an illegal emission defeat device and plans to (i) revoke the certifications of eight AUDI, Volkswagen and Porsche brand diesel vehicles with V6 engines, (ii) issue a recall order and an advance notice for administrative fines, and (iii) refer the manufacturers to the prosecutors' office in criminal proceedings.

In addition, AUDI is responding to requests from the U.S. authorities for information regarding automatic gearboxes in certain vehicles. See also "*Diesel Issue – Proceedings in relation to automatic transmissions*".

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

Criminal investigations, regulatory offense proceedings, and/or administrative proceedings have been opened in some countries (in Germany for example by the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht* – "**BaFin**")). The public prosecutor's offices in Braunschweig and Munich are investigating the core issues of the diesel case. In April 2019, the Braunschweig Office of the Public Prosecutor issued an indictment against, among others, Volkswagen AG's former CEO, Martin Winterkorn, charging, among other things, fraud relating to Type EA 189 engines in connection with the diesel issue. In September 2019, the Braunschweig Office of the Public Prosecutor furthermore indicted the current and a former Chairman of the Board of Management of Volkswagen AG as well as a former member of its Board of Management (currently Chairman of the Supervisory Board) on charges of market manipulation relating to capital market disclosure obligations in connection with the diesel issue. The Braunschweig Regional Court has named Volkswagen AG as a collateral participant in the proceedings. These proceedings have been dismissed with regard to one current and one former board member and with regard to Volkswagen AG.

In July 2019, the Munich II Office of the Public Prosecutor issued an indictment, against, among others, Rupert Stadler, the former Chairman of the Board of Management of AUDI AG, charging, among other things, fraud relating to 3.0l TDI engines in connection with the diesel issue. In June 2020, the Munich II Regional Court allowed the prosecution's charges in respect to four suspects, including the former Audi CEO, and opened the main proceedings, with trial scheduled to begin in September 2020.

The Stuttgart Office of the Public Prosecutor is conducting a criminal investigation relating to the diesel issue on suspicion of fraud and illegal advertising that also involves a member of the Board of Management of Porsche AG.

As the type approval authority of proper jurisdiction, the KBA is moreover continuously testing Audi, Volkswagen, and Porsche brand vehicles for problematic functions. If certain functions are deemed impermissible by the KBA, the affected vehicles are recalled pursuant to a recall order or they are brought back into compliance by means of a voluntary service measure.

Furthermore, additional administrative actions relating to the diesel issue are ongoing in other jurisdictions. The companies of the Volkswagen Group continue to cooperate with the government authorities. Whether the criminal and administrative proceedings will ultimately result in fines or other consequences for the Volkswagen Group, and if so what amounts these may entail, is currently subject to estimation risks. Should these proceedings result in adverse court decisions 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. 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%. Provisions were recognized to a small extent.

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

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. Most of 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. 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.

Customer class action lawsuits and actions brought by consumer and/or environmental organizations are pending against Volkswagen AG and other Volkswagen Group companies in a number of countries including Australia, Belgium, Brazil, Germany, Italy, the Netherlands, Portugal, South Africa, and the United Kingdom. Alleged rights to damages and other relief are asserted in these actions. The pending actions include in particular the following:

In Australia, various class action lawsuits with opt-out provisions have been filed against Volkswagen AG and other Volkswagen Group companies, including the Australian subsidiaries. In December 2019 Volkswagen AG reached agreements with the Australian class action plaintiffs that would terminate the litigation. The court approved the settlement on April 1, 2020. Volkswagen will pay approximately AUD 2,800 (approximately €1,500) per vehicle to each of the approx. 42,000 customers that registered for the settlement. The settlement sum will thus be approximately AUD 120 million (approximately €70 million) plus costs. Customers who did not register for the settlement will not receive payments and can generally no longer bring a claim against Volkswagen. Two civil suits filed against Volkswagen AG and other Group companies by the Australian Competition and Consumer Commission (ACCC) were settled in the second half of 2019. The settlement is not yet legally final, however, as an appellate court has yet to rule on the amount of the fine. Depending on the appellate court decision, Volkswagen AG anticipates payment of a fine of up to AUD 125 million plus litigation costs.

In Belgium, the Belgian consumer organization Test Aankoop VZW has filed a class action to which an opt-out mechanism has been held to apply. The class action pertains to vehicles purchased by consumers on the Belgian market after September 1, 2014. The asserted claims are based on purported violations of unfair competition and consumer protection law as well as on alleged breach of contract.

In Brazil two class actions are pending. One of these pertains to approximately 17 thousand vehicles. In this litigation, an appeals judgment was rendered in May 2019 that only partially upheld the lower court's decision. This judgment initially reduced the damage liability of Volkswagen do Brasil to around BRL 172 million plus interest. This amount can increase as a result of the adjudicated inflation rate and the assertion of individual claims alleging declines in the value of affected Amarok vehicles. The judgment remains non-

final. In the second class action, compensation claims are made based on purported breaches of environmental regulations.

In Germany, the Verbraucherzentrale Bundesverband e.V. (Federation of Consumer Organizations) filed an action in November 2018 with the Braunschweig Higher Regional Court for model declaratory judgment against Volkswagen AG. On February 28, 2020, a settlement has been concluded between Volkswagen AG and Verbraucherzentrale Bundesverband e.V. The volume of the settlements amounts to approximately €830 million and involves approximately 260,000 registered consumers. So far, approximately 233,000 customers decided to submit an offer for a settlement agreement, further cases are under review and will be cleared for a settlement if all conditions are met. As a result of the settlement, Verbraucherzentrale Bundesverband e.V. withdrew its action for model declaratory judgment. In addition, various actions have been brought against companies of the Volkswagen Group in several German Regional Courts by financialright GmbH, which is asserting rights assigned to it by a total of approximately 45 thousand customers in Germany, Slovenia, and Switzerland.

In England and Wales, suits filed in court by various law firms have been joined in a single collective action (group litigation). Because of the opt-in mechanism, not all vehicles with type EA 189 engines are automatically covered by the group litigation; potential claimants must instead take action in order to join. To date, around 91,000 plaintiffs have registered claims under the group litigation. The group litigation opt-in period has expired. On April 6, 2020 the High Court decided on two preliminary issues, ruling that the switching logic of the EA189 engine was a defeat device and finding itself bound by the KBA's findings in this regard. Volkswagen does not share the legal opinion of the High Court and intends to appeal the judgment. The question of Volkswagen's liability was not subject of the judgment and will only be discussed later in the process.

In Italy, a class action lawsuit filed by the consumer association Altroconsumo on behalf of Italian customers is pending before the Venice Regional Court. This litigation involves damage claims based on alleged breach of contract as well as claims based on purported violations of Italian consumer protection law. Some 82 thousand customers have registered for the class action, whereby the validity of roughly half of the registrations is still unclear. In Italy, the court decision dismissing the class action filed by the consumer association Codacons as inadmissible also became legally final in 2019.

In the Netherlands, Stichting Volkswagen Car Claim has brought an opt-out class action seeking declaratory rulings. Any individual claims would then have to be established afterwards in separate proceedings. There are potentially up to approximately 205 thousand vehicles affected in the Dutch market. In November 2019 the Regional Court in Amsterdam held the requests for relief to be inadmissible in part. Oral argument on the merits of the class action will take place in 2020. On March 13, 2020, another class action lawsuit for damages with an opt-out mechanism for Dutch consumers has been filed by the Diesel Emissions Justice Foundation. After an amendment to the law that came into force on January 1, 2020, European consumers can also join the class action as part of an opt-in option. The class action lawsuit affects not only vehicles of the EA 189 engine type, but also vehicles with EA 288 and EA 897 engines.

A Portuguese consumer organization has filed a class action with opt-out mechanism in Portugal. There are potentially up to approximately 139 thousand vehicles affected in the Portuguese market. The complaint seeks vehicle return and alleges damages as well.

In South Africa, an opt-out class action seeking damages is pending that pertains to some 8 thousand vehicles with V6 and V8 TDI engines in addition to approximately 72 thousand vehicles with type EA 189 engines.

Furthermore, individual lawsuits and similar proceedings are pending against Volkswagen AG and other Volkswagen Group companies in various countries, most of which are seeking damages or rescission of the purchase contract. In Germany, there are around 70 thousand such individual lawsuits. On May 25, 2020, the German Supreme Court (*Bundesgerichtshof*) in connection with one of the individual lawsuits decided that the customer is entitled to return his car and receive partial financial reimbursement from manufacturer. Volkswagen has announced to offer claimants one-off payments to end comparable proceedings.

Contingent liabilities are disclosed for these proceedings where the amount of such liabilities can be measured and the chance that the plaintiff will prevail was assessed as not implausible. Since most of these proceedings are still in an early stage, it is in many cases not yet possible to quantify the realistic risk

exposure. In addition, provisions were recognized to the extent necessary based on the current assessment. 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.

#### 5.18.1.5 *Investor proceedings outside the United States and Canada*

Private and institutional investors from Germany and other jurisdictions 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. The vast majority of these investor lawsuits are currently pending at the Regional Court in Braunschweig, with further investor lawsuits filed at the Regional Court in Stuttgart.

In August 2016, the Regional Court in Braunschweig ordered that common questions of law and fact relevant to the lawsuits pending at the Regional Court in Braunschweig be referred to the Higher Regional Court (*Oberlandesgericht*) in Braunschweig for binding declaratory rulings pursuant to the German Act on Model Case Proceedings in Disputes Regarding Capital Market Information (*KapMuG – Kapitalanleger-Musterverfahrensgesetz*). All lawsuits at the Regional Court in Braunschweig will be stayed pending resolution of the common issues, unless the cases can be dismissed for reasons independent of the common issues that are to be adjudicated in the model case proceedings. The resolution in the model case proceedings of the common questions of law and fact will be binding for all pending cases that have been stayed in the described manner. Oral argument hearings in the model case proceedings before the Braunschweig Higher Regional Court began in September 2018 and are being continued at subsequent hearings.

At the Regional Court in Stuttgart, further investor lawsuits have been filed against Volkswagen AG, in some cases along with Porsche SE as joint and several debtor. Holding that the factual situation at issue is by and large already covered by the model case proceedings being heard by the Braunschweig Higher Regional Court and that these proceedings, being paramount in this regard, preclude further such actions, the Stuttgart Higher Regional Court in March 2019 refused to proceed with further capital investor model case proceedings (directed also against Porsche SE) that had been referred to it by the Stuttgart Regional Court. The plaintiff side has appealed one of these decisions to the Federal Court of Justice.

Further investor lawsuits have been filed at various courts in Germany and the Netherlands. Outside the US and Canada, investor lawsuits, judicial applications for dunning procedures and conciliation proceedings, and claims under the KapMuG, are currently pending against Volkswagen AG in connection with the diesel issue, amounting to an aggregated exposure of approximately €9.6 billion.

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. After the Regional Court of Hannover rejected DSW's application to appoint a different special auditor in June 2019, the Higher Regional Court in Celle resolved in April 2020 to replace the appointed special auditor. Volkswagen AG has lodged a complaint against this decision with the Higher Regional Court in Celle, which the Court rejected in May 2020. The court proceedings in the Deminor case have been stayed pending a decision by the Federal Constitutional Court.

#### 5.18.1.6 *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 US 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 consumers, investors, dealers and salespersons 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 sought statutory penalties under the U.S. Clean Air Act, as well as certain injunctive relief, and was 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.

Volkswagen was able to end many significant court and governmental proceedings in the US by concluding settlement agreements. with (i) the DoJ on behalf of the EPA and the State of California on behalf of CARB and the California Attorney General, (ii) the U.S. Federal Trade Commission, and (iii) private plaintiffs represented by a Plaintiffs' Steering Committee (PSC) in a multi-district litigation in California. The settlement agreements resolved certain civil claims made in relation to affected diesel vehicles in the US. Depending on the type of diesel engine, under the settlement agreements Volkswagen provided for, *inter alia*, free emissions modification of vehicles, buy-backs/trade-ins or early lease terminations, and made cash payments to affected current owners or lessees as well as certain former owners or lessees. Volkswagen also agreed to support environmental programs, make significant investments over a period of ten years in zero emissions vehicle infrastructure as well as corresponding access and awareness initiatives. Certain consumers found to be ineligible under the settlement agreements by the federal court in California have appealed this decision. Several thousand consumers initially opted out of the settlement agreements, and many of these consumers filed civil lawsuits seeking monetary damages for fraud and violations of state consumer protection acts. Various subsequent resolutions have eliminated the majority of the cases brought by the original consumer opt-outs. A significant volume of the remaining opt-out cases are pending in the federal multidistrict litigation in California and in California state court. The first opt-out trial was held in late February and early March 2020 in the federal multidistrict litigation. In the aggregate, the ten opt-out plaintiffs were awarded a total of U.S.\$28,735 in compensatory and punitive damages combined.

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 US law: (i) conspiracy to defraud the US, 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 US. 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, is assessing and overseeing 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. Mr. Thompson submitted his initial review report under the plea agreement in March 2018. On February 8, 2019, Mr. Thompson submitted his first follow-up review report under the plea agreement. In November 2019, Mr. Thompson submitted his second follow-up review report under the plea agreement. Additionally, on August 17, 2018 and August 16, 2019, Mr. Thompson submitted his first and second annual reports under the Third Partial Consent Decrees. Volkswagen is working to address the recommendations set forth in Mr. Thompson's reports. On October 17, 2019, Volkswagen announced that it has been granted a 90-day extension by DOJ and the Monitor to demonstrate that it has met its commitments under the terms of the Plea Agreement.



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 customs-related claims in the US. 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 resolved the claims of Volkswagen-branded franchise dealers in the US 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.\$1.2 billion and additional benefits. Certain individual Volkswagen branded franchise dealers either opted out of the settlement agreement or were not included in the settlement class definition and pursued individual claims in individual actions, but those actions have been resolved. Additionally, 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.

Moreover, investigations by various U.S. regulatory and government authorities, including in areas relating to securities, tax and financing, are ongoing. On March 14, 2019, the SEC filed a complaint in the U.S. District Court for the Northern District of California, against Volkswagen AG, Volkswagen Group of America Finance, LLC, VW Credit Inc. and the former Volkswagen CEO, Martin Winterkorn, alleging violations of the antifraud provisions of the federal securities laws. The SEC complaint seeks permanent injunctions, disgorgement of allegedly ill-gotten gains with prejudgment interest, and civil penalties.

In the US, Volkswagen has reached separate agreements with the attorneys general of all 50 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 l TDI and 3.0 l TDI vehicles in the US. Volkswagen has also reached separate agreements with the attorneys general of thirteen US states (California, Connecticut, Delaware, Maine, Maryland, Massachusetts, New Jersey, New York, Oregon, Pennsylvania, Rhode Island, Vermont, and Washington) to resolve their existing or potential future claims for civil penalties and injunctive relief for alleged violations of environmental laws. The attorneys general of five other US states (Illinois, Montana, New Hampshire, Ohio and Texas) and some municipalities have suits pending in state and federal courts against Volkswagen AG, Volkswagen Group of America, Inc. and certain affiliates, alleging violations of environmental laws. The environmental claims of nine states – Alabama, Illinois, Minnesota, Missouri, Montana, Ohio, Tennessee, Texas, and Wyoming – as well as Hillsborough County (Florida), Salt Lake County (Utah), and two Texas counties, have been dismissed in full or in part by trial or appellate courts as preempted by federal law. Illinois, Hillsborough County, and Salt Lake County have appealed the dismissal of their claims. On June 1, 2020, the U.S. Court of Appeals for the Ninth Circuit reversed in part the dismissal of the claims asserted by Hillsborough County and Salt Lake County. Volkswagen intends to appeal this decision.

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, which has the same NOx emissions limits as the US, civil consumer claims and regulatory investigations have been initiated for vehicles with 2.0 l and 3.0 l 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*, provided for cash payments for completing free vehicle emissions modifications, buy-backs/trade-ins and early 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 civil resolutions of its regulatory inquiries into consumer protection issues as to 2.0 l and 3.0 l diesel vehicles. In December 2019, the Canadian federal environmental regulator filed charges against Volkswagen AG in respect of 2.0 l and 3.0 l Volkswagen and Audi vehicles at the conclusion of its criminal enforcement-related investigation into the diesel issue. Volkswagen AG cooperated with the investigation and agreed to a plea resolution addressing all of the charges. In January 2020, Volkswagen AG pleaded guilty to the charges and agreed to pay a penalty of C\$196.5 million, which was approved by the court. Following this approval, the Ontario provincial environmental regulator

withdrew its action against Volkswagen AG charging a quasi-criminal enforcement-related offense with respect to certain Volkswagen and Audi 2.0 l diesel vehicles.

As to pending matters in Canada, an environmental class action has been authorized on behalf of residents in Quebec. This action was authorized on the sole issue of whether punitive damages could be recovered. While Volkswagen's appeals from the authorization have been denied, the case remains in the early stages.

Class action and joinder lawsuits have also been filed in Canada, including alleged consumer protection and securities claims asserting damages among other things. While a class action filed in Quebec provincial court was authorized as to claims relating to Volkswagen AG's shares, ADRs and debt securities, the case was dismissed by the Quebec court on April 16, 2020 for lack of jurisdiction. The plaintiff has at least thirty days to notice any appeal. A similar class action pertaining to shares and ADRs was also filed in the Province of Ontario. On August 15, 2018, the Ontario proceeding was dismissed by the Ontario court. While an appeal from this Ontario court ruling was noticed on September 14, 2018, the appeal was resolved before a hearing and dismissed.

#### *5.18.1.7 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. In August 2019, Volkswagen agreed with the EPA to forfeit approximately 220,000 Greenhouse Gas Emission Credits in response to the EPA's inquiry. Also in August 2019, Volkswagen and the Plaintiffs' Steering Committee announced the settlement of civil claims relating to approximately 98,000 Volkswagen, Audi, Porsche and Bentley vehicles. Volkswagen's testing of these vehicles in connection with the information requests resulted in a 1 mile per gallon change, when rounded according to EPA rules, in the fuel economy disclosed on the "Monroney label" required by US regulations. Under the settlement agreement, Volkswagen will pay approximately \$96.5 million to affected current and former owners or lessees. In February 2020, the court granted final approval of the settlement. Provisions were recognized by Volkswagen Bank GmbH and Volkswagen Leasing GmbH for possible claims in connection with financial services provided to consumers.

In addition, other mass actions were filed in the federal multidistrict litigation in California and other courts alleging similar claims with respect to the existence of "defeat devices" in Audi brand vehicles with automatic transmissions. All but one of these mass actions have now been dismissed without prejudice by agreement of the parties, and the parties are in the process of dismissing the remaining mass action.

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 Volkswagen Group affiliates. In both of the Canadian actions, the certification hearing has been deferred while the parties engage in discussions concerning further proceedings in the cases.

#### *5.18.2 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. The Senate also held that some of the desired objects of declaratory judgment on the litigants' side may be inadmissible.

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. However, in the event of a settlement or an unfavorable decision in the legal proceedings, Volkswagen AG could sustain considerable losses.

### 5.18.3 *Antitrust Proceedings*

#### 5.18.3.1 *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 European Commission about the cartel as a key witness. With regard to Scania, the European Commission issued a contentious fine decision in September 2017 by which a fine of €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, Scania set aside a €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. In April 2019, the European Commission issued a statement of objections to Volkswagen AG, AUDI AG and Porsche AG in connection with the European Commission's antitrust investigation of the automobile industry. These objections state the European Commission's preliminary evaluation of the matter and afford the opportunity to comment. The subject matter of the proceedings is limited to the cooperation of German automobile manufacturers on technical questions in connection with the development and introduction of emission control technology systems and gasoline particulate filters for passenger cars that were sold in the European Economic Area. The manufacturers are not charged with any other misconduct such as price fixing or allocating markets and customers. After receiving access to the investigation files starting in July 2019, Volkswagen in December 2019 filed its reply to the European Commission's statement of objections. In the same matter, the Chinese Competition Authority also issued information requests to Volkswagen AG, AUDI AG and Porsche AG, and commenced an administrative action. More recently, in May 2020, the Korean Fair Trade Commission conducted on-site visits at Audi Volkswagen Korea and Porsche Korea offices in initiating an investigation into the same matter.

Furthermore, Volkswagen has been 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 have been cooperating fully with the Federal Cartel Office and reached an agreement to settle the case in November 2019. Volkswagen agreed to pay a fine of €48.8 million.

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 January 2019, the Italian Competition Authority imposed a fine of €163 million against Volkswagen AG and Volkswagen Bank GmbH. Provisions were recognized by Volkswagen Bank GmbH. Volkswagen AG and Volkswagen Bank GmbH filed an appeal against this decision in March 2019. In the same context, an antitrust class action lawsuit has furthermore been filed by customers in Italy against Volkswagen Bank GmbH, among others.

#### 5.18.3.2 *United States and Canada*

In March 2020, the US District Court for the Northern District of California dismissed two putative class action complaints brought by purchasers of German luxury vehicles alleging that, since the 1990s, several automobile manufacturers, including Volkswagen AG and other Group companies conspired to unlawfully increase the prices of German luxury vehicles in violation of US antitrust and consumer protection law. The court held that the plaintiffs have not stated a claim for relief because the allegations in the complaints do not plausibly support the alleged agreements unreasonably restrained competition in violation of U.S. law. The court granted Plaintiffs leave to file amended complaints with respect to a limited subset of plaintiffs' original claims.

Plaintiffs in Canada filed claims with similar allegations on behalf of putative classes of purchasers of German luxury vehicles against several automobile manufacturers, including Volkswagen Group Canada Inc., Audi Canada Inc., and other Group companies.

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. Volkswagen filed a motion to dismiss the complaint, which has not yet been decided.

In July 2019 Ford Motor Co., Honda Motor Co. Ltd., BMW of North America LLC and Volkswagen Group of America, Inc. announced a voluntary agreement with the CARB regarding CARB's enforcement position on greenhouse gas emissions and fuel economy standards. In August 2019 the DOJ's Antitrust Division wrote to each of these companies to express its concern that the agreement may violate federal antitrust laws and to request information regarding the agreement. After such information was provided, the DOJ closed its investigation in February 2020.

#### 5.18.4 *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, as the controlled company and TRATON SE (formerly Truck & Bus GmbH, Volkswagen Truck & Bus GmbH, Volkswagen Truck & Bus AG and TRATON AG), a publicly listed and majority owned subsidiary of Volkswagen AG, as the controlling company, 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.

By ruling of June 26, 2018 (supplemented and amended by the rulings of July 30, 2018 and December 17, 2018), the Munich Higher Regional Court rendered a final decision increasing the annual compensation claim under section 304 AktG to €5.47 gross per share (less any corporate income tax and any solidarity surcharge at the respective tax rate applicable to these taxes for the financial year in question). The cash settlement in the amount of €90.29 per share, increased in the first instance by the Munich I Regional Court, was affirmed. The decisions by the Munich Higher Regional Court are final and were published in the German Federal Gazette on August 6, 2018 and January 10, 2019.

On February 28, 2020, TRATON SE announced that it intends to implement a merger squeeze-out of the minority shareholders of MAN SE.

#### 5.18.5 *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. An appeal against this decision was rejected by the Higher Regional Court in Celle in June 2018. Subsequently, the first claimant filed a complaint with the German Supreme Court (*Bundesgerichtshof*) to permit a second appeal and overrule the Regional Court's rejection of the claims. In July 2019, the German Supreme Court (*Bundesgerichtshof*) rejected the complaint.

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. The appeal was withdrawn in March 2020.

#### 5.18.6 *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 final 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 €0.5 billion for the contested period from 2009 onwards, which has been reported within the contingent liabilities as of March 31, 2020. 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.

#### 5.18.7 *GT Gettaxi Ltd. proceedings*

In February 2020, Volkswagen AG and another defendant were served with a lawsuit filed by GT Gettaxi Ltd. The lawsuit in particular alleges large damage claims and tortious wrongdoings by Volkswagen AG. Volkswagen will evaluate the alleged claims and defend itself against them.

### 5.19 **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.

## 6. TERMS AND CONDITIONS OF THE NC5 NOTES

### Terms and Conditions

These Terms and Conditions are written in the German language and provided with an English language translation. The German text will be the only legally binding version. The English language translation is provided for convenience only.

#### §1

#### (Form and Denomination)

##### (1) Currency, Denomination and Form.

Volkswagen International Finance N.V. (the "**Issuer**") issues undated unsecured subordinated notes with a first call date in 2025 in an aggregate principal amount of EUR 1,500,000,000 (the "**Notes**"). The Notes are issued in bearer form. The Notes are guaranteed on a subordinated basis by Volkswagen Aktiengesellschaft (the "**Guarantor**") and have a denomination of EUR 100,000 each (the "**Principal Amount**").

##### (2) Global Notes and Exchange.

The Notes will initially be represented by one temporary global bearer note (the "**Temporary Global Note**") without coupons which will be deposited with a common depositary for Clearstream Banking S.A., and Euroclear Bank SA/NV (together hereinafter referred to as the "**Clearing System**") on or around the date of issue of the Notes. The Temporary Global Note will be exchangeable for a permanent global bearer note (the "**Permanent Global Note**") and, together with the Temporary Global Note, the "**Global Notes**") without coupons not earlier than 40 and not later than 180 days after the date of issue of the Notes upon certification as to non-U.S. beneficial ownership in the Notes in accordance with the rules and operating procedures of the Clearing System. Payments on the Temporary Global Note will only be made against presentation of such certification. No definitive notes or interest coupons will be issued.

### Anleihebedingungen

Diese Anleihebedingungen sind in deutscher Sprache abgefasst und mit einer Übersetzung in die englische Sprache versehen. Der deutsche Wortlaut ist allein rechtsverbindlich. Die englische Übersetzung dient nur zur Information.

#### §1

#### (Verbriefung und Nennbetrag)

##### (1) Währung, Nennbetrag und Form.

Volkswagen International Finance N.V. (die "**Emittentin**") begibt unbesicherte nachrangige Schuldverschreibungen ohne feste Laufzeit erstmals kündbar in 2025 im Gesamtnennbetrag von EUR 1.500.000.000 (die "**Schuldverschreibungen**"). Die Schuldverschreibungen lauten auf den Inhaber. Die Schuldverschreibungen werden von der Volkswagen Aktiengesellschaft auf nachrangiger Basis garantiert (die "**Garantin**") und haben einen Nennbetrag von je EUR 100.000 (der "**Nennbetrag**").

##### (2) Globalurkunden und Austausch.

Die Schuldverschreibungen werden zunächst von einer vorläufigen Globalurkunde (die "**Vorläufige Globalurkunde**") ohne Zinsscheine verbrieft welche am oder um den Tag der Begebung der Schuldverschreibungen bei einer gemeinsamen Verwahrstelle für Clearstream Banking S.A., und Euroclear Bank SA/NV (beide gemeinsam nachstehend als "**Clearingsystem**" bezeichnet) hinterlegt wird. Die Vorläufige Globalurkunde wird nicht vor Ablauf von 40 und spätestens nach Ablauf von 180 Tagen nach dem Tag der Begebung der Schuldverschreibungen gegen Vorlage einer Bestätigung über das Nichtbestehen U.S.-amerikanischen wirtschaftlichen Eigentums (*beneficial ownership*) an den Schuldverschreibungen gemäß den Regeln und Betriebsabläufen des Clearingsystems gegen eine endgültige Globalurkunde (die "**Dauer-Globalurkunde**") und, gemeinsam mit der Vorläufigen Globalurkunde, die "**Globalurkunden**") ohne Zinsscheine ausgetauscht. Zahlungen auf die Vorläufige Globalurkunde erfolgen nur

gegen Vorlage einer solchen Bestätigung. Einzelurkunden oder Zinsscheine werden nicht ausgegeben.

(3) **Proportional Co-ownership Interests.**

The holders of the Notes (the "Noteholders") are entitled to proportional co-ownership interests or rights in the Temporary Global Note and the Permanent Global Note, which are transferable in accordance with applicable law and the rules and regulations of the Clearing System.

**§2  
(Status)**

(1) **Status of the Notes.**

The Issuer's obligations under the Notes constitute subordinated and unsecured obligations of the Issuer and in the event of the winding-up, dissolution or liquidation of the Issuer rank:

- (a) senior only to the Junior Obligations of the Issuer,
- (b) *pari passu* among themselves and with any Parity Obligations of the Issuer, and
- (c) junior to all other present and future obligations of the Issuer, whether subordinated or unsubordinated, except as otherwise provided by mandatory provisions of law or as expressly provided for by the terms of the relevant instrument.

**"Junior Obligations of the Issuer"** means (i) the ordinary shares of the Issuer, (ii) any present or future share of any other class of shares of the Issuer, (iii) any other present or future security, registered security or other instrument of the Issuer under which the Issuer's obligations rank or are expressed to rank *pari passu* with the ordinary shares of the Issuer and (iv) any present or future security, registered security or other instrument which is issued by a Subsidiary of the Issuer and guaranteed by the Issuer or for which the Issuer has otherwise assumed liability where the

(3) **Miteigentumsanteile.**

Den Inhabern der Schuldverschreibungen (die "**Anleihegläubiger**") stehen Miteigentumsanteile bzw. Rechte an der Vorläufigen Globalurkunde und der Dauer-Globalurkunde zu, die nach Maßgabe des anwendbaren Rechts und der Regeln und Bestimmungen des Clearingsystems übertragen werden können.

**§2  
(Status)**

(1) **Status der Schuldverschreibungen.**

Die Schuldverschreibungen begründen nicht besicherte, nachrangige Verbindlichkeiten der Emittentin, die im Fall der Abwicklung, Auflösung oder Liquidation der Emittentin:

- (a) nur Nachrangigen Verbindlichkeiten der Emittentin im Rang vorgehen,
- (b) untereinander und mit jeder Gleichrangigen Verbindlichkeit im Rang gleich stehen, und
- (c) allen anderen bestehenden und zukünftigen Verbindlichkeiten der Emittentin, ob nachrangig oder nicht nachrangig, im Rang nachgehen, soweit zwingende gesetzliche Vorschriften nichts anderes vorschreiben bzw. die Bedingungen des betreffenden Instruments ausdrücklich etwas anderes vorsehen.

**"Nachrangige Verbindlichkeiten der Emittentin"** bezeichnet (i) die Stammaktien der Emittentin, (ii) jede gegenwärtige oder zukünftige Aktie einer anderen Gattung von Aktien der Emittentin, (iii) jedes andere gegenwärtige oder zukünftige Wertpapier, Namenswertpapier oder jedes andere Instrument, das von der Emittentin begeben ist und bei dem die daraus folgenden Verbindlichkeiten der Emittentin mit den Stammaktien der Emittentin gleichrangig vereinbart sind und (iv) jedes gegenwärtige oder zukünftige Wertpapier,

Issuer's obligations under such guarantee or other assumptions of liability rank or are expressed to rank *pari passu* with the instruments described under (i), (ii) and (iii).

**"Parity Obligations of the Issuer"** means any present or future obligation which (i) is issued by the Issuer and the obligations under which rank or are expressed to rank *pari passu* with the Issuer's obligations under the Notes, or (ii) benefits from a guarantee or support agreement where the Issuer's obligations under such guarantee or support agreement rank or are expressed to rank *pari passu* with the Issuer's obligations under the Notes. For the avoidance of doubt, Parity Obligations of the Issuer include:

its undated unsecured subordinated notes with a first call date in 2021, ISIN XS1048428012;

its undated unsecured subordinated notes with a first call date in 2022, ISIN XS1206540806;

its undated unsecured subordinated notes with a first call date in 2022, ISIN XS1629658755;

its undated unsecured subordinated notes with a first call date in 2023, ISIN XS0968913342;

its undated unsecured subordinated notes with a first call date in 2024, ISIN XS1799938995;

its undated unsecured subordinated notes with a first call date in 2026, ISIN XS1048428442;

its undated unsecured subordinated notes with a first call date in 2027, ISIN XS1629774230;

its undated unsecured subordinated notes with a first call date in 2028, ISIN XS1799939027;

Namenswertpapier oder jedes andere Instrument, das von einer Tochtergesellschaft der Emittentin begeben und von der Emittentin dergestalt garantiert ist oder für das die Emittentin dergestalt die Haftung übernommen hat, dass die betreffenden Verbindlichkeiten der Emittentin aus der maßgeblichen Garantie oder Haftungsübernahme mit den unter (i), (ii) und (iii) genannten Instrumenten gleichrangig oder als gleichrangig vereinbart sind.

**"Gleichrangige Verbindlichkeiten der Emittentin"** bezeichnet jede bestehende und zukünftige Verbindlichkeit, die (i) von der Emittentin begeben wurde und die gleichrangig im Verhältnis zu den Verbindlichkeiten der Emittentin unter den Schuldverschreibungen ist oder ausdrücklich als gleichrangig vereinbart ist oder die (ii) von einer Garantie oder Haftungsübernahme profitiert, bei der die Verbindlichkeiten der Emittentin aus der betreffenden Garantie oder Haftungsübernahme mit den Verbindlichkeiten der Emittentin aus den Schuldverschreibungen als gleichrangig vereinbart sind. Gleichrangige Verbindlichkeiten der Emittentin sind, unter anderem,:

die nicht besicherten nachrangigen Schuldverschreibungen der Emittentin ohne feste Laufzeit erstmals kündbar in 2021, ISIN XS1048428012;

die nicht besicherten nachrangigen Schuldverschreibungen der Emittentin ohne feste Laufzeit erstmals kündbar in 2022, ISIN XS1206540806;

die nicht besicherten nachrangigen Schuldverschreibungen der Emittentin ohne feste Laufzeit erstmals kündbar in 2022, ISIN XS1629658755;

die nicht besicherten nachrangigen Schuldverschreibungen der Emittentin ohne feste Laufzeit erstmals kündbar in 2023, ISIN XS0968913342;

die nicht besicherten nachrangigen Schuldverschreibungen der Emittentin ohne feste Laufzeit erstmals kündbar in 2024, ISIN XS1799938995;

die nicht besicherten nachrangigen Schuldverschreibungen der Emittentin



its undated unsecured subordinated notes with a first call date in 2030, ISIN XS1206541366; and

its undated unsecured subordinated notes with a first call date in 2029, ISIN XS2187689380 (together the "**Hybrid Securities**").

"**Subsidiary of the Issuer**" means any corporation, partnership or other enterprise in which the Issuer directly or indirectly holds in the aggregate more than 50 per cent. of the capital or the voting rights.

(2) **Insolvency or Liquidation of the Issuer.** (2)

In an insolvency or liquidation of the Issuer, no payments under the Notes shall be made to the Noteholders unless all claims that, pursuant to § 2(1), rank senior to the Notes (condition precedent) have been discharged or secured in full (i.e. not only with a quota).

**§3**  
**(Guarantee)**

(1) **Unconditional and Irrevocable Guarantee.** (1)

The Notes will be unconditionally and irrevocably guaranteed by the Guarantor on a subordinated basis as to payments (the "**Guarantee**").

(2) **Status of the Guarantee.** (2)

ohne feste Laufzeit erstmals kündbar in 2026, ISIN XS1048428442;

die nicht besicherten nachrangigen Schuldverschreibungen der Emittentin ohne feste Laufzeit erstmals kündbar in 2027, ISIN XS1629774230;

die nicht besicherten nachrangigen Schuldverschreibungen der Emittentin ohne feste Laufzeit erstmals kündbar in 2028, ISIN XS1799939027;

die nicht besicherten nachrangigen Schuldverschreibungen der Emittentin ohne feste Laufzeit erstmals kündbar in 2030, ISIN XS1206541366; und

die nicht besicherten nachrangigen Schuldverschreibungen der Emittentin ohne feste Laufzeit erstmals kündbar in 2029, ISIN XS2187689380 (zusammen die "**Hybridanleihen**").

"**Tochtergesellschaft der Emittentin**" bezeichnet jede Gesellschaft, Personengesellschaft und jedes sonstige Unternehmen oder jede andere Person an der bzw. dem die Emittentin direkt oder indirekt insgesamt mehr als 50 % des Kapitals oder der Stimmrechte hält.

**Insolvenz oder Liquidation der Emittentin.**

Im Falle einer Insolvenz oder Liquidation der Emittentin steht jedwede Zahlung unter den Schuldverschreibungen an die Anleihegläubiger unter dem Vorbehalt, dass zuvor sämtliche Verpflichtungen auf gegenüber den Schuldverschreibungen gemäß § 2(1) vorrangige Verbindlichkeiten zur Gänze (d.h. nicht nur quotenmäßig) bezahlt oder sichergestellt wurden.

**§3**  
**(Garantie)**

(1) **Unbedingte und Unwiderrufliche Garantie.**

Die Schuldverschreibungen werden unbedingt und unwiderruflich durch die Garantin auf nachrangiger Ebene im Hinblick auf Zahlungen garantiert (die "**Garantie**").

(2) **Status der Garantie.**

The obligations of the Guarantor under the Guarantee rank:

- (a) senior only to the Junior Obligations of the Guarantor,
- (b) *pari passu* with any other present and future Parity Obligations of the Guarantor, and
- (c) junior to the Guarantor's unsubordinated obligations, contractually and statutorily subordinated obligations except as expressly provided for otherwise by the terms of the relevant obligation, and subordinated obligations required to be preferred by law.

**"Junior Obligations of the Guarantor"**

means (i) the ordinary shares and preferred shares of the Guarantor, (ii) any present or future share of any other class of shares of the Guarantor, (iii) any other present or future security, registered security or other instrument of the Guarantor under which the Guarantor's obligations rank or are expressed to rank *pari passu* with the ordinary shares or the preferred shares of the Guarantor and (iv) any present or future security, registered security or other instrument which is issued by a Subsidiary of the Guarantor and guaranteed by the Guarantor or for which the Guarantor has otherwise assumed liability where the Guarantor's obligations under such guarantee or other assumption of liability rank or are expressed to rank *pari passu* with the instruments described under (i), (ii) and (iii).

**"Parity Obligations of the Guarantor"**

means any present or future obligation which (i) is issued by the Guarantor and the obligations under which rank or are expressed to rank *pari passu* with the Guarantor's obligations under the Guarantee, or (ii) benefits from a guarantee or support agreement where the Guarantor's obligations under such

Die Verbindlichkeiten der Garantin unter der Garantie:

- (a) gehen nur Nachrangigen Verbindlichkeiten der Garantin im Rang vor,
- (b) stehen gleich im Rang untereinander und mit jeder Gleichrangigen Verbindlichkeit der Garantin, und
- (c) gehen allen anderen nicht nachrangigen Verbindlichkeiten der Garantin, gesetzlich nachrangigen und vertraglich nachrangigen Verbindlichkeiten, außer wenn in den Bedingungen der betreffenden Verbindlichkeit etwas anderes geregelt sein sollte, und nachrangigen Verbindlichkeiten, die durch Gesetz vorrangig sein müssen, im Rang nach.

**"Nachrangige Verbindlichkeiten der Garantin"**

bezeichnet (i) die Stammaktien und die Vorzugsaktien der Garantin, (ii) jede gegenwärtige oder zukünftige Aktie einer anderen Gattung von Aktien der Garantin, (iii) jedes andere gegenwärtige oder zukünftige Wertpapier, Namenswertpapier oder jedes andere Instrument, das von der Garantin begeben ist und bei dem die daraus folgenden Verbindlichkeiten der Garantin mit den Stammaktien oder den Vorzugsaktien der Garantin gleichrangig vereinbart sind und (iv) jedes gegenwärtige oder zukünftige Wertpapier, Namenswertpapier oder jedes andere Instrument, das von einer Tochtergesellschaft der Garantin begeben und von der Garantin dergestalt garantiert ist oder für das die Garantin dergestalt die Haftung übernommen hat, dass die betreffenden Verbindlichkeiten der Garantin aus der maßgeblichen Garantie oder Haftungsübernahme mit den unter (i), (ii) und (iii) genannten Instrumenten gleichrangig oder als gleichrangig vereinbart sind.

**"Gleichrangige Verbindlichkeiten der Garantin"**

bezeichnet jede bestehende und zukünftige Verbindlichkeit, die (i) von der Garantin begeben wurde und die gleichrangig im Verhältnis zu den Verbindlichkeiten der Garantin aus der Garantie ist oder ausdrücklich als gleichrangig vereinbart ist oder die (ii) von einer Garantie oder

guarantee or support agreement rank or are expressed to rank *pari passu* with its obligations under the Guarantee. For the avoidance of doubt, Parity Obligations of the Guarantor include its obligations under the guarantees for the Issuer's Hybrid Securities.

**"Subsidiary of the Guarantor"** means any corporation, partnership or other enterprise in which the Guarantor directly or indirectly holds in the aggregate more than 50 per cent. of the capital or the voting rights.

#### §4

##### (Prohibition of Set-off)

No Noteholder may set-off any claims arising under the Notes or the Guarantee against any claims that the Issuer or the Guarantor may have against it. The Issuer may not set-off any claims it may have against the Noteholders against any of its obligations under the Notes. The Guarantor may not set-off any claims it may have against the Noteholders against any of its obligations under the Guarantee.

#### §5

##### (Interest)

##### (1) Interest accrual.

From and including June 17, 2020 (the **"Interest Commencement Date"**) to but excluding June 17, 2025 (the **"First Call Date"**) the Notes bear interest on their principal amount at a rate of 3.500 per cent. per annum.

From and including the First Call Date to but excluding the date on which the Issuer redeems the Notes in whole pursuant to § 7(3) or § 7(4) the Notes bear interest at the relevant Reset Rate of Interest for the Interest Period.

**"Reset Rate of Interest"** means the Reset Reference Rate for the relevant Reset Period in which the relevant Interest

Haftungsübernahme profitiert, bei der die Verbindlichkeiten der Garantin aus der betreffenden Garantie oder Haftungsübernahme mit den Verbindlichkeiten der Garantin aus der Garantie gleichrangig oder als gleichrangig vereinbart sind. Gleichrangige Verbindlichkeiten der Garantin sind, unter anderem, ihre Verbindlichkeiten aus der Garantie für die Hybridanleihen.

**"Tochtergesellschaft der Garantin"** bezeichnet jede Gesellschaft, Personengesellschaft und jedes sonstige Unternehmen oder jede andere Person an der bzw. dem die Garantin direkt oder indirekt insgesamt mehr als 50 % des Kapitals oder der Stimmrechte hält.

#### §4

##### (Aufrechnungsverbot)

Die Anleihegläubiger sind nicht berechtigt, Forderungen aus den Schuldverschreibungen bzw. aus der Garantie gegen mögliche Forderungen der Emittentin bzw. der Garantin aufzurechnen. Die Emittentin ist nicht berechtigt, Forderungen gegenüber Anleihegläubigern gegen Verpflichtungen aus den Schuldverschreibungen aufzurechnen. Die Garantin ist nicht berechtigt, Forderungen gegenüber Anleihegläubigern gegen Verpflichtungen aus der Garantie aufzurechnen.

#### §5

##### (Zinsen)

##### (1) Zinslauf.

In dem Zeitraum ab dem 17. Juni 2020 (der **"Zinslaufbeginn"**) (einschließlich) bis zum 17. Juni 2025 (der **"Erste Rückzahlungstermin"**) (ausschließlich) belaufen sich die Zinsen auf den Nennbetrag der Schuldverschreibungen auf 3,500% per annum.

In dem Zeitraum ab dem Ersten Rückzahlungstermin (einschließlich) bis zu dem Tag, an dem die Emittentin die Schuldverschreibungen vollständig gemäß § 7(3) oder § 7(4) zurückzahlt, belaufen sich die Zinsen auf den jeweiligen Reset-Zinssatz für die jeweilige Zinsperiode.

**"Reset-Zinssatz"** bezeichnet den jeweiligen Reset-Referenzsatz für den jeweiligen Reset-Zeitraum, in den die jeweilige Zinsperiode fällt, zuzüglich der

Period falls plus the relevant Margin for the relevant Interest Period.

Interest is scheduled to be paid annually in arrear on June 17 of each year (each an "**Interest Payment Date**"), commencing on June 17, 2021 and will be due and payable (*fällig*) in accordance with the conditions set out in § 6.

(2) **Definitions.**

"**Reset Reference Rate**" means:

- (a) as long as no Benchmark Event (as defined in §5(4)(d)) has occurred,
  - (i) the relevant Original Benchmark Rate for the relevant Reset Period, as determined by the Calculation Agent; or
  - (ii) in the event that any of the information required for the purposes of determination of the Original Benchmark Rate does not appear on the Screen Page on the relevant Reset Rate Determination Date, the Reset Reference Bank Rate on that Reset Rate Determination Date.
- (b) if a Benchmark Event has occurred, the Reset Reference Rate for each Reset Rate Determination Date on or after the Effective Date (as defined in §5(4)(g)) will be determined in accordance with §5(4).

The "**Original Benchmark Rate**" for the relevant Reset Period will be determined by the Calculation Agent on the Reset Rate Determination Date prior to the relevant Reset Date on which the relevant Reset Period commences (the "**Reference Reset Date**") and will be the annual mid swap rate for euro swap transactions with a term of 5 years commencing on the Reference Reset Date, expressed as a percentage, which appears on the Reuters screen ICESWAP2 Page under the heading "EURIBOR BASIS-EUR" and above the caption "11:00AM FRANKFURT" ("**Screen Page**") as of 11:00 a.m., Frankfurt time, on the Reset Rate Determination Date.

relevanten Marge für die jeweilige Zinsperiode.

Zinsen sind nachträglich am 17. Juni eines jeden Jahres (jeweils ein "**Zinszahlungstag**") zur Zahlung vorgesehen, erstmals am 17. Juni 2021, und werden nach Maßgabe der in § 6 dargelegten Bedingungen fällig.

(2) **Definitionen.**

"**Reset-Referenzsatz**" ist,

- (a) solange kein Benchmark-Ereignis (wie in § 5(4)(d) definiert) eingetreten ist,
  - (i) der jeweilige Ursprünglicher Benchmarksatz für den jeweiligen Reset-Zeitraum, wie er von der Berechnungsstelle festgestellt wird; oder
  - (ii) falls eine für die Festlegung des Ursprünglichen Benchmarksatzes benötigte Information am jeweiligen Reset-Referenzsatz-Bestimmungstag nicht auf der Bildschirmseite erscheint, der Reset-Referenzbankensatz an diesem Zinsfestlegungstag
- (b) wenn ein Benchmark-Ereignis eingetreten ist, wird der "Reset-Referenzsatz" für jeden Reset-Zeitraum, der an oder nach dem Stichtag (wie in § 5(4)(g) definiert) beginnt, gemäß § 5(4) bestimmt.

Der "**Ursprünglicher Benchmarksatz**" für den jeweiligen Reset-Zeitraum wird von der Berechnungsstelle am Reset-Referenzsatz-Bestimmungstag vor dem jeweiligen Reset-Termin zu dem der jeweilige Reset-Zeitraum beginnt (der "**Referenz-Reset-Termin**") bestimmt und ist der jährliche Mid-Swapsatz für Euro-Swap-Transaktionen mit einer Laufzeit von 5 Jahren beginnend mit dem Referenz-Reset-Termin, ausgedrückt als Prozentsatz, der am Reset-Referenzsatz-Bestimmungstag um 11:00 Uhr, Frankfurter Zeit auf der Reuters-Bildschirmseite ICESWAP2 unter der Überschrift "EURIBOR BASIS-EUR" und über der Angabe "11:00AM

**"Business Day"** means a day on which all relevant parts of the Trans-European Automated Real-time Gross settlement Express Transfer (TARGET 2) system are operational.

**"Interest Period"** means each period from and including 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.

**"Margin"** means:

- (i) in respect of each Interest Period from and including the First Call Date to but excluding June 17, 2030 (the **"First Step-up Date"**): 374.6 basis points per annum (no step-up);
- (ii) in respect of each Interest Period from and including the First Step-up Date to but excluding June 17, 2045 (the **"Second Step-up Date"**): 399.6 basis points per annum (including a 25 basis points step-up); and
- (iii) in respect of each Interest Period from and including the Second Step-up Date to but excluding the date on which the Issuer redeems the Notes in whole pursuant to § 7(3) or § 7(4): 474.6 basis points per annum (including a further 75 basis points step-up).

**"Reference Banks"** means five leading swap dealers in the interbank market.

**"Representative Amount"** means an amount that is representative for a single transaction in the swap market at the relevant time.

**"Reset Date"** means the First Call Date and each fifth anniversary of the First Call Date.

**"Reset Period"** means each period from and including the First Call Date to but excluding the next following Reset Date

FRANKFURT" ("Bildschirmseite") angezeigt wird.

**"Geschäftstag"** bezeichnet einen Tag, an dem alle maßgeblichen Stellen des Trans-European Automated Real-time Gross settlement Express Transfer (TARGET 2) Systems Geschäfte tätigen.

**"Zinsperiode"** bezeichnet jeden Zeitraum ab dem Zinslaufbeginn (einschließlich) bis zum ersten Zinszahlungstag (ausschließlich) und nachfolgend ab jedem Zinszahlungstag (einschließlich) bis zu dem jeweils nächstfolgenden Zinszahlungstag (ausschließlich).

**"Marge"** bedeutet:

- (i) für jede Zinsperiode ab dem Ersten Rückzahlungstermin (einschließlich) bis zum 17. Juni 2030 (der **"Erste Step-up Termin"**): 374,6 Basispunkte per annum (kein Step-Up);
- (ii) für jede Zinsperiode ab dem Ersten Step-up Termin (einschließlich) bis zum 17. Juni 2045 (der **"Zweite Step-up Termin"**): 399,6 Basispunkte per annum (einschließlich eines 25 Basispunkte Step-up); und
- (iii) für jede Zinsperiode ab dem Zweiten Step-up Termin (einschließlich) bis zum Tag an dem die Emittentin die Schuldverschreibungen vollständig gemäß § 7(3) oder § 7(4) zurückzahlt: 474,6 Basispunkte per annum (einschließlich eines weiteren 75 Basispunkte Step-up).

**"Referenzbanken"** bedeutet fünf im Interbankenmarkt führende Swap Dealer.

**"Repräsentative Höhe"** bedeutet die Höhe einer einzelnen Transaktion, die zur jeweiligen Zeit im Swap-Markt typisch ist.

**"Reset-Termin"** bezeichnet den Ersten Rückzahlungstermin und jeden fünften Jahrestag des Ersten Rückzahlungstermins.

**"Reset-Zeitraum"** bezeichnet jeden Zeitraum ab dem Ersten Rückzahlungstermin (einschließlich) bis

and thereafter from and including each Reset Date to but excluding the next following Reset Date.

**"Reset Rate Determination Date"** means the second Business Day prior to the relevant Reset Date.

**"Reset Reference Bank Rate"** means a percentage determined on the basis of the mid-market annual swap rate quotations provided by the Reference Banks at approximately 11:00 a.m., Frankfurt time on the Reset Rate Determination Date. For this purpose, the mid-market annual swap rate means the arithmetic mean of the bid and offered rates for the annual fixed leg, calculated on a 30/360 day count basis, of a fixed-for-floating euro interest rate swap transaction with a term of 5 years commencing on that Reference Reset Date and in a Representative Amount with an acknowledged dealer of good credit in the swap market (as determined in accordance with the customary market practice at such time, whether or not the floating leg of such swap is determined by reference to EURIBOR), where the floating leg, calculated on an Actual/360 day count basis, is equivalent to a designated maturity of six months. The Calculation Agent will request the principal office of each of the Reference Banks to provide a quotation of its rate. If at least three quotations are provided, the rate for that Reset Date will be the arithmetic mean (rounded if necessary to the nearest one thousandth of a percentage point, with 0.0005 being rounded upwards) of the quotations, eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest). If only two quotations are provided, the Reset Reference Bank Rate will be the arithmetic mean of the quotations provided. If only one quotation is provided, the Reset Reference Bank Rate will be the quotation provided. If no quotations are provided, the Reset Reference Bank Rate will be equal to the last available 5 year mid swap rate for euro swap transactions, expressed as an annual rate, on the Screen Page.

zum ersten Reset-Termin (ausschließlich) und nachfolgend ab jedem Reset-Termin (einschließlich) bis zu dem jeweils nächstfolgenden Reset-Termin (ausschließlich).

**"Reset-Referenzsatz-Bestimmungstag"** ist der zweite Geschäftstag vor dem jeweiligen Reset-Termin.

Der **"Reset-Referenzbankenzinssatz"** bezeichnet den Prozentsatz, der auf Basis der Mid-market Jahres-Swapsatz-Angebotssätze von den Referenzbanken um ungefähr 11:00 Uhr, Frankfurter Zeit, am Reset-Referenzsatz-Bestimmungstag festgestellt wird. Der Mid-market Jahres-Swapsatz ist das arithmetische Mittel des Geld- und Briefkurses für den Jahres-Festzinssatzstrom, berechnet auf Basis eines 30/360 Zinstagequotienten, einer Fest-zu-variabel Euro-Zinsswaptransaktion mit einer Laufzeit von 5 Jahren beginnend mit dem Referenz-Reset-Termin, die in einer Repräsentativen Höhe mit einem anerkannten Händler von guter Bonität im Swap-markt abgeschlossen wurde (wie in Übereinstimmung mit der zu diesem Zeitpunkt üblichen Marktpraxis bestimmt und unabhängig davon, ob die variable Komponente eines solchen Swaps unter Bezugnahme auf den EURIBOR bestimmt wird), wobei der variable Teil, berechnet basierend auf einem Actual/360 Zinstagequotienten, eine Endfälligkeit von sechs Monaten hat. Die Berechnungsstelle wird bei der Hauptniederlassung der Referenzbanken jeweils um einen Angebotssatz bitten. Falls zumindest drei Angebotssätze zur Verfügung gestellt werden, ist der Zinssatz für den Reset-Termin das arithmetische Mittel (falls erforderlich, auf- oder abgerundet auf das nächste Tausendstel Prozent, wobei 0,0005 aufgerundet wird) der Angebotssätze, bereinigt um den höchsten Angebotssatz (oder, falls mehrere Angebotssätze gleich hoch sind, einer der höchsten) und den niedrigsten Angebotssatz (oder, falls mehrere Angebotssätze gleich niedrig sind, einen der niedrigsten). Falls nur zwei Quotierungen zur Verfügung gestellt werden, ist der Reset-Referenzbankenzinssatz das rechnerische Mittel der zur Verfügung gestellten Quotierungen. Falls nur eine Quotierung zur Verfügung gestellt wird, ist der Reset-Referenzbankenzinssatz die zur

Verfügung gestellte Quotierung. Falls keine Quotierungen zur Verfügung gestellt werden, ist der Reset-Referenzbankenzinssatz der letzte Mid-Swapsatz für Euro-Swap-Transaktionen mit einer Laufzeit von 5 Jahren, ausgedrückt auf jährlicher Basis, der auf der Bildschirmseite angezeigt wurde.

(3) **Determination or calculation by Calculation Agent**

The Calculation Agent will, on the Reset Rate Determination Date, determine the Reset Rate of Interest and cause the same to be notified to the Issuer, the Principal Paying Agent and, if required by the rules of any stock exchange on which the Notes are then listed, to such stock exchange, and to the Noteholders in accordance with § 13 without undue delay, but, in any case, not later than on the eighth Business Day after its determination.

(4) **Benchmark Event.**

If the Issuer determines that a Benchmark Event has occurred in relation to the Original Benchmark Rate, the Issuer will notify the Calculation Agent, the Principal Paying Agent and, in accordance with § 13, the Holders thereof, and the relevant Reset Reference Rate will be determined as follows:

- (a) *Independent Adviser.* The Issuer shall endeavor to appoint an Independent Adviser as soon as possible, who will determine a New Benchmark Rate, the Adjustment Spread and any Benchmark Amendments.
- (b) If prior to any relevant Reset Rate Determination Date,
  - (i) the Issuer fails to appoint an Independent Adviser; or
  - (ii) the Independent Adviser appointed by it fails to determine a New Benchmark Rate,

the Reset Reference Rate applicable to the immediately following Reset

(3) **Berechnungen und Feststellungen durch die Berechnungsstelle.**

Die Berechnungsstelle wird den Reset-Zinssatz für die Schuldverschreibungen am Reset-Referenzsatz-Bestimmungstag bestimmen und veranlassen, dass dieser der Emittentin, der Hauptzahlstelle und jeder Börse, an der die Schuldverschreibungen zu diesem Zeitpunkt notiert sind und deren Regeln eine Mitteilung an die Börse verlangen, sowie den Anleihegläubigern gemäß § 13 unverzüglich, aber keinesfalls später als am achten auf dessen Bestimmung folgenden Geschäftstag mitgeteilt wird.

(4) **Benchmark-Ereignis.**

Wenn die Emittentin feststellt, dass ein Benchmark-Ereignis in Bezug auf den Ursprünglichen Benchmarksatz eingetreten ist, wird die Emittentin diesen Umstand der Hauptzahlstelle, der Berechnungsstelle, den Zahlstellen und gemäß § 13 den Gläubigern mitteilen und es gilt für die Bestimmung des jeweiligen Reset-Referenzsatzes Folgendes:

- (a) *Unabhängiger Berater.* Die Emittentin wird sich bemühen, sobald wie möglich einen Unabhängigen Berater zu benennen, der einen Neuen Benchmarksatz, die Anpassungsspanne und etwaige Benchmark-Änderungen festlegt.
- (b) Wenn vor dem jeweiligen Reset-Referenzsatz-Bestimmungstag
  - (i) die Emittentin keinen Unabhängigen Berater ernennt; oder
  - (ii) der ernannte Unabhängige Berater keinen Neuen Benchmarksatz festlegt,

dann entspricht der Reset-Referenzsatz für die unmittelbar

Period shall be the Original Benchmark Rate on the last preceding Reset Rate Determination Date.

If the fallback rate determined in accordance with this § 5(4)(b) is to be applied, § 5(4) will be operated again to determine the Reset Reference Rate applicable to the next subsequent Reset Period.

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

(i) there is a Successor Benchmark Rate, then such Successor Benchmark Rate shall subsequently be used in place of the Original Benchmark Rate; or

(ii) there is no Successor Benchmark Rate but that there is an Alternative Benchmark Rate, then such Alternative Benchmark Rate shall subsequently be used in place of the Original Benchmark Rate,

and the "Reset Reference Rate" for the all following Interest Periods will be (x) the relevant New Benchmark Rate on the relevant Reset Rate Determination Date, plus (y) the Adjustment Spread.

(d) *Benchmark Amendments.* If any relevant New Benchmark Rate and the applicable Adjustment Spread is determined, and if the Independent Adviser determines that amendments to these Terms and Conditions are necessary to ensure the proper operation of such New Benchmark Rate and the applicable Adjustment Spread (such amendments, the "**Benchmark Amendments**"), then the Independent Adviser will determine the Benchmark Amendments and the Issuer will give notice thereof in accordance with § 5(4)(e).

nachfolgende Zinsperiode dem Ursprünglichen Benchmarksatz an dem letzten zurückliegenden Reset-Referenzsatz-Bestimmungstag.

Falls der Ausweichsatz gemäß diesem § 5(4)(b) zur Anwendung kommt, wird § 5(4) erneut angewendet, um den Reset-Referenzsatz für den nächsten nachfolgenden Resetzeitraum zu bestimmen.

(c) *Nachfolge-Benchmarksatz oder Alternativ-Benchmarksatz.* Falls der Unabhängige Berater nach billigem Ermessen feststellt,

(i) dass es einen Nachfolge-Benchmarksatz gibt, dann ist dieser Nachfolge-Benchmarksatz in der Folge anstelle des Ursprünglichen Benchmarksatzes maßgeblich; oder

(ii) dass es keinen Nachfolge-Benchmarksatz aber einen Alternativ-Benchmarksatz gibt, dann ist dieser Alternativ-Benchmarksatz in der Folge an Stelle des Ursprünglichen Benchmarksatzes maßgeblich

und der "Reset-Referenzsatz" für alle folgenden Zinsperioden entspricht (x) dem betreffenden Neuen Benchmarksatz an dem betreffenden Reset-Referenzsatz-Bestimmungstag zuzüglich (y) der Anpassungsspanne.

(d) *Benchmark-Änderungen.* Wenn ein Neuer Benchmarksatz und die entsprechende Anpassungsspanne festgelegt wird, und wenn der Unabhängige Berater feststellt, dass Änderungen dieser Bedingungen notwendig sind, um die ordnungsgemäße Anwendung des Neuen Benchmarksatzes und der entsprechenden Anpassungsspanne zu gewährleisten (diese Änderungen, die "Benchmark-Änderungen"), dann wird der Unabhängige Berater die Benchmark-Änderungen festlegen und die Emittentin diese durch eine



The Benchmark Amendments may include without limitation:

- (i) the Reset Reference Rate including the "Screen Page" and/or the method for determining the fallback rate in relation to the Reset Reference Rate, including the Reset Reference Bank Rate; and/or
  - (ii) the definitions of the terms "Business Day", "Interest Payment Date", "Reset Date", "Interest Determination Date", "Day Count Fraction" and/or "Interest Period" (including the determination whether the Reset Reference Rate will be determined in advance on or prior to the relevant Reset Period or in arrear on or prior to the end of the relevant Reset Period); and/or
  - (iii) the business day convention in § 8(2).
- (e) *Notices, etc.* The Issuer will notify any New Benchmark Rate, the Adjustment Spread and the Benchmark Amendments (if any) to the Calculation Agent, the Principal Paying Agent and, in accordance with § 13, the Holders as soon as such notification is (in the Issuer's view) practicable following the determination thereof. Such notice shall be irrevocable and shall specify the Effective Date.

The New Benchmark Rate, the Adjustment Spread and the Benchmark Amendments (if any), each as specified in such notice, will be binding on the Issuer, the Calculation Agent, the Principal Paying Agent and the Holders. The Terms and Conditions shall be deemed to have been amended by the New Benchmark Rate, the Adjustment Spread and the

Mitteilung gemäß § 5 Absatz (4)(e) bekanntmachen.

Diese Benchmark-Änderungen können insbesondere folgende Regelungen erfassen:

- (i) den Referenzsatz einschließlich der Definition des Begriffs "Bildschirmseite" und/oder die Methode zur Bestimmung des Ausweichsatzes (sog. fallback) für den Referenzsatz einschließlich des Referenzbanksatzes; und/oder
  - (ii) die Definitionen der Begriffe "Geschäftstag", "Zinszahlungstag", "Reset-Termin", "Zinsfeststellungstag", "Zinstagequotient" und/oder "Zinsperiode" (einschließlich der Festlegung, ob der Referenzsatz vorausschauend vor oder zu Beginn der betreffenden Zinsperiode oder zurückblickend vor oder zum Ablauf der betreffenden Zinsperiode bestimmt wird); und/oder
  - (iii) die Geschäftstagekonvention gemäß § 8(2).
- (e) Mitteilungen, etc. Die Emittentin wird einen Neuen Benchmarksatz, die Anpassungsspanne und etwaige Benchmark-Änderungen so bald nach deren Feststellung wie (nach Ansicht der Emittentin) praktikabel der Berechnungsstelle, der Hauptzahlstelle und gemäß § 13 den Gläubigern mitteilen. Eine solche Mitteilung ist unwiderruflich und hat den Stichtag zu benennen.

Der Neue Benchmarksatz, die Anpassungsspanne und etwaige Benchmark-Änderungen, die jeweils in der Mitteilung benannt werden, sind für die Emittentin, den Fiscal Agent, die Berechnungsstelle, die Zahlstellen und die Gläubiger bindend. Die Bedingungen gelten ab dem Stichtag als durch den Neuen Benchmarksatz, die

Benchmark Amendments with effect from the Effective Date.

In addition, the Issuer may request the common depositary on behalf of CBL and Euroclear to supplement or amend these Terms and Conditions to reflect the Benchmark Amendments by attaching the documents submitted to the Global Note. The New Benchmark Rate, the Adjustment Spread and the Benchmark Amendments (if any) will become effective in accordance with the preceding paragraph regardless of whether the documents so submitted are attached to the Global Note.

On the date of such notice, the Issuer shall deliver to the Principal Paying Agent a certificate signed by two authorized signatories of the Issuer:

- (i)
  - (I) confirming that a Benchmark Event has occurred;
  - (II) specifying the relevant New Benchmark Rate;
  - (III) specifying the applicable Adjustment Spread and the Benchmark Amendments (if any); and
  - (IV) specifying the Effective Date; and
- (ii) certifying that the Benchmark Amendments, if any, are necessary to ensure the proper operation of such relevant New Benchmark Rate and the applicable Adjustment Spread.

(f) *Definitions.* As used in this § 5(4):

Anpassungsspanne und die etwaigen Benchmark-Änderungen geändert.

Darüber hinaus kann die Emittentin die gemeinsame Verwahrstelle im Namen von CBL und Euroclear auffordern, diese Anleihebedingungen zu ergänzen oder zu ändern, um die Benchmark-Änderungen wiederzugeben, indem sie der Globalurkunde die vorgelegten Dokumente beifügt. Der Neue Benchmarksatz, die Anpassungsmarge und etwaige Benchmark-Änderungen werden gemäß dem vorangehenden Absatz wirksam, ohne dass es darauf ankommt, ob die so vorgelegten Dokumente der Globalurkunde beifügt werden.

Am Tag dieser Mitteilung hat die Emittentin dem Fiscal Agent eine durch zwei Unterschriftsberechtigte der Emittentin unterzeichnete Bescheinigung zu übergeben, die

- (i)
  - (I) bestätigt, dass ein Benchmark-Ereignis eingetreten ist;
  - (II) den Neuen Benchmarksatz benennt;
  - (III) die entsprechende Anpassungsmarge und etwaige Benchmark-Änderungen benennt; und
  - (IV) den Stichtag benennt; und
- (ii) bestätigt, dass die etwaigen Benchmark-Änderungen notwendig sind, um die ordnungsgemäße Anwendung des betreffenden Neuen Benchmarksatzes und der entsprechenden Anpassungsspanne zu gewährleisten.

(f) Definitionen. Zur Verwendung in § 5 Absatz (4):

The "**Adjustment Spread**", which may be positive, negative or zero, will be expressed in basis points and means either (a) the spread or (b) the result of the operation of the formula or methodology for calculating the spread,

- (i) which in the case of a Successor Benchmark Rate, is formally recommended in relation to the replacement of the Original Benchmark Rate with the Successor Benchmark Rate by any Relevant Nominating Body; or
- (ii) which (if no such recommendation has been made, or in the case of an Alternative Benchmark Rate) is applied to the New Benchmark Rate in international debt capital markets transactions to produce an industry-accepted replacement reference rate for the Original Benchmark Rate, provided that all determinations will be made by the Independent Adviser in its reasonable discretion.

**"Alternative Benchmark Rate"** means an alternative benchmark or screen rate which is customarily applied in international debt capital markets transactions for the purposes of determining rates of interest similar to the Original Benchmark Rate (or the relevant component part thereof) in the Specified Currency, provided that all determinations will be made by the Independent Adviser.

**"Benchmark Amendments"** has the meaning given to it in § 5(4)(d).

**"Benchmark Event"** means:

Die "**Anpassungsspanne**", die positiv, negativ oder gleich Null sein kann, wird in Basispunkten ausgedrückt und bezeichnet entweder (a) die Spanne oder (b) das Ergebnis der Anwendung der Formel oder Methode zur Berechnung der Spanne,

- (i) die im Fall eines Nachfolge-Benchmarksatzes von einem Nominierungsgremium im Zusammenhang mit der Ersetzung des Ursprünglichen Benchmarksatzes durch den Nachfolge-Benchmarksatz förmlich empfohlen wird; oder
- (ii) die (sofern keine Empfehlung abgegeben wurde oder im Fall eines Alternativ-Benchmarksatzes) bei internationalen Anleihekaptialmarkttransaktionen auf den Neuen Benchmarksatz angewendet wird, um einen branchenweit akzeptierten Ersatz-Benchmarksatz für den Ursprünglichen Benchmarksatz zu erzeugen, wobei sämtliche Feststellungen durch den Unabhängigen Berater nach billigem Ermessen vorgenommen werden.

**"Alternativ-Benchmarksatz"** bezeichnet eine alternative Benchmark oder einen alternativen Bildschirmsatz, die bzw. der üblicherweise bei internationalen Anleihekaptialmarkttransaktionen zur Bestimmung von Zinssätzen die dem Ursprünglichen Benchmarksatz entsprechen (oder dazugehörigen Zinskomponenten) in der Festgelegten Währung angewendet wird, wobei sämtliche Feststellungen durch den Unabhängigen Berater vorgenommen werden.

**"Benchmark-Änderungen"** hat die in § 5 Absatz (4)(d) festgelegte Bedeutung.

**"Benchmark-Ereignis"** bezeichnet:

- |   |  |
|---|--|
| <p>(i) the Original Benchmark Rate ceasing to be published on a regular basis or ceasing to exist; or</p>   | <p>(i) der Ursprüngliche Benchmarksatz wird nicht mehr regelmäßig veröffentlicht oder nicht fortgeführt; oder</p>  |
| <p>(ii) a public statement by the administrator of the Original Benchmark Rate that it has ceased or that it will cease publishing the Original Benchmark Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue the publication of the Original Benchmark Rate); or</p> | <p>(ii) eine öffentliche Bekanntmachung des Administrators des Ursprünglichen Benchmarksatzes dahingehend, dass dieser die Berechnung des Ursprünglichen Benchmarksatzes dauerhaft oder auf unbestimmte Zeit eingestellt hat oder einstellen wird (in Fällen, in denen kein Nachfolge-Administrator ernannt worden ist, der die Veröffentlichung des Ursprünglichen Benchmarksatzes fortführen wird); oder</p> |
| <p>(iii) a public statement by the supervisor of the administrator of the Original Benchmark Rate, that the Original Benchmark Rate has been or will be permanently or indefinitely discontinued; or</p>  | <p>(iii) eine öffentliche Bekanntmachung der Aufsichtsbehörde des Administrators des Ursprünglichen Benchmarksatzes dahingehend, dass der Ursprüngliche Benchmarksatz dauerhaft oder auf unbestimmte Zeit nicht mehr fortgeführt wird oder fortgeführt werden wird; oder</p>   |
| <p>(iv) a public statement by the supervisor of the administrator of the Original Benchmark Rate as a consequence of which the Original Benchmark Rate has been or will be prohibited from being used either generally, or in respect of the relevant Notes; or</p>   | <p>(iv) eine öffentliche Bekanntmachung der Aufsichtsbehörde des Administrators des Ursprünglichen Benchmarksatzes infolge deren der Ursprüngliche Benchmarksatz allgemein oder in Bezug auf die Schuldverschreibungen nicht mehr verwendet wird bzw. verwendet werden darf; oder</p>  |
| <p>(v) it has become unlawful for the Principal Paying Agent, the Calculation Agent, the Issuer or any other party to calculate or determine any Reset Reference Rate using the Original Benchmark Rate,</p>  | <p>(v) den Umstand, dass die Verwendung des Ursprünglichen Benchmarksatzes zur Berechnung oder Bestimmung des Referenzsatzes für die Zahlstelle, die Berechnungsstelle, die Emittentin oder jeden Dritten rechtswidrig geworden ist,</p>   |

provided that, for the purposes of (i) through (iii), a material alteration of the methodology used by the administrator or a public statement by the supervisor of the administrator of the Reset Reference Rate that the Reset Reference Rate is no longer representative of an underlying market on the Interest Commencement Date for the determination of the Original Benchmark Rate will be deemed as cessation and discontinuation, respectively, of the Original Benchmark Rate.

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

**"New Benchmark Rate"** means the Successor Benchmark Rate or, as the case may be, the Alternative Benchmark Rate.

**"Relevant Nominating Body"** means, in respect of the replacement of the Original Benchmark Rate:

- (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 (I) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, (II) any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable), (III) a group of the aforementioned central banks or other supervisory

wobei für die Zwecke von (i) bis (iii) eine wesentliche Änderung der bei Verzinsungsbeginn gültigen Methode für die Feststellung des Ursprünglichen Benchmarksatzes durch den Administrator oder eine öffentliche Stellungnahme der Aufsichtsbehörde des Administrators des Referenzsatzes dahingehend, dass der Referenzsatz nicht länger repräsentativ für den zugrundeliegenden Markt ist, der Einstellung bzw. Nichtfortführung des Ursprünglichen Benchmarksatzes gleichsteht.

**"Nachfolge-Benchmarksatz"** bezeichnet einen Nachfolger oder Ersatz des Ursprünglichen Benchmarksatzes, der durch das Nominierungsgremium förmlich empfohlen wurde.

**"Neuer Benchmarksatz"** bezeichnet den Nachfolge-Benchmarksatz bzw. Alternativ-Benchmarksatz.

**"Nominierungsgremium"** bezeichnet in Bezug auf die Ersetzung des Ursprünglichen Benchmarksatzes:

- (i) die Zentralbank für die Währung, in der die Benchmark oder der Bildschirmsatz dargestellt wird, oder eine Zentralbank oder andere Aufsichtsbehörde, die für die Aufsicht des Administrators der Benchmark oder des Bildschirmsatzes zuständig ist; oder
- (ii) jede Arbeitsgruppe oder jedes Komitee, die bzw. das von (I) der Zentralbank für die Währung in der die Benchmark oder der Bildschirmsatz dargestellt wird, (II) einer Zentralbank oder anderen Aufsichtsbehörde, die für die Aufsicht des Administrators der Benchmark oder des Bildschirmsatzes zuständig ist, (III) einer Gruppe der zuvor genannten Zentralbanken oder anderen Aufsichtsbehörden oder (IV) dem Finanzstabilitätsrat (Financial Stability Board) oder Teilen davon

authorities or (IV) the Financial Stability Board or any part thereof.

"**Effective Date**" has the meaning specified in § 5(4)(h).

"**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.

(g) Any adjustment to the Original Benchmark Rate in case of a Benchmark Event will be made only to the extent that no Rating Event would occur as a result of such adjustment.

(h) The effective date for the application of this § 5(4) (the "**Effective Date**") will be:

(i) if the Benchmark Event has occurred as a result of clause (i) of the definition of the term "**Benchmark Event**", the date of the occurrence of the Benchmark Event; or

(ii) if the Benchmark Event has occurred as a result of clause (ii), (iii) or (iv) of the definition of the term "Benchmark Event", the date of cessation of publication of the Original Benchmark Rate or of the discontinuation of the Original Benchmark Rate, as the case may be; or

(iii) if the Benchmark Event has occurred as a result of clause (v) of the definition of the term "Benchmark Event", the date from which the prohibition applies.

(i) If a Benchmark Event occurs in relation to any New Benchmark Rate, § 5(4) shall *apply mutatis mutandis* to the replacement of such New Benchmark Rate by any new Successor

gefördert, geführt oder mitgeführt oder gebildet wird.

"**Stichtag**" hat die in § 5 Absatz (4)(h) festgelegte Bedeutung.

"**Unabhängiger Berater**" bezeichnet ein von der Emittentin bestelltes unabhängiges Finanzinstitut mit internationalem Ansehen oder einen anderen unabhängigen Finanzberater mit Erfahrung in internationalen Kapitalmärkten.

(g) Eine Anpassung des Ursprünglichen Benchmarksatzes im Falle eines Benchmark-Ereignisses darf nur insoweit durchgeführt werden, als durch diese Anpassung kein Ratingereignis eintritt.

(h) Der Stichtag für die Anwendung dieses § 5 Absatz (4) (der "**Stichtag**") ist:

(i) der Tag des Eintritts des Benchmark-Ereignisses, wenn das Benchmark-Ereignis aufgrund des Absatzes (i) der Definition des Begriffs "**Benchmark-Ereignis**" eingetreten ist; oder

(ii) der Tag, an dem die Veröffentlichung des Ursprünglichen Benchmarksatzes eingestellt wird bzw. an dem der Ursprüngliche Benchmarksatz eingestellt wird, wenn das Benchmark-Ereignis aufgrund der Absätze (ii), (iii) oder (iv) der Definition des Begriffs "Benchmark-Ereignis" eingetreten ist; oder

(iii) der Tag, ab dem der Ursprüngliche Benchmarksatz nicht mehr verwendet werden darf, wenn das Benchmark-Ereignis aufgrund des Absatzes (v) der Definition des Begriffs "Benchmark-Ereignis" eingetreten ist.

(i) Wenn ein Benchmark-Ereignis in Bezug auf einen Neuen Benchmarksatz eintritt, gilt dieser § 5 Absatz (4) entsprechend für die Ersetzung des Neuen Benchmarksatzes durch einen neuen

Benchmark Rate or Alternative Benchmark Rate, as the case may be.

Nachfolge-Benchmarksatz bzw. Alternativ-Benchmarksatz.

(5) **Day Count Fraction.**

Where interest is to be calculated in respect of any period of time that is equal to or shorter than an Interest Period (the "**Calculation Period**"), the interest will be calculated on the basis of the actual number of days elapsed in such Calculation Period (from and including the day from which interest begins to accrue to but excluding the day on which it falls due), divided by the number of days in the Interest Period in which the Calculation Period falls (Act/Act (ICMA)) (including the first such day of the relevant Interest Period but excluding the last day of the relevant Interest Period).

(5) **Zinstagekoeffizient.**

Sind Zinsen für einen Zeitraum zu berechnen (der "**Zinsberechnungszeitraum**"), der kürzer als eine Zinsperiode ist oder einer Zinsperiode entspricht, so werden sie auf der Grundlage der tatsächlichen Anzahl der Tage in dem betreffenden Zinsberechnungszeitraum (ab dem ersten Tag, an dem Zinsen auflaufen (einschließlich) bis zu dem Tag, an dem die Zinsen fällig werden (ausschließlich)) berechnet, dividiert durch die Anzahl der Tage in der Zinsperiode, in die der betreffende Zinsberechnungszeitraum fällt (Act/Act (ICMA)) (einschließlich des ersten Tages der betreffenden Zinsperiode, aber ausschließlich des letzten Tages der betreffenden Zinsperiode).

(6) **Cessation of interest accrual.**

The Notes will cease to bear interest from the beginning of the day their principal amount is due for repayment. If the Issuer fails to make any payment of principal under the Notes when due, the Notes will cease to bear interest from the beginning of the day on which such payment is made. In such case the applicable rate of interest will be determined pursuant to this § 3(1).

(6) **Zinslaufende.**

Die Verzinsung der Schuldverschreibungen endet mit Beginn des Tages, an dem ihr Kapitalbetrag zur Rückzahlung fällig wird. Sollte die Emittentin eine Zahlung von Kapital auf die Schuldverschreibungen bei Fälligkeit nicht leisten, endet die Verzinsung der Schuldverschreibungen mit Beginn des Tages der tatsächlichen Zahlung. Der in einem solchen Fall jeweils anzuwendende Zinssatz wird gemäß § 3(1) bestimmt.

**§6**

**(Due date for interest payments; Deferral of interest payments; Payment of Arrears of Interest)**

(1) **Due date for interest payments; optional interest deferral.**

- (a) Interest which accrues during an Interest Period will be due and payable (*fällig*) on the relevant Interest Payment Date, unless the Issuer elects, by giving notice to the Noteholders not less than 10 Business Days prior the relevant Interest Payment Date in accordance with § 13, to defer the relevant payment of interest (in whole but not in part).

If the Issuer elects not to pay accrued interest on an Interest Payment Date, then it will not have any obligation to pay such

**§6**

**(Fälligkeit von Zinszahlungen; Aufschub von Zinszahlungen; Zahlung Aufgeschobener Zinszahlungen)**

(1) **Fälligkeit von Zinszahlungen; wahlweiser Zinsaufschub.**

- (a) Zinsen, die während einer Zinsperiode auflaufen, werden an dem betreffenden Zinszahlungstag fällig, sofern sich die Emittentin nicht durch eine Bekanntmachung an die Anleihegläubiger gemäß § 13 innerhalb einer Frist von nicht weniger als 10 Geschäftstagen vor dem betreffenden Zinszahlungstag dazu entscheidet, die betreffende Zinszahlung (insgesamt, jedoch nicht teilweise) auszusetzen.

Wenn sich die Emittentin an einem Zinszahlungstag zur Nichtzahlung aufgelaufener Zinsen entscheidet, dann ist sie

interest on such Interest Payment Date. Any such non-payment of interest will not constitute a default of the Issuer or any other breach of its obligations under the Notes or for any other purpose.

Interest not due and payable in accordance with this § 6(1)(a) will constitute arrears of interest ("**Arrears of Interest**").

- (b) Arrears of Interest will not bear interest.

(2) **Optional Settlement of Arrears of Interest.**

The Issuer or the Guarantor will be entitled to pay outstanding Arrears of Interest (in whole but not in part) at any time by giving notice to the Noteholders not less than 10 Business Days before such voluntary payment and specifying (i) the amount of Arrears of Interest to be paid and (ii) the date fixed for such payment.

(3) **Mandatory Payment of Arrears of Interest**

The Issuer must pay outstanding Arrears of Interest (in whole but not in part) on the earliest of the following calendar days (each a "**Mandatory Settlement Date**"):

- (a) the calendar day on which a dividend, other distribution or other payment was validly resolved on, declared, paid, or made in respect of Junior Obligations of the Guarantor, Parity Obligations of the Issuer or Parity Obligations of the Guarantor (except where such dividend, other distribution or payment was required in respect of employee share schemes);

nicht verpflichtet, an dem betreffenden Zinszahlungstag Zinsen zu zahlen. Eine Nichtzahlung von Zinsen aus diesem Grunde begründet keinen Verzug der Emittentin und keine anderweitige Verletzung ihrer Verpflichtungen aufgrund der Schuldverschreibungen oder für sonstige Zwecke.

Nach Maßgabe dieses § 6(1)(a) nicht fällig gewordene Zinsen sind aufgeschobene Zinszahlungen ("**Aufgeschobene Zinszahlungen**").

- (b) Aufgeschobene Zinszahlungen werden nicht verzinst.

(2) **Freiwillige Zahlung von Aufgeschobenen Zinszahlungen.**

Die Emittentin oder Garantin ist berechtigt, ausstehende Aufgeschobene Zinszahlungen jederzeit insgesamt, jedoch nicht teilweise nach Bekanntmachung an die Anleihegläubiger unter Einhaltung einer Frist von nicht weniger als 10 Geschäftstagen vor einer freiwilligen Zinszahlung, wobei eine solche Bekanntmachung (i) den Betrag an Aufgeschobenen Zinszahlungen, der gezahlt werden soll, und (ii) den für diese Zahlung festgelegten Termin enthalten muss.

(3) **Pflicht zur Zahlung von Aufgeschobenen Zinszahlungen**

Die Emittentin ist verpflichtet, Aufgeschobene Zinszahlungen insgesamt und nicht nur teilweise am ersten der folgenden Kalendertage zu zahlen (jeweils ein "**Pflichtnachzahlungstag**"):

- (a) am Kalendertag, an dem eine Dividende oder sonstige Ausschüttung oder sonstige Zahlung in Bezug auf Nachrangige Verbindlichkeiten der Garantin, Gleichrangige Verbindlichkeiten der Emittentin oder Gleichrangige Verbindlichkeiten der Garantin erklärt, beschlossen, gezahlt oder geleistet wurde (außer in dem Fall, dass die Dividende oder sonstige Ausschüttung oder Zahlung unter einem



Mitarbeiterbeteiligungsprogramm  
m erforderlich war);

- (b) the calendar day on which the Issuer, the Guarantor, a Subsidiary of the Issuer or a Subsidiary of the Guarantor has redeemed, repurchased or otherwise acquired Junior Obligations of the Issuer, Junior Obligations of the Guarantor, Parity Obligations of the Issuer or Parity Obligations of the Guarantor (except where such redemption or repurchase was mandatory under the terms of the instrument or required in respect of employee share schemes);

- (b) am Kalendertag, an dem die Emittentin, die Garantin, eine Tochtergesellschaft der Emittentin oder eine Tochtergesellschaft der Garantin Nachrangige Verbindlichkeiten der Emittentin, Nachrangige Verbindlichkeiten der Garantin, Gleichrangige Verbindlichkeiten der Emittentin oder Gleichrangige Verbindlichkeiten der Garantin zurückgekauft, zurückgezahlt oder anderweitig erworben hat (außer in dem Fall, dass die Rückzahlung oder der Rückkauf nach den Bedingungen des Instruments verpflichtend war oder unter einem Mitarbeiterbeteiligungsprogramm m erforderlich war);

- (c) the calendar day on which the Notes are redeemed;

- (c) am Kalendertag, an dem die Schuldverschreibungen zurückgezahlt wurden;

- (d) the next Interest Payment Date on which the Issuer pays interest on the Notes scheduled to be paid on such Interest Payment Date; or

- (d) am nächsten Zinszahlungstag, an dem die Emittentin Zinsen auf die Schuldverschreibungen zahlt; oder

- (e) the calendar day after an order is made for the winding-up, dissolution or liquidation of the Issuer or the Guarantor (other than for the purposes of or pursuant to an amalgamation, reorganization or restructuring while solvent, where the continuing entity assumes substantially all of the assets and obligations of the Issuer or Guarantor, as the case may be);

- (e) am Kalendertag, nach dem ein Beschluss zur Auflösung, Abwicklung oder Liquidation der Emittentin oder der Garantin ergangen ist (aber nur, wenn dies nicht für die Zwecke oder als Folge eines Zusammenschlusses, einer Umstrukturierung oder Sanierung geschieht und die Emittentin bzw. die Garantin noch zahlungsfähig sind und die übernehmende Gesellschaft im Wesentlichen alle Vermögenswerte und Verpflichtungen der Emittentin bzw. der Garantin übernimmt);

provided that

mit der Maßgabe, dass

- (x) in the cases (a) and (b) above no Mandatory Settlement Date occurs if the Issuer, the Guarantor or the relevant Subsidiary is obliged under the terms and conditions of such

- (x) in den vorgenannten Fällen (a) und (b) kein Pflichtnachzahlungstag vorliegt, wenn die Emittentin, die Garantin oder die betreffende Tochtergesellschaft nach Maßgabe der

parity or junior obligations to make such payment, such redemption, such repurchase or such other acquisition; and

Emissionsbedingungen der betreffenden gleichrangigen oder nachrangigen Verbindlichkeit zu der Zahlung, zu der Rückzahlung, zu dem Rückkauf oder zu dem anderweitigen Erwerb verpflichtet ist; und

- (y) in the case (b) above no Mandatory Settlement Date occurs if the Issuer, the Guarantor or the relevant Subsidiary repurchases or otherwise acquires any Parity Obligations of the Issuer or Parity Obligations of the Guarantor in whole or in part in a public tender offer or public exchange offer at a purchase price per Parity Obligation below its par value.

- (y) im vorgenannten Fall (b) kein Pflichtnachzahlungstag vorliegt, wenn die Emittentin, die Garantin oder die betreffende Tochtergesellschaft Gleichrangige Verbindlichkeiten der Emittentin oder Gleichrangige Verbindlichkeiten der Garantin nach einem öffentlichen Rückkaufangebot oder öffentlichen Umtauschangebot zu einem unter dem Nennwert je Gleichrangiger Verbindlichkeit liegenden Kaufpreis zurückkauft oder anderweitig erwirbt.

## §7

### (Redemption and Repurchase)

#### (1) No Scheduled Redemption.

The Notes have no final maturity date and shall not be redeemed except in accordance with the provisions set out in this § 7.

#### (2) Repurchase.

Subject to applicable laws, the Issuer, the Guarantor or any Subsidiary of the Guarantor may at any time purchase Notes in the open market or otherwise and at any price. Such acquired Notes may be cancelled, held or resold.

## §7

### (Rückzahlung und Rückkauf)

#### (1) Keine Endfälligkeit.

Die Schuldverschreibungen haben keinen Endfälligkeitstag und werden, außer gemäß den Bestimmungen in diesem § 7, nicht zurückgezahlt.

#### (2) Rückkauf.

Die Emittentin, die Garantin oder eine Tochtergesellschaft der Garantin kann, soweit gesetzlich zulässig, jederzeit Schuldverschreibungen auf dem freien Markt oder anderweitig sowie zu jedem beliebigen Preis kaufen. Derartig erworbene Schuldverschreibungen können entwertet, gehalten oder wieder veräußert werden.

(3) **Redemption at the Option of the Issuer and in Case of Minimum Outstanding Aggregate Principal Amount.**

(a) The Issuer may, upon giving not less than 20 nor more than 40 Business Days' notice pursuant to § 13 call the Notes for redemption (in whole but not in part) for the first time with effect as of the First Call Date and subsequently with effect as of each Interest Payment Date thereafter. In this case the Issuer shall redeem each Note at its Principal Amount plus accrued and unpaid interest and any Arrears of Interest on the redemption date specified in the notice.

(b) The Issuer may, upon giving not less than 20 nor more than 40 Business Days' notice pursuant to § 13, call the Notes for redemption (in whole but not in part) at any time if at least 80 per cent. of the originally issued aggregate principal amount of the Notes have been redeemed or purchased and cancelled. In this case the Issuer shall redeem each Note at its Principal Amount plus accrued and unpaid interest and any Arrears of Interest on the redemption date specified in the notice.

(4) **Other Special Redemption Events.**

The Issuer may upon giving not less than 20 nor more than 40 Business Days' notice pursuant to § 13, call the Notes for redemption (in whole but not in part) at any time if any of the special events as set forth below has occurred. In this case the Issuer shall redeem each Note at the Early

(3) **Rückzahlung nach Wahl der Emittentin und bei geringem ausstehendem Gesamtnennbetrag.**

(a) Die Emittentin ist berechtigt, durch Bekanntmachung gemäß § 13 unter Einhaltung einer Frist von nicht weniger als 20 und nicht mehr als 40 Geschäftstagen, die Schuldverschreibungen (insgesamt und nicht nur teilweise) erstmals mit Wirkung zum Ersten Kündigungstag, und danach mit Wirkung zu jedem nachfolgenden Zinszahlungstag zu kündigen. Im Falle einer solchen Kündigung ist die Emittentin verpflichtet, jede Schuldverschreibung an dem in der Bekanntmachung festgelegten Rückzahlungstag zu ihrem Nennbetrag zuzüglich aufgelaufener aber noch nicht bezahlter Zinsbeträge sowie Aufgeschobener Zinszahlungen zurückzuzahlen.

(b) Die Emittentin ist berechtigt, durch Bekanntmachung gemäß § 13 unter Einhaltung einer Frist von nicht weniger als 20 und nicht mehr als 40 Geschäftstagen, die Schuldverschreibungen (insgesamt und nicht nur teilweise) jederzeit zu kündigen, falls mindestens 80 % des ursprünglich begebenen Gesamtnennbetrages der Schuldverschreibungen zurückgezahlt oder erworben und eingezogen worden sind. Im Falle einer solchen Kündigung ist die Emittentin verpflichtet, jede Schuldverschreibung an dem in der Bekanntmachung festgelegten Rückzahlungstag zu ihrem Nennbetrag zuzüglich aufgelaufener aber noch nicht bezahlter Zinsbeträge sowie Aufgeschobener Zinszahlungen zurückzuzahlen.

(4) **Besondere Rückzahlungsereignisse.**

Die Emittentin ist berechtigt, durch Bekanntmachung gemäß § 13 unter Einhaltung einer Frist von nicht weniger als 20 und nicht mehr als 40 Geschäftstagen, die Schuldverschreibungen (insgesamt und nicht nur teilweise) jederzeit zu kündigen,

Redemption Amount on the redemption date specified in the notice. The notice shall set forth the underlying facts of the Issuer's right to early redemption and specify the redemption date:

- (a) If (i)(A) any Rating Agency publishes a change in hybrid capital methodology or the interpretation thereof, as a result of which change the Notes would no longer be eligible for the same or a higher category of "equity credit" or such similar nomenclature as may be used by that Rating Agency from time to time to describe the degree to which the terms of an instrument are supportive of the Guarantor's senior obligations, attributed to the Notes at the Issue Date (a "**Loss in Equity Credit**"), or (B) the Issuer has received, and has provided the Principal Paying Agent with a copy of, a written confirmation from any Rating Agency that due to a change in hybrid capital methodology or the interpretation thereof, a Loss in Equity Credit occurred (the events described in (A) and (B) each a "**Rating Event**") and (ii) the Issuer has given notice to the Noteholders in accordance with § 13 of such Rating Event prior to giving the notice of redemption referred to above.

**"Rating Agency"** means each of Moody's and S&P, where **"Moody's"** means Moody's Investors Services Limited or any of its successors, and **"S&P"** means Standard & Poor's Rating Services, a division of the McGraw-Hill Companies, Inc.,

falls eines der folgenden besonderen Ereignisse eingetreten ist. Im Falle einer solchen Kündigung ist die Emittentin verpflichtet, jede Schuldverschreibung an dem in der Bekanntmachung festgelegten Rückzahlungstag zu ihrem Vorzeitigen Rückzahlungsbetrag zurückzuzahlen. Die Bekanntmachung hat den Grund der vorzeitigen Rückzahlung und den Rückzahlungstag anzugeben:

- (a) Falls (i)(A) eine Ratingagentur eine Veränderung in der Methodologie für Hybridkapital oder der Interpretation dieser Methodologie veröffentlicht, wodurch die Schuldverschreibungen nicht mehr länger in derselben oder einer höheren Kategorie von Eigenkapital (oder eine vergleichbare Beschreibung, die von der Ratingagentur in Zukunft genutzt wird, um zu beschreiben in wie weit die Bedingungen eines Instruments die vorrangigen Verbindlichkeiten der Garantin unterstützen) wie am Ausgabetag einzuordnen sind (ein "**Verlust der Eigenkapitalzuordnung**"), oder (B) die Emittentin hat eine schriftliche Bestätigung von einer Ratingagentur erhalten und hat diese an die Hauptzahlstelle in Kopie weitergegeben, welche besagt, dass aufgrund einer Änderung der Methodologie für Hybridkapital oder der Interpretation dieser Methodologie, ein Verlust der Eigenkapitalzuordnung erfolgt ist (die Ereignisse unter (A) und (B) jeweils ein "**Ratingereignis**") und (ii) die Emittentin die Anleihegläubiger über das Ratingereignis gemäß § 13 informiert hat, bevor die Mitteilung der Rückzahlung (wie oben beschrieben) bekanntgemacht wurde.

**"Ratingagentur"** bezeichnet jeweils Moody's und S&P, wobei **"Moody's"** Moody's Investors Services Limited oder eine ihrer Nachfolgegesellschaften bezeichnet und **"S&P"** Standard & Poor's Rating Services, eine Abteilung der McGraw-Hill Companies, Inc. oder eine ihrer

or any of its subsidiaries or successors.	Tochter- oder Nachfolgesellschaften bezeichnet.
(b) A recognized accountancy firm, acting upon instructions of the Issuer or Guarantor, has delivered a letter or report to the Issuer or Guarantor, stating that as a result of a change in accounting principles (or the application thereof) since the Interest Commencement Date (" <b>Issue Date</b> "), the Notes may not or may no longer be recorded as "equity" in the audited annual or the semi-annual consolidated financial statements of the Guarantor pursuant to the International Financial Reporting Standards (" <b>IFRS</b> ") or any other accounting standards that may replace IFRS for the purposes of preparing the annual consolidated financial statements of the Guarantor (an " <b>Accounting Event</b> ").	(b) Eine anerkannte Wirtschaftsprüfungsgesellschaft, die im Auftrag der Emittentin oder der Garantin handelt, hat der Emittentin oder der Garantin einen Brief oder ein Gutachten übermittelt, wonach aufgrund einer Änderung der Rechnungslegungsgrundsätze (oder deren Auslegung) seit dem Zinslaufbeginn (der " <b>Ausgabetag</b> ") die Schuldverschreibungen nicht oder nicht mehr als "Eigenkapital" in den konsolidierten Jahres- oder Halbjahresabschlüssen der Garantin gemäß den International Financial Reporting Standards (" <b>IFRS</b> ") bzw. anderen Rechnungslegungsstandards, die die Garantin für die Erstellung ihrer konsolidierten Jahresabschlüsse anstelle der IFRS anwenden kann, ausgewiesen werden dürfen (ein " <b>Rechnungslegungsergebnis</b> ").
(c) An opinion of a recognized law firm of international standing has been delivered to the Issuer or Guarantor after the Issue Date, stating that by reason of a change in German or Dutch law or regulation, or any change in the official application or interpretation of such law the tax regime of any payments under the Notes is modified and such modification results in payments of interest payable by the Issuer or the Guarantor in respect of the Notes being no longer deductible for corporate income tax purposes in whole or in part; and such risk cannot be avoided by the Issuer taking reasonable measures available to it (a " <b>Tax Deductibility Event</b> ").	(c) Erhalt durch die Emittentin oder die Garantin eines Gutachtens einer international anerkannten Rechtsanwaltskanzlei, aus dem hervorgeht, dass nach dem Ausgabetag als Folge einer Änderung von deutschem oder niederländischen Recht oder dessen offizieller Auslegung oder Anwendung die steuerliche Behandlung von Zinszahlungen, die von der Emittentin oder der Garantin in Bezug auf die Schuldverschreibungen zahlbar sind, dergestalt geändert wurde, dass sie nicht mehr für die Zwecke der Körperschaftssteuer ganz oder teilweise abzugsfähig sind; und die Emittentin dieses Risiko nicht durch das Ergreifen zumutbarer Maßnahmen vermeiden kann (ein " <b>Steuerereignis</b> ").
(d) If, by reason of any change in German or Dutch law or published regulations becoming effective after the Issue Date, the Issuer or the Guarantor would	(d) Falls die Emittentin oder die Garantin als Folge einer Änderung nach dem Ausgabetag von deutschen oder niederländischen Gesetzen oder

have to pay Additional Amounts, provided that the payment obligation cannot be avoided by the Issuer taking such reasonable measures it (acting in good faith) deems appropriate (a "**Gross-up Event**").

The "**Early Redemption Amount**" shall be equal to 101 per cent. of the Principal Amount plus accrued and unpaid interest and any Arrears of Interest in the case of a Rating Event, Accounting Event or Tax Deductibility Event, and 100 per cent. of the Principal Amount plus accrued and unpaid interest and any Arrears of Interest in the case of a Gross-Up Event.

#### §8 (Payments)

- (1) The Issuer undertakes to pay, as and when due, principal and interest on the Notes in euro. Payment of principal and interest on the Notes will be made, subject to applicable fiscal and other laws and regulations, through the Principal Paying Agent for on-payment to the Clearing System or to its order for credit to the respective account holders. Payments to the Clearing System or to its order will to the extent of amounts so paid constitute the discharge of the Issuer from its corresponding liabilities under the Notes. Any reference in these Terms and Conditions of the Notes to principal or interest will be deemed to include any Additional Amounts as set forth in § 9.
- (2) If the due date for any payment of principal and/or interest is not a Business Day, payment will be effected only on the next Business Day. The Noteholders will have no right to claim payment of any interest or other indemnity in respect of such delay in payment.

veröffentlichten Vorschriften verpflichtet ist, Zusätzliche Beträge zu zahlen, allerdings nur soweit die Emittentin oder Garantin die Zahlungsverpflichtung nicht durch das Ergreifen zumutbarer Maßnahmen vermeiden kann, die sie nach Treu und Glauben für angemessen hält (ein "**Gross-up Ereignis**").

Der "**Vorzeitige Rückzahlungsbetrag**" bezeichnet 101% des Nennbetrages zuzüglich aufgelaufener aber noch nicht bezahlter Zinsbeträge sowie Aufgeschobener Zinszahlungen im Falle eines Ratingereignisses, eines Rechnungslegungsereignisses oder eines Steuerereignisses und 100% des Nennbetrages zuzüglich aufgelaufener aber noch nicht bezahlter Zinsbeträge sowie Aufgeschobener Zinszahlungen im Falle eines Gross-Up Ereignisses.

#### §8 (Zahlungen)

- (1) Die Emittentin verpflichtet sich, Kapital und Zinsen auf die Schuldverschreibungen bei Fälligkeit in Euro zu zahlen. Die Zahlung von Kapital und Zinsen auf die Schuldverschreibungen erfolgt, vorbehaltlich geltender steuerrechtlicher und sonstiger gesetzlicher Regelungen und Vorschriften, über die Hauptzahlstelle zur Weiterleitung an das Clearingsystem oder nach dessen Weisung zur Gutschrift für die jeweiligen Kontoinhaber. Die Zahlung an das Clearingsystem oder nach dessen Weisung befreit die Emittentin in Höhe der geleisteten Zahlung von ihren entsprechenden Verbindlichkeiten aus den Schuldverschreibungen. Eine Bezugnahme in diesen Anleihebedingungen auf Kapital oder Zinsen der Schuldverschreibungen schließt jegliche Zusätzlichen Beträge gemäß § 9 ein.
- (2) Falls ein Fälligkeitstag für die Zahlung von Kapital und/oder Zinsen kein Geschäftstag ist, erfolgt die Zahlung erst am nächstfolgenden Geschäftstag; die Anleihegläubiger sind nicht berechtigt, Zinsen oder eine andere Entschädigung wegen eines solchen Zahlungsaufschubs zu verlangen.

**§9**  
**(Taxation)**

All payments of principal and interest in respect of the Notes by the Issuer or (as the case may be) the Guarantor under the Guarantee will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of the Netherlands or the Federal Republic of Germany or, in each case, any authority therein or thereof having power to tax, unless the Issuer or the Guarantor is required by law to make such withholding or deduction of such taxes, duties, assessments or governmental charges. In that event, the Issuer or, as the case may be, the Guarantor will pay such additional amounts ("**Additional Amounts**") as may be necessary in order that the net amounts received by the Noteholders after such withholding or deduction shall equal the respective amounts of principal and interest which would have been received in respect of the Notes 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 otherwise than by withholding or deduction from amounts payable; or
- (b) are payable by reason of the Noteholder having, or having had, some personal or business connection with the Netherlands or the Federal Republic of 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 the Federal Republic of Germany; or
- (c) are to be withheld or deducted pursuant to (i) any European Union Directive or Regulation concerning the taxation of interest income, or (ii) any international treaty, agreement or understanding relating to such taxation and to which Issuer's country of domicile for tax purposes or the Guarantor's country of domicile for tax purposes or the European Union is a party, or (iii) any provision of law implementing, or complying with, or introduced to conform with, such

**§9**  
**(Besteuerung)**

Sämtliche auf die Schuldverschreibungen zu zahlenden Beträge von Kapital oder Zinsen sind ohne Einbehalt oder Abzug von oder aufgrund von gegenwärtigen oder zukünftiger Steuern, sonstigen Abgaben oder behördlicher Gebühren gleich welcher Art durch die Emittentin oder gegebenenfalls die Garantin unter der Garantie zu leisten, die von oder in den Niederlanden oder der Bundesrepublik Deutschland oder für deren Rechnung oder von oder für Rechnung einer Gebietskörperschaft oder Steuerbehörde der oder in den Niederlanden oder der Bundesrepublik Deutschland auferlegt oder erhoben werden, es sei denn, die Emittentin oder die Garantin ist gesetzlich verpflichtet, einen solchen Einbehalt oder Abzug vorzunehmen. In diesem Fall wird die Emittentin oder die Garantin diejenigen zusätzlichen Beträge (die "**Zusätzlichen Beträge**") zahlen, die erforderlich sind, damit die den Anleihegläubigern zufließenden Nettobeträge nach diesem Einbehalt oder Abzug jeweils den Beträgen entsprechen, die ohne einen solchen Einbehalt oder Abzug von den Inhabern der Schuldverschreibungen empfangen worden wären; die Verpflichtung zur Zahlung solcher zusätzlicher Beträge besteht jedoch nicht im Hinblick auf Steuern und Abgaben, die:

- (a) auf andere Weise als durch Einbehalt oder Abzug von zahlbaren Beträgen zu entrichten sind; oder
- (b) wegen einer gegenwärtigen oder früheren persönlichen oder geschäftlichen Beziehung des Anleihegläubigers zu den Niederlanden oder der Bundesrepublik Deutschland zu zahlen sind, und nicht allein deshalb, weil Zahlungen auf die Schuldverschreibungen aus Quellen in den Niederlanden oder der Bundesrepublik 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 oder (ii) einer zwischenstaatlichen Vereinbarung, eines zwischenstaatlichen Abkommens oder einer zwischenstaatlichen Verständigung über deren Besteuerung, an der der Staat, in dem die Emittentin steuerlich ansässig ist bzw. der Staat, in dem die Garantin steuerlich ansässig ist oder die Europäische Union beteiligt ist, oder (iii) einer gesetzlichen Vorschrift, die diese

Directive, Regulation, treaty, agreement or understanding; or

Richtlinie, Verordnung, Vereinbarung, Verständigung oder dieses Abkommen umgesetzt oder befolgt, abgezogen oder einzubehalten sind; oder

(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, if later, is duly provided for and notice thereof is published in accordance with § 13;

(d) aufgrund einer Rechtsänderung zu zahlen sind, welche 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;

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

(e) von einer Zahlstelle abgezogen oder einbehalten werden, wenn eine andere Zahlstelle die Zahlung ohne einen solchen Abzug oder Einbehalt hätte leisten können; oder

(f) are payable by reason of the Dutch Withholding Tax Act 2021 (Wet bronbelasting 2021).

(f) aufgrund des Niederländischen Quellensteuergesetzes 2021 (Wet bronbelasting 2021) zahlbar sind.

Notwithstanding anything to the contrary in these Terms and Conditions, the Issuer shall be permitted to withhold or deduct any amounts required by Sections 1471 to 1474 ("FATCA") of the U.S. Internal Revenue Code of 1986, any treaty, law, regulation or other official guidance implementing FATCA, or any agreement (or related guidance) between the Issuer, a paying agent or any other person and the United States, any other jurisdiction, or any authority of any of the foregoing implementing FATCA and none of the Issuer, any paying agent or any other person shall be required to pay any additional amounts with respect to any FATCA withholding or deduction imposed on or with respect to any Note.

Ungeachtet anders lautender Bestimmungen in den Anleihebedingungen, kann die Emittentin sämtliche Beträge einbehalten oder abziehen, die nach §§ 1471 - 1474 ("FATCA") des US-amerikanischen Steuergesetzes von 1986 (*U.S. Internal Revenue Code of 1986*) anfallen oder nach einem Vertrag, einem Gesetz, einer Verordnung oder sonstigen offiziellen Leitlinien, die FATCA umsetzen, oder nach einer Vereinbarung (oder damit verbundenen Leitlinien) zwischen der Emittentin, der Zahlstelle oder einer anderen Person und den Vereinigten Staaten, einer anderen Jurisdiktion, oder einer Behörde der Vorgenannten, die FATCA umsetzen, und weder die Emittentin, eine Zahlstelle oder eine andere Person ist verpflichtet, zusätzliche Beträge hinsichtlich eines FATCA-Einbehalts oder – Abzugs zu zahlen, der bezüglich der Schuldverschreibungen auferlegt wurde oder hinsichtlich dieser anfällt.

## **§10**

### **(Presentation Period, Prescription)**

The period for presentation of the Notes will be reduced to 10 years. The period of limitation for all claims (including claims for interest payment and repayment, if any) under the Notes presented during the period for presentation will be two years calculated from the expiration of the relevant presentation period.

## **§10**

### **(Vorlegungsfrist, Verjährung)**

Die Vorlegungsfrist der Schuldverschreibungen wird auf zehn Jahre reduziert. Die Verjährungsfrist für alle Ansprüche (inklusive Ansprüche auf Zinszahlungen und gegebenenfalls Rückzahlung) aus den Schuldverschreibungen, die innerhalb der Vorlegungsfrist zur Zahlung vorgelegt wurden, beträgt zwei Jahre von dem Ende der betreffenden Vorlegungsfrist an.

## **§11**

### **(Paying and Calculation Agent)**

## **§11**

### **(Zahlstellen und Berechnungsstelle)**



(1) **Appointment.**

The Issuer has appointed Citibank, N.A., London Branch as principal paying agent with respect to the Notes (the "**Principal Paying Agent**" and, together with any additional paying agent appointed by the Issuer in accordance with § 11(2), the "**Paying Agents**").

The Issuer has appointed Citibank, N.A., London Branch as calculation agent with respect to the Notes (the "**Calculation Agent**" and, together with the Paying Agents, the "**Agents**").

The addresses of the specified offices of the Agents are:

**Principal Paying Agent:**

Citibank, N.A., London Branch  
Citigroup Centre  
Canada Square, Canary Wharf  
London E14 5LB  
United Kingdom

**Calculation Agent:**

Citibank, N.A., London Branch  
Citigroup Centre  
Canada Square, Canary Wharf  
London E14 5LB  
United Kingdom

(2) **Variation or Termination of Appointment.**

The Issuer reserves the right at any time to vary or terminate the appointment of any Paying Agent and to appoint successor or additional Paying Agents. Notice of any change in the Paying Agents or in the specified office of any Paying Agent will promptly be given to the Noteholders pursuant to § 13.

(3) **Status of the Agents.**

The Paying Agents and the Calculation Agent act solely as agents of the Issuer and do not assume any obligations towards or relationship of contract, agency or trust for or with any of the Noteholders.

(1) **Bestellung.**

Die Emittentin hat Citibank, N.A., London Branch als Hauptzahlstelle in Bezug auf die Schuldverschreibungen (die "**Hauptzahlstelle**" und gemeinsam mit jeder etwaigen von der Emittentin nach § 11(2) bestellten zusätzlichen Zahlstelle, die "**Zahlstellen**") bestellt.

Die Emittentin hat Citibank, N.A., London Branch als Berechnungsstelle in Bezug auf die Schuldverschreibungen (die "**Berechnungsstelle**" und, gemeinsam mit den Zahlstellen, die "**Verwaltungsstellen**") bestellt.

Die Geschäftsräume der Verwaltungsstellen befinden sich unter den folgenden Adressen:

**Hauptzahlstelle:**

Citibank, N.A., London Branch  
Citigroup Centre  
Canada Square, Canary Wharf  
London E14 5LB  
Vereinigtes Königreich

**Berechnungsstelle:**

Citibank, N.A., London Branch  
Citigroup Centre  
Canada Square, Canary Wharf  
London E14 5LB  
Vereinigtes Königreich

(2) **Änderung oder Beendigung der Bestellung.**

Die Emittentin behält sich das Recht vor, jederzeit die Benennung einer Zahlstelle zu verändern oder zu beenden und Nachfolger bzw. zusätzliche Zahlstellen zu ernennen. Den Anleihegläubigern werden Änderungen in Bezug auf die Zahlstellen, deren angegebenen Geschäftsstellen umgehend gemäß § 13 bekannt gemacht.

(3) **Status der beauftragten Stellen.**

Die Zahlstellen und die Berechnungsstelle handeln ausschließlich als Vertreter der Emittentin und übernehmen keine Verpflichtungen gegenüber den Anleihegläubigern; es wird kein Vertrags-, Auftrags- oder Treuhandverhältnis zwischen ihnen und den Anleihegläubigern begründet.

**§12**  
**(Further Issues)**

The Issuer may from time to time, without the consent of the Noteholders, create and issue further Notes having the same terms and conditions as the Notes in all respects (except for the first payment of interest) so as to form a single series with the Notes.

**§13**  
**(Notices)**

**(1) Notices Published on [www.bourse.lu](http://www.bourse.lu).**

All notices regarding the Notes will be published (so long as any of the Notes is listed on the Luxembourg Stock Exchange) on the website of the Luxembourg Stock Exchange on [www.bourse.lu](http://www.bourse.lu). Any notice will become effective for all purposes on the date of the first such publication.

**(2) Notices delivered to the Clearing System.**

The Issuer will also be entitled to deliver all notices concerning the Notes to the Clearing System for communication by the Clearing System to the Noteholders. A notice will have been deemed to have been given to Noteholders if such notice is sent to the Clearing Systems for publication to Noteholders.

**§14**  
**(Substitution)**

**(1) Substitution.**

The Issuer may at any time, without the consent of the Noteholders, substitute for itself any majority-owned subsidiary of the Guarantor whose primary purpose is to raise financing for the Guarantor and other group entities as new debtor (the "**New Debtor**") in respect of all obligations arising under or in connection with the Notes, with the effect of releasing the Issuer of all such obligations, if:

**§12**  
**(Weitere Emissionen)**

Die Emittentin kann ohne Zustimmung der Anleihegläubiger weitere Schuldverschreibungen begeben, die in jeder Hinsicht (mit Ausnahme der ersten Zinszahlung) die gleichen Bedingungen wie die Schuldverschreibungen haben und die zusammen mit den Schuldverschreibungen eine einzige Anleihe bilden.

**§13**  
**(Bekanntmachungen)**

**(1) Bekanntmachungen auf [www.bourse.lu](http://www.bourse.lu).**

Alle Bekanntmachungen, die die Schuldverschreibungen betreffen, werden (solange eine der Schuldverschreibungen an der Luxemburger Wertpapierbörse notiert ist) auf der Internet-Seite der Luxemburger Börse unter [www.bourse.lu](http://www.bourse.lu) veröffentlicht. Für das Datum und die Rechtswirksamkeit sämtlicher Bekanntmachungen ist die erste Veröffentlichung maßgeblich.

**(2) Mitteilungen, die an das Clearingsystem weitergeleitet werden.**

Die Emittentin ist ferner berechtigt, alle die Schuldverschreibungen betreffenden Mitteilungen an das Clearingsystem zur Weiterleitung an die Anleihegläubiger zu übermitteln. Eine Nachricht gilt als an die Anleihegläubiger übermittelt, wenn sie an die Clearingsysteme zur Veröffentlichung für die Anleihegläubiger gesendet wurde.

**§14**  
**(Ersetzung)**

**(1) Ersetzung.**

Die Emittentin ist jederzeit berechtigt, ohne Zustimmung der Anleihegläubiger eine Tochtergesellschaft im Mehrheitsbesitz der Garantin, deren vorrangiger Zweck die Beschaffung von Kapital für die Garantin und andere Konzerngesellschaften ist, als neue Anleiheschuldnerin für alle sich aus oder im Zusammenhang mit den Schuldverschreibungen ergebenden Verpflichtungen mit Schuld befreiender Wirkung für die Emittentin an die Stelle der Emittentin zu setzen (die "**Neue Anleiheschuldnerin**"), sofern:

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|---|--|
| <p>(a) the Issuer is not in default in respect of any amount payable under any of the Notes;</p>  | <p>(a) die Emittentin nicht mit irgendwelchen auf die Schuldverschreibungen zahlbaren Beträgen in Verzug ist;</p>  |
| <p>(b) the New Debtor assumes all obligations of the Issuer in respect of the Notes;</p>  | <p>(b) die Neue Anleiheschuldnerin alle Verpflichtungen der Emittentin in Bezug auf die Schuldverschreibungen übernimmt;</p>   |
| <p>(c) the New Debtor and the Issuer have obtained all authorizations and approvals necessary for the substitution and the fulfillment of the obligations under or in connection with the Notes;</p>  | <p>(c) die Neue Anleiheschuldnerin und die Emittentin sämtliche für die Schuldnerersetzung und die Erfüllung der Verpflichtungen aus oder im Zusammenhang mit den Schuldverschreibungen erforderlichen Genehmigungen und Zustimmungen erhalten hat;</p>  |
| <p>(d) the New Debtor has obtained all necessary governmental authorizations and may transfer to the Paying Agent in the currency required hereunder and without being obligated to deduct or withhold any taxes or other duties of whatever nature imposed, levied or deducted by the country (or countries) in which the New Debtor has its domicile or tax residence all amounts required for the performance of the payment obligations arising from or in connection with the Notes;</p> | <p>(d) die Neue Anleiheschuldnerin alle behördlichen Genehmigungen erhalten hat und berechtigt ist, an die Zahlstelle die zur Erfüllung der Zahlungsverpflichtungen auf die Schuldverschreibungen zu zahlenden Beträge in der hierin festgelegten Währung zu zahlen, und zwar ohne Abzug oder Einbehalt von Steuern oder sonstigen Abgaben jedweder Art, die von dem Land (oder den Ländern), in dem (in denen) die Neue Anleiheschuldnerin ihren Sitz oder Steuersitz hat, auferlegt, erhoben oder eingezogen werden;</p> |
| <p>(e) the New Debtor has agreed to indemnify the Noteholders against such taxes, duties or governmental charges as may be imposed on the Noteholders in connection with the substitution;</p>  | <p>(e) die Neue Anleiheschuldnerin sich verpflichtet hat, die Anleihegläubiger hinsichtlich solcher Steuern, Abgaben oder behördlicher Gebühren freizustellen, die den Anleihegläubigern bezüglich der Ersetzung auferlegt werden;</p>   |
| <p>(f) each stock exchange on which the Notes are listed shall have confirmed that, following the proposed substitution of the New Debtor, such Notes will continue to be listed on such stock exchange; and</p>  | <p>(f) jede Wertpapierbörse, an der die Schuldverschreibungen zugelassen sind, bestätigt hat, dass nach der vorgesehenen Ersetzung durch die Neue Anleiheschuldnerin diese Schuldverschreibungen weiterhin an dieser Wertpapierbörse zugelassen sind; und</p>  |
| <p>(g) no event would occur as a result of the substitution that would give rise to the right of the New</p>  | <p>(g) aufgrund der Ersetzung kein Ereignis eintreten würde, welches die Neue Anleiheschuldnerin dazu berechtigen würde, die Schuldverschreibungen gemäß</p>   |

Debtor to call the Notes for redemption pursuant to § 7(4).

§ 7(4) zu kündigen und zurückzuzahlen.

(2) **References.**

In the event of a substitution pursuant to § 14(1), any reference in these Terms and Conditions to the Issuer will be a reference to the New Debtor and any reference to the Netherlands will be a reference to the New Debtor's country (countries) of domicile for tax purposes.

(2) **Bezugnahmen.**

Im Fall einer Schuldnerersetzung gemäß § 14(1) gilt jede Bezugnahme in diesen Anleihebedingungen auf die Emittentin als eine solche auf die Neue Anleiheschuldnerin und jede Bezugnahme auf die Niederlande als eine solche auf den Staat (die Staaten), in welchem die Neue Anleiheschuldnerin steuerlich ansässig ist.

(3) **Notice and Effectiveness of Substitution.**

Notice of any substitution of the Issuer will be given by publication in accordance with § 13. Upon such publication, the substitution will become effective, and the Issuer and in the event of a repeated application of this § 14, any previous New Debtor will be discharged from any and all obligations under the Notes.

(3) **Bekanntmachung und Wirksamwerden der Ersetzung.**

Die Ersetzung der Emittentin ist gemäß § 13 bekannt zu machen. Mit der Bekanntmachung der Ersetzung wird die Ersetzung wirksam und die Emittentin und, im Falle einer wiederholten Anwendung dieses § 14, jede frühere Neue Anleiheschuldnerin von ihren sämtlichen Verbindlichkeiten aus den Schuldverschreibungen frei.

**§15  
(Enforcement)**

(1) If the Issuer fails to pay any interest or principal on the Notes when due, each Noteholder may institute legal proceedings to enforce payment of the amounts due or file an application for the institution of insolvency proceedings for the assets of the Issuer.

(2) Any Noteholder may, by notice in text form addressed to the Issuer and the Principal Paying Agent, declare its Notes due and payable, whereupon such Notes shall become immediately due and payable at their Principal Amount plus any interest accrued on such Notes to but excluding the date of redemption but yet unpaid and, for the avoidance of doubt, any Arrears of Interest due to be paid pursuant to § 6(3) without further action or formality, if an order is made for the winding up, dissolution or liquidation of the Issuer (other than for the purposes of or pursuant to an amalgamation, reorganisation or restructuring whilst solvent, where the continuing entity assumes substantially all of the assets and obligations of the Issuer).

**§15  
(Durchsetzung)**

(1) Falls die Emittentin Zinsen oder Kapital auf die Schuldverschreibungen bei Fälligkeit nicht oder nicht rechtzeitig zahlt, ist jeder Anleihegläubiger berechtigt, rechtliche Schritte zur Durchsetzung der fälligen Beträge einzuleiten oder einen Antrag auf Eröffnung eines Insolvenzverfahrens über das Vermögen der Emittentin zu stellen.

(2) Jeder Anleihegläubiger ist berechtigt, seine Schuldverschreibungen durch Mitteilung in Textform gegenüber der Emittentin und der Hauptzahlstelle zur Rückzahlung fällig zu stellen, woraufhin diese Schuldverschreibungen sofort zum Nennbetrag zuzüglich der bis zum Tag der Rückzahlung in Bezug auf die Schuldverschreibungen aufgelaufenen, aber noch nicht bezahlten Zinsen sowie, zur Klarstellung, sämtlicher gemäß § 6(3) zur Nachzahlung fälligen Aufgeschobenen Zinszahlungen ohne weitere Handlungen oder Formalitäten fällig werden, falls eine Anordnung zur Abwicklung, Auflösung oder Liquidation der Emittentin ergeht (sofern dies nicht für die Zwecke oder als Folge eines Zusammenschlusses, einer Umstrukturierung oder Sanierung

geschieht, bei dem bzw. bei der die Emittentin noch zahlungsfähig ist und bei dem bzw. bei der die fortführende Gesellschaft im Wesentlichen alle Vermögenswerte und Verpflichtungen der Emittentin übernimmt).

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|---|--|
| <p>(3) There is no cross default under the Notes.</p> | <p>(3) Die Schuldverschreibungen sehen keinen Drittverzug vor.</p> |
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**§16**  
**(Amendments to the Terms and Conditions by resolution of the Noteholders; Joint Representative)**

- (1) The Issuer may amend the Terms and Conditions with the consent of a majority resolution of the Noteholders pursuant to §§ 5 et seq. of the German Act on Issues of Debt Securities (*Gesetz über Schuldverschreibungen aus Gesamtemissionen*) (*Schuldverschreibungsgesetz - SchVG*), as amended from time to time (the "**SchVG**"). In particular, the Noteholders may consent to amendments which materially change the substance of the Terms and Conditions, including such measures as provided for under § 5(3) of the SchVG, but excluding a substitution of the Issuer, which is exclusively subject to the provisions in § 12, by resolutions passed by such majority of the votes of the Noteholders as stated under § 16(2) below. A duly passed majority resolution will be binding upon all Noteholders.

- (2) Except as provided by the following sentence and provided that the quorum requirements are being met, the Noteholders may pass resolutions by simple majority of the voting rights participating in the vote. Resolutions which materially change the substance of the Terms and Conditions, in particular in the cases of § 5(3) numbers 1 through 9 of the SchVG, may only be passed by a majority of at least 75 per cent. of the voting rights participating in the vote (a "**Qualified Majority**"). The voting right is suspended as long as any Notes are attributable to the Issuer or any of its affiliates (within the meaning of § 271(2) of the German Commercial Code (*Handelsgesetzbuch*)) or are being held for the account of the Issuer or any of its affiliates.

- (3) Resolutions of the Noteholders will be made either in a Noteholders' meeting in

**§16**  
**(Änderung der Anleihebedingungen durch Beschluss der Anleihegläubiger; Gemeinsamer Vertreter)**

- (1) Die Emittentin kann die Anleihebedingungen mit Zustimmung aufgrund Mehrheitsbeschlusses der Anleihegläubiger nach Maßgabe der §§ 5 ff. des Gesetzes über Schuldverschreibungen aus Gesamtemissionen (*Schuldverschreibungsgesetz - SchVG*) in seiner jeweiligen gültigen Fassung (das "**SchVG**") ändern. Die Anleihegläubiger können insbesondere einer Änderung wesentlicher Inhalte der Anleihebedingungen, einschließlich der in § 5 Absatz 3 SchVG vorgesehenen Maßnahmen mit Ausnahme der Ersetzung der Emittentin, die in § 12 abschließend geregelt ist, mit den in dem nachstehenden § 16(2) genannten Mehrheiten zustimmen. Ein ordnungsgemäß gefasster Mehrheitsbeschluss ist für alle Anleihegläubiger verbindlich.

- (2) Vorbehaltlich des nachstehenden Satzes und der Erreichung der erforderlichen Beschlussfähigkeit, beschließen die Anleihegläubiger mit der einfachen Mehrheit der an der Abstimmung teilnehmenden Stimmrechte. Beschlüsse, durch welche der wesentliche Inhalt der Anleihebedingungen, insbesondere in den Fällen des § 5 Absatz 3 Nummer 1 bis 9 SchVG, geändert wird, bedürfen zu ihrer Wirksamkeit einer Mehrheit von mindestens 75 % der an der Abstimmung teilnehmenden Stimmrechte (eine "**Qualifizierte Mehrheit**"). Das Stimmrecht ruht, solange die Schuldverschreibungen der Emittentin oder einem mit ihr verbundenen Unternehmen (§ 271 Absatz 2 HGB) zustehen oder für Rechnung der Emittentin oder eines mit ihr verbundenen Unternehmens gehalten werden.

- (3) Beschlüsse der Anleihegläubiger werden entweder in einer Gläubigerversammlung

accordance with § 16(3)(a) or by means of a vote without a meeting (*Abstimmung ohne Versammlung*) in accordance with § 16(3)(b), in either case convened by the Issuer or a joint representative, if any. Pursuant to § 9(1) sentence 2 of the SchVG, Noteholders holding Notes in the total amount of 5 per cent. of the outstanding principal amount of the Notes may in writing request to convene a Noteholders' meeting or vote without a meeting for any of the reasons permitted pursuant to § 9(1) sentence 2 of the SchVG.

(a) Resolutions of the Noteholders in a Noteholders' meeting will be made in accordance with § 9 et seq. of the SchVG. The convening notice of a Noteholders' meeting will provide the further details relating to the resolutions and the voting procedure. The subject matter of the vote as well as the proposed resolutions will be notified to the Noteholders in the agenda of the meeting. The attendance at the Noteholders' meeting or the exercise of voting rights requires a registration of the Noteholders prior to the meeting.

(b) Resolutions of the Noteholders by means of a voting not requiring a physical meeting (*Abstimmung ohne Versammlung*) will be made in accordance with § 18 of the SchVG. The request for voting as submitted by the chairman (*Abstimmungsleiter*) will provide the further details relating to the resolutions and the voting procedure. The subject matter of the vote as well as the proposed resolutions will be notified to Noteholders together with the request for voting.

(4) The exercise of voting rights is subject to the registration of the Noteholders. The registration must be received at the address stated in the request for voting no later than the third day preceding the

nach § 16(3)(a) oder im Wege der Abstimmung ohne Versammlung nach § 16(3)(b) getroffen, die von der Emittentin oder einem gemeinsamen Vertreter einberufen wird. Gemäß § 9 Absatz 1 S. 2 SchVG können Anleihegläubiger, deren Schuldverschreibungen zusammen 5 % des jeweils ausstehenden Gesamtnennbetrags der Schuldverschreibungen erreichen, schriftlich die Durchführung einer Anleihegläubigerversammlung oder Abstimmung ohne Versammlung mit einer gemäß § 9 Absatz 1 S. 2 SchVG zulässigen Begründung verlangen.

(a) Beschlüsse der Anleihegläubiger im Rahmen einer Gläubigerversammlung werden nach §§ 9 ff. SchVG getroffen. Die Einberufung der Gläubigerversammlung regelt die weiteren Einzelheiten der Beschlussfassung und der Abstimmung. Mit der Einberufung der Gläubigerversammlung werden in der Tagesordnung die Beschlussgegenstände sowie die Vorschläge zur Beschlussfassung den Anleihegläubigern bekannt gegeben. Für die Teilnahme an der Gläubigerversammlung oder die Ausübung der Stimmrechte ist eine Anmeldung der Anleihegläubiger vor der Versammlung erforderlich.

(b) Beschlüsse der Anleihegläubiger im Wege der Abstimmung ohne Versammlung werden nach § 18 SchVG getroffen. Die Aufforderung zur Stimmabgabe durch den Abstimmungsleiter regelt die weiteren Einzelheiten der Beschlussfassung und der Abstimmung. Mit der Aufforderung zur Stimmabgabe werden die Beschlussgegenstände sowie die Vorschläge zur Beschlussfassung den Anleihegläubigern bekannt gegeben.

(4) Die Stimmrechtsausübung ist von einer vorherigen Anmeldung der Anleihegläubiger abhängig. Die Anmeldung muss bis zum dritten Tag vor dem Beginn des Abstimmungszeitraums

beginning of the voting period. As part of the registration, Noteholders must demonstrate their eligibility to participate in the vote by means of a special confirmation of its custodian bank hereof in text form and by submission of a blocking instruction by the custodian bank 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.

- (5) If it is ascertained that no quorum exists for the vote without meeting pursuant to § 16(3)(b), the chairman (*Abstimmungsleiter*) may convene a meeting, which shall be deemed to be a second meeting within the meaning of § 15(3) sentence 3 of the SchVG. Attendance at the second meeting and exercise of voting rights is subject to the registration of the Noteholders. The registration must be received at the address stated in the convening notice no later than the third day preceding the second Noteholders' meeting. Noteholders must demonstrate their eligibility to participate in the vote by means of a special confirmation of its custodian bank hereof in text form and by submission of a blocking instruction by the custodian bank 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.

- (6) The Noteholders may by majority resolution provide for the appointment or dismissal of a joint representative, the duties and responsibilities and the powers of such joint representative, the transfer of the rights of the Noteholders to the joint representative and a limitation of liability of the joint representative. Appointment of a joint representative may only be passed by a Qualified Majority if such joint representative is to be authorised to consent to a material change in the substance of the Terms and Conditions in accordance with § 16(1) hereof,

unter der in der Aufforderung zur Stimmabgabe angegebenen Anschrift zugehen. Zusammen mit der Anmeldung müssen Anleihegläubiger den Nachweis ihrer Berechtigung zur Teilnahme an der Abstimmung durch eine besondere Bescheinigung seiner Depotbank in Textform und die Vorlage eines Sperrvermerks der Depotbank erbringen, aus dem hervorgeht, dass die relevanten Schuldverschreibungen für den Zeitraum vom Tag der Absendung der Anmeldung (einschließlich) bis dem Ende des Abstimmungszeitraums (einschließlich) nicht übertragen werden können.

- (5) Wird die Beschlussfähigkeit bei der Abstimmung ohne Versammlung nach § 16(3)(b) nicht festgestellt, kann der Abstimmungsleiter eine Gläubigerversammlung einberufen, welche als zweite Gläubigerversammlung im Sinne des § 15(3) Satz 3 SchVG gilt. Die Teilnahme an der zweiten Gläubigerversammlung und die Stimmrechtsausübung sind von einer vorherigen Anmeldung der Anleihegläubiger abhängig. Die Anmeldung muss bis zum dritten Tag vor der zweiten Gläubigerversammlung unter der in der Einberufung angegebenen Anschrift zugehen. Zusammen mit der Anmeldung müssen Anleihegläubiger den Nachweis ihrer Berechtigung zur Teilnahme an der Abstimmung durch eine besondere Bescheinigung seiner Depotbank in Textform und die Vorlage eines Sperrvermerks der Depotbank erbringen, aus dem hervorgeht, dass die relevanten Schuldverschreibungen für den Zeitraum vom Tag der Absendung der Anmeldung (einschließlich) bis zum angegebenen Ende der Versammlung (einschließlich) nicht übertragen werden können.

- (6) Die Anleihegläubiger können durch Mehrheitsbeschluss die Bestellung und Abberufung eines gemeinsamen Vertreters, die Aufgaben und Befugnisse des gemeinsamen Vertreters, die Übertragung von Rechten der Anleihegläubiger 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 wird, wesentlichen

Änderungen der Anleihebedingungen gemäß § 16(1) zuzustimmen.

- (7) Any notices concerning this § 16 will be made in accordance with § 5 et seq. of the SchVG and § 13.

- (7) Bekanntmachungen betreffend diesen § 16 erfolgen gemäß den §§ 5ff. SchVG sowie nach § 13.

**§17  
(Final Provisions)**

**§17  
(Schlussbestimmungen)**

**(1) Applicable Law.**

The Notes are governed by, and construed in accordance with, the laws of the Federal Republic of Germany.

**(1) Anzuwendendes Recht.**

Form und Inhalt der Schuldverschreibungen bestimmen sich nach dem Recht der Bundesrepublik Deutschland.

**(2) Place of Jurisdiction.**

To the extent legally permissible, exclusive place of jurisdiction for all proceedings arising from matters provided for in these Terms and Conditions will be Frankfurt am Main, Federal Republic of Germany. The Issuer irrevocably waives any objection which it might now or hereafter have to the courts of Frankfurt am Main being nominated as the forum to hear and determine any proceedings and to settle any disputes, and agrees not to claim that any of those courts is not a convenient or appropriate forum.

**(2) Gerichtsstand.**

Ausschließlicher Gerichtsstand für alle Rechtsstreitigkeiten aus den in diesen Anleihebedingungen geregelten Angelegenheiten ist, soweit gesetzlich zulässig, Frankfurt am Main, Bundesrepublik Deutschland. Die Emittentin verzichtet unwiderruflich darauf, gegenwärtig oder zukünftig gegen die Gerichte in Frankfurt am Main als Forum für Rechtsstreitigkeiten Einwände zu erheben, und versichert, keines der Gerichte in Frankfurt am Main als ungelegenes oder unangemessenes Forum zu bezeichnen.

The local court (*Amtsgericht*) of Frankfurt will have jurisdiction for all judgments pursuant to § 9(2), § 13(3) and § 18(2) SchVG in accordance with § 9(3) SchVG. The regional court (*Landgericht*) of Frankfurt am Main will have exclusive jurisdiction for all judgments over contested resolutions by Noteholders in accordance with § 20(3) SchVG.

Für Entscheidungen gemäß § 9 Absatz 2, § 13 Absatz 3 und § 18 Absatz 2 SchVG ist gemäß § 9 Absatz 3 SchVG das Amtsgericht Frankfurt am Main zuständig. Für Entscheidungen über die Anfechtung von Beschlüssen der Anleihegläubiger ist gemäß § 20 Absatz 3 SchVG das Landgericht Frankfurt am Main ausschließlich zuständig.

**(3) Place of Performance.**

Place of performance will be Frankfurt am Main, Federal Republic of Germany.

**(3) Erfüllungsort.**

Erfüllungsort ist Frankfurt am Main, Bundesrepublik Deutschland.

**(4) Enforcement of Rights.**

Any Noteholder may in any proceedings against the Issuer or to which the Noteholder and the Issuer are parties protect and enforce in his own name his rights arising under his Notes on the basis of:

**(4) Geltendmachung von Rechten.**

Jeder Anleihegläubiger ist berechtigt, in jedem Rechtsstreit gegen die Emittentin oder in jedem Rechtsstreit, in dem der Anleihegläubiger und die Emittentin Partei sind, seine Rechte aus diesen Schuldverschreibungen im eigenen Namen geltend zu machen gegen Vorlage:

- (a) a certificate issued by his Custodian (A) stating the full name and address of the

- (a) einer Bescheinigung der Depotbank, die (A) den vollen Namen und die volle Anschrift



Noteholder, (B) specifying an aggregate Principal Amount of Notes credited on the date of such statement to such Noteholder's securities account(s) maintained with his Custodian and (C) confirming that his Custodian has given a written notice to the Clearing System and the Principal Paying Agent containing the information specified in (A) and (B) and bearing acknowledgements of the Clearing System and the relevant account holder in the Clearing System and

des Anleihegläubigers bezeichnet, (B) den gesamten Nennbetrag von Schuldverschreibungen angibt, die am Ausstellungstag dieser Bescheinigung den bei dieser Depotbank bestehenden Depots dieses Anleihegläubigers gutgeschrieben sind und (C) bestätigt, dass die Depotbank dem Clearingsystem und der Hauptzahlstelle eine schriftliche Mitteilung gemacht hat, die die Angaben gemäß (A) und (B) enthält und Bestätigungsvermerke des Clearingsystems sowie des betroffenen Kontoinhabers bei dem Clearingsystem trägt sowie

- (b) a copy of the Global Notes relating to the Notes, certified as being true copies by a duly authorised officer of the Clearing System or the Principal Paying Agent; or
- (c) any other means of evidence permitted in legal proceedings in the country of enforcement.

- (b) einer von einem Vertretungsberechtigten des Clearingsystems oder der Hauptzahlstelle beglaubigten Ablichtung der Globalurkunden; oder
- (c) eines anderen, in Rechtsstreitigkeiten in dem Land der Geltendmachung zulässigen Beweismittels.

"Custodian" means any bank or other financial institution with which the Noteholder maintains a securities account in respect of any Notes and having an account maintained with the Clearing System, including the Clearing System.

"Depotbank" bezeichnet ein Bank- oder sonstiges Finanzinstitut, bei dem der Anleihegläubiger Schuldverschreibungen im Depot verwahren lässt und das ein Konto bei dem Clearingsystem hat, einschließlich des Clearingsystems.

#### §18 (Language)

#### §18 (Sprache)

These Terms and Conditions are written in the German language and provided with an English language translation. The German text will be the only legally binding version. The English language translation is provided for convenience only.

Diese Anleihebedingungen sind in deutscher Sprache abgefasst und mit einer Übersetzung in die englische Sprache versehen. Der deutsche Wortlaut ist allein rechtsverbindlich. Die englische Übersetzung dient nur zur Information.

#### Restrictions regarding the Redemption and Repurchase of the Notes

#### Beschränkungen bezüglich der Rückzahlung und des Rückkaufs der Schuldverschreibungen.

*The following paragraphs in italics do not form part of the Terms and Conditions.*

*Der folgende Absatz in Kursivschrift ist nicht Bestandteil der Anleihebedingungen.*

*The Issuer intends (without thereby assuming a legal or contractual obligation) that it will redeem or repurchase the Notes only to the extent they are replaced with instruments with equivalent S&P equity credit. The net proceeds received by the Issuer, the Guarantor or subsidiary of the*

*Die Emittentin beabsichtigt (ohne dadurch eine Rechtspflicht zu übernehmen) die Schuldverschreibungen nur zurückzuzahlen oder zurückzukaufen, soweit sie durch Instrumente mit gleichwertiger S&P Eigenkapitalanrechnung ersetzt werden. Als Ersatz gelten die Nettoerlöse,*

*Guarantor from the sale to third party purchasers of securities which are assigned an S&P equity credit that is at least equal to the initial equity credit of the Notes (but taking into account any changes in hybrid capital methodology or another relevant methodology or the interpretation thereof since the issuance of the Notes) will count as replacement.*

*die die Emittentin, die Garantin oder eine Tochtergesellschaft der Garantin aus dem Verkauf an Dritte von Wertpapieren erhält, die eine S&P Eigenkapitalanrechnung haben, die mindestens so hoch ist wie die ursprüngliche S&P Eigenkapitalanrechnung der Schuldverschreibungen (wobei Änderungen der Hybrid Rating Methodologie oder deren Auslegung seit dem Tag der Begebung der Schuldverschreibungen berücksichtigt werden).*

*The following exceptions apply as to the Issuer's replacement intention. The Notes are not required to be replaced:*

*Es gelten jedoch folgende Ausnahmen in Bezug auf die Absicht der Emittentin. Es muss nicht für Ersatz gesorgt werden:*

- (i) if the rating assigned by S&P to the Issuer or the Guarantor is at least BBB+ (or such similar nomenclature then used by S&P) and the Issuer or the Guarantor (as applicable) is comfortable that such rating would not fall below this level as a result of such redemption or repurchase, or*
- (ii) in the case of repurchase of less than (x) 10 per cent of the aggregate principal amount of the outstanding subordinated notes of the Issuer in any period of 12 consecutive months or (y) 25 per cent of the aggregate principal amount of the outstanding subordinated notes of the Issuer originally issued in any period of 10 consecutive years is repurchased, or*
- (iii) if the Notes are redeemed pursuant to a Rating Event (to the extent it is triggered by a change of methodology at S&P), an Accounting Event, a Tax Deductibility Event or a Gross-Up Event, or*
- (iv) if the Notes are not assigned an "equity credit" (or such similar nomenclature then used by S&P at the time of such redemption or repurchase), or*
- (v) if such redemption or repurchase occurs on or after June 17, 2045.*
- (vi) in the case of a repurchase, such repurchase relates to an aggregate principal amount of the Notes which is less than or equal to the excess (if any)*

- (i) wenn das der Emittentin oder der Garantin durch S&P erteilte Rating mindestens BBB+ (oder eine vergleichbare Bezeichnung durch S&P) beträgt und die Emittentin oder die Garantin (je nach Fall) sich sicher ist, dass ein solches Rating infolge der Rückzahlung oder des Rückkaufs nicht unter diesen Wert fallen würde oder*
- (ii) im Fall eines Rückkaufs von Nachrangigen Schuldverschreibungen in Höhe von weniger als (x) 10% des Gesamtnennbetrags der ausstehenden Nachrangigen Schuldverschreibungen der Emittentin während einer Frist von 12 aufeinander folgenden Monaten oder (y) 25% des Gesamtnennbetrags der ausstehenden Nachrangigen Schuldverschreibungen der Emittentin während einer Frist von 10 aufeinander folgenden Jahren oder*
- (iii) im Fall der Rückzahlung der Schuldverschreibungen gemäß einem Ratingereignis (sofern es durch eine Änderung von S&P Methodologie verursacht wurde), einem Rechnungslegungsereignis, einem Steuerereignis oder einem Gross-Up Ereignis erfolgt oder*
- (iv) wenn die Schuldverschreibungen keine Eigenkapitalanrechnung (oder eine solche von S&P zum Zeitpunkt der Rückzahlung oder des Rückkaufs dann verwendete gleichartige Klassifikation) aufweisen oder*
- (v) wenn die Rückzahlung oder der Rückkauf am oder nach dem 17. Juni 2045 erfolgt.*
- (vi) im Fall eines Rückkaufs, der Rückkauf sich auf Schuldverschreibungen mit einem Nennbetrag bezieht, der weniger oder gleich dem Überschussbetrag über jenem*

*above the maximum aggregate principal amount of the Issuer's or the Guarantor's subordinated notes to which Standard & Poor's then assigns equity content under its prevailing methodology*

*Gesamtnennbetrag an Nachrangige Schuldverschreibungen der Emittenten oder Garantin ist, für die Standard & Poor's noch eine Eigenkapitalanrechnung nach deren jeweils geltenden Eigenkapitalanrechnungsmethoden vorsieht*

## 7. TERMS AND CONDITIONS OF THE NC9 NOTES

### Terms and Conditions

These Terms and Conditions are written in the German language and provided with an English language translation. The German text will be the only legally binding version. The English language translation is provided for convenience only.

#### §1

#### (Form and Denomination)

##### (1) Currency, Denomination and Form.

Volkswagen International Finance N.V. (the "**Issuer**") issues undated unsecured subordinated notes with a first call date in 2029 in an aggregate principal amount of EUR 1,500,000,000 (the "**Notes**"). The Notes are issued in bearer form. The Notes are guaranteed on a subordinated basis by Volkswagen Aktiengesellschaft (the "**Guarantor**") and have a denomination of EUR 100,000 each (the "**Principal Amount**").

##### (2) Global Notes and Exchange.

The Notes will initially be represented by one temporary global bearer note (the "**Temporary Global Note**") without coupons which will be deposited with a common depositary for Clearstream Banking S.A., and Euroclear Bank SA/NV (together hereinafter referred to as the "**Clearing System**") on or around the date of issue of the Notes. The Temporary Global Note will be exchangeable for a permanent global bearer note (the "**Permanent Global Note**") and, together with the Temporary Global Note, the "**Global Notes**") without coupons not earlier than 40 and not later than 180 days after the date of issue of the Notes upon certification as to non-U.S. beneficial ownership in the Notes in accordance with the rules and operating procedures of the Clearing System. Payments on the Temporary Global Note will only be made against presentation of such certification. No definitive notes or interest coupons will be issued.

### Anleihebedingungen

Diese Anleihebedingungen sind in deutscher Sprache abgefasst und mit einer Übersetzung in die englische Sprache versehen. Der deutsche Wortlaut ist allein rechtsverbindlich. Die englische Übersetzung dient nur zur Information.

#### §1

#### (Verbriefung und Nennbetrag)

##### (1) Währung, Nennbetrag und Form.

Volkswagen International Finance N.V. (die "**Emittentin**") begibt unbesicherte nachrangige Schuldverschreibungen ohne feste Laufzeit erstmals kündbar in 2029 im Gesamtnennbetrag von EUR 1.500.000.000 (die "**Schuldverschreibungen**"). Die Schuldverschreibungen lauten auf den Inhaber. Die Schuldverschreibungen werden von der Volkswagen Aktiengesellschaft auf nachrangiger Basis garantiert (die "**Garantin**") und haben einen Nennbetrag von je EUR 100.000 (der "**Nennbetrag**").

##### (2) Globalurkunden und Austausch.

Die Schuldverschreibungen werden zunächst von einer vorläufigen Globalurkunde (die "**Vorläufige Globalurkunde**") ohne Zinsscheine verbrieft welche am oder um den Tag der Begebung der Schuldverschreibungen bei einer gemeinsamen Verwahrstelle für Clearstream Banking S.A., und Euroclear Bank SA/NV (beide gemeinsam nachstehend als "**Clearingsystem**" bezeichnet) hinterlegt wird. Die Vorläufige Globalurkunde wird nicht vor Ablauf von 40 und spätestens nach Ablauf von 180 Tagen nach dem Tag der Begebung der Schuldverschreibungen gegen Vorlage einer Bestätigung über das Nichtbestehen U.S.-amerikanischen wirtschaftlichen Eigentums (*beneficial ownership*) an den Schuldverschreibungen gemäß den Regeln und Betriebsabläufen des Clearingsystems gegen eine endgültige Globalurkunde (die "**Dauer-Globalurkunde**") und, gemeinsam mit der Vorläufigen Globalurkunde, die "**Globalurkunden**") ohne Zinsscheine ausgetauscht. Zahlungen auf die Vorläufige Globalurkunde erfolgen nur

gegen Vorlage einer solchen Bestätigung. Einzelurkunden oder Zinsscheine werden nicht ausgegeben.

(3) **Proportional Co-ownership Interests.**

The holders of the Notes (the "Noteholders") are entitled to proportional co-ownership interests or rights in the Temporary Global Note and the Permanent Global Note, which are transferable in accordance with applicable law and the rules and regulations of the Clearing System.

**§2  
(Status)**

(1) **Status of the Notes.**

The Issuer's obligations under the Notes constitute subordinated and unsecured obligations of the Issuer and in the event of the winding-up, dissolution or liquidation of the Issuer rank:

- (a) senior only to the Junior Obligations of the Issuer,
- (b) *pari passu* among themselves and with any Parity Obligations of the Issuer, and
- (c) junior to all other present and future obligations of the Issuer, whether subordinated or unsubordinated, except as otherwise provided by mandatory provisions of law or as expressly provided for by the terms of the relevant instrument.

**"Junior Obligations of the Issuer"** means (i) the ordinary shares of the Issuer, (ii) any present or future share of any other class of shares of the Issuer, (iii) any other present or future security, registered security or other instrument of the Issuer under which the Issuer's obligations rank or are expressed to rank *pari passu* with the ordinary shares of the Issuer and (iv) any present or future security, registered security or other instrument which is issued by a Subsidiary of the Issuer and guaranteed by the Issuer or for which the Issuer has otherwise assumed liability where the

(3) **Miteigentumsanteile.**

Den Inhabern der Schuldverschreibungen (die "**Anleihegläubiger**") stehen Miteigentumsanteile bzw. Rechte an der Vorläufigen Globalurkunde und der Dauer-Globalurkunde zu, die nach Maßgabe des anwendbaren Rechts und der Regeln und Bestimmungen des Clearingsystems übertragen werden können.

**§2  
(Status)**

(1) **Status der Schuldverschreibungen.**

Die Schuldverschreibungen begründen nicht besicherte, nachrangige Verbindlichkeiten der Emittentin, die im Fall der Abwicklung, Auflösung oder Liquidation der Emittentin:

- (a) nur Nachrangigen Verbindlichkeiten der Emittentin im Rang vorgehen,
- (b) untereinander und mit jeder Gleichrangigen Verbindlichkeit im Rang gleich stehen, und
- (c) allen anderen bestehenden und zukünftigen Verbindlichkeiten der Emittentin, ob nachrangig oder nicht nachrangig, im Rang nachgehen, soweit zwingende gesetzliche Vorschriften nichts anderes vorschreiben bzw. die Bedingungen des betreffenden Instruments ausdrücklich etwas anderes vorsehen.

**"Nachrangige Verbindlichkeiten der Emittentin"** bezeichnet (i) die Stammaktien der Emittentin, (ii) jede gegenwärtige oder zukünftige Aktie einer anderen Gattung von Aktien der Emittentin, (iii) jedes andere gegenwärtige oder zukünftige Wertpapier, Namenswertpapier oder jedes andere Instrument, das von der Emittentin begeben ist und bei dem die daraus folgenden Verbindlichkeiten der Emittentin mit den Stammaktien der Emittentin gleichrangig vereinbart sind und (iv) jedes gegenwärtige oder zukünftige Wertpapier,

Issuer's obligations under such guarantee or other assumptions of liability rank or are expressed to rank *pari passu* with the instruments described under (i), (ii) and (iii).

**"Parity Obligations of the Issuer"** means any present or future obligation which (i) is issued by the Issuer and the obligations under which rank or are expressed to rank *pari passu* with the Issuer's obligations under the Notes, or (ii) benefits from a guarantee or support agreement where the Issuer's obligations under such guarantee or support agreement rank or are expressed to rank *pari passu* with the Issuer's obligations under the Notes. For the avoidance of doubt, Parity Obligations of the Issuer include:

its undated unsecured subordinated notes with a first call date in 2021, ISIN XS1048428012;

its undated unsecured subordinated notes with a first call date in 2022, ISIN XS1206540806;

its undated unsecured subordinated notes with a first call date in 2022, ISIN XS1629658755;

its undated unsecured subordinated notes with a first call date in 2023, ISIN XS0968913342;

its undated unsecured subordinated notes with a first call date in 2024, ISIN XS1799938995;

its undated unsecured subordinated notes with a first call date in 2026, ISIN XS1048428442;

its undated unsecured subordinated notes with a first call date in 2027, ISIN XS1629774230;

its undated unsecured subordinated notes with a first call date in 2028, ISIN XS1799939027;

Namenswertpapier oder jedes andere Instrument, das von einer Tochtergesellschaft der Emittentin begeben und von der Emittentin dergestalt garantiert ist oder für das die Emittentin dergestalt die Haftung übernommen hat, dass die betreffenden Verbindlichkeiten der Emittentin aus der maßgeblichen Garantie oder Haftungsübernahme mit den unter (i), (ii) und (iii) genannten Instrumenten gleichrangig oder als gleichrangig vereinbart sind.

**"Gleichrangige Verbindlichkeiten der Emittentin"** bezeichnet jede bestehende und zukünftige Verbindlichkeit, die (i) von der Emittentin begeben wurde und die gleichrangig im Verhältnis zu den Verbindlichkeiten der Emittentin unter den Schuldverschreibungen ist oder ausdrücklich als gleichrangig vereinbart ist oder die (ii) von einer Garantie oder Haftungsübernahme profitiert, bei der die Verbindlichkeiten der Emittentin aus der betreffenden Garantie oder Haftungsübernahme mit den Verbindlichkeiten der Emittentin aus den Schuldverschreibungen als gleichrangig vereinbart sind. Gleichrangige Verbindlichkeiten der Emittentin sind, unter anderem,:

die nicht besicherten nachrangigen Schuldverschreibungen der Emittentin ohne feste Laufzeit erstmals kündbar in 2021, ISIN XS1048428012;

die nicht besicherten nachrangigen Schuldverschreibungen der Emittentin ohne feste Laufzeit erstmals kündbar in 2022, ISIN XS1206540806;

die nicht besicherten nachrangigen Schuldverschreibungen der Emittentin ohne feste Laufzeit erstmals kündbar in 2022, ISIN XS1629658755;

die nicht besicherten nachrangigen Schuldverschreibungen der Emittentin ohne feste Laufzeit erstmals kündbar in 2023, ISIN XS0968913342;

die nicht besicherten nachrangigen Schuldverschreibungen der Emittentin ohne feste Laufzeit erstmals kündbar in 2024, ISIN XS1799938995;

die nicht besicherten nachrangigen Schuldverschreibungen der Emittentin

its undated unsecured subordinated notes with a first call date in 2030, ISIN XS1206541366; and

its undated unsecured subordinated notes with a first call date in 2025, ISIN XS2187689034 (together the **"Hybrid Securities"**).

**"Subsidiary of the Issuer"** means any corporation, partnership or other enterprise in which the Issuer directly or indirectly holds in the aggregate more than 50 per cent. of the capital or the voting rights.

(2) **Insolvency or Liquidation of the Issuer.** (2)

In an insolvency or liquidation of the Issuer, no payments under the Notes shall be made to the Noteholders unless all claims that, pursuant to § 2(1), rank senior to the Notes (condition precedent) have been discharged or secured in full (i.e. not only with a quota).

**§3  
(Guarantee)**

(1) **Unconditional and Irrevocable Guarantee.** (1)

The Notes will be unconditionally and irrevocably guaranteed by the Guarantor on a subordinated basis as to payments (the **"Guarantee"**).

(2) **Status of the Guarantee.** (2)

ohne feste Laufzeit erstmals kündbar in 2026, ISIN XS1048428442;

die nicht besicherten nachrangigen Schuldverschreibungen der Emittentin ohne feste Laufzeit erstmals kündbar in 2027, ISIN XS1629774230;

die nicht besicherten nachrangigen Schuldverschreibungen der Emittentin ohne feste Laufzeit erstmals kündbar in 2028, ISIN XS1799939027;

die nicht besicherten nachrangigen Schuldverschreibungen der Emittentin ohne feste Laufzeit erstmals kündbar in 2030, ISIN XS1206541366; und

die nicht besicherten nachrangigen Schuldverschreibungen der Emittentin ohne feste Laufzeit erstmals kündbar in 2025, ISIN XS2187689034 (zusammen die **"Hybridanleihen"**).

**"Tochtergesellschaft der Emittentin"** bezeichnet jede Gesellschaft, Personengesellschaft und jedes sonstige Unternehmen oder jede andere Person an der bzw. dem die Emittentin direkt oder indirekt insgesamt mehr als 50 % des Kapitals oder der Stimmrechte hält.

**Insolvenz oder Liquidation der Emittentin.**

Im Falle einer Insolvenz oder Liquidation der Emittentin steht jedwede Zahlung unter den Schuldverschreibungen an die Anleihegläubiger unter dem Vorbehalt, dass zuvor sämtliche Verpflichtungen auf gegenüber den Schuldverschreibungen gemäß § 2(1) vorrangige Verbindlichkeiten zur Gänze (d.h. nicht nur quotenmäßig) bezahlt oder sichergestellt wurden.

**§3  
(Garantie)**

**Unbedingte und Unwiderrufliche Garantie.**

Die Schuldverschreibungen werden unbedingt und unwiderruflich durch die Garantin auf nachrangiger Ebene im Hinblick auf Zahlungen garantiert (die **"Garantie"**).

**Status der Garantie.**

The obligations of the Guarantor under the Guarantee rank:

- (a) senior only to the Junior Obligations of the Guarantor,
- (b) *pari passu* with any other present and future Parity Obligations of the Guarantor, and
- (c) junior to the Guarantor's unsubordinated obligations, contractually and statutorily subordinated obligations except as expressly provided for otherwise by the terms of the relevant obligation, and subordinated obligations required to be preferred by law.

**"Junior Obligations of the Guarantor"**

means (i) the ordinary shares and preferred shares of the Guarantor, (ii) any present or future share of any other class of shares of the Guarantor, (iii) any other present or future security, registered security or other instrument of the Guarantor under which the Guarantor's obligations rank or are expressed to rank *pari passu* with the ordinary shares or the preferred shares of the Guarantor and (iv) any present or future security, registered security or other instrument which is issued by a Subsidiary of the Guarantor and guaranteed by the Guarantor or for which the Guarantor has otherwise assumed liability where the Guarantor's obligations under such guarantee or other assumption of liability rank or are expressed to rank *pari passu* with the instruments described under (i), (ii) and (iii).

**"Parity Obligations of the Guarantor"**

means any present or future obligation which (i) is issued by the Guarantor and the obligations under which rank or are expressed to rank *pari passu* with the Guarantor's obligations under the Guarantee, or (ii) benefits from a guarantee or support agreement where the Guarantor's obligations under such

Die Verbindlichkeiten der Garantin unter der Garantie:

- (a) gehen nur Nachrangigen Verbindlichkeiten der Garantin im Rang vor,
- (b) stehen gleich im Rang untereinander und mit jeder Gleichrangigen Verbindlichkeit der Garantin, und
- (c) gehen allen anderen nicht nachrangigen Verbindlichkeiten der Garantin, gesetzlich nachrangigen und vertraglich nachrangigen Verbindlichkeiten, außer wenn in den Bedingungen der betreffenden Verbindlichkeit etwas anderes geregelt sein sollte, und nachrangigen Verbindlichkeiten, die durch Gesetz vorrangig sein müssen, im Rang nach.

**"Nachrangige Verbindlichkeiten der Garantin"**

bezeichnet (i) die Stammaktien und die Vorzugsaktien der Garantin, (ii) jede gegenwärtige oder zukünftige Aktie einer anderen Gattung von Aktien der Garantin, (iii) jedes andere gegenwärtige oder zukünftige Wertpapier, Namenswertpapier oder jedes andere Instrument, das von der Garantin begeben ist und bei dem die daraus folgenden Verbindlichkeiten der Garantin mit den Stammaktien oder den Vorzugsaktien der Garantin gleichrangig vereinbart sind und (iv) jedes gegenwärtige oder zukünftige Wertpapier, Namenswertpapier oder jedes andere Instrument, das von einer Tochtergesellschaft der Garantin begeben und von der Garantin dergestalt garantiert ist oder für das die Garantin dergestalt die Haftung übernommen hat, dass die betreffenden Verbindlichkeiten der Garantin aus der maßgeblichen Garantie oder Haftungsübernahme mit den unter (i), (ii) und (iii) genannten Instrumenten gleichrangig oder als gleichrangig vereinbart sind.

**"Gleichrangige Verbindlichkeiten der Garantin"**

bezeichnet jede bestehende und zukünftige Verbindlichkeit, die (i) von der Garantin begeben wurde und die gleichrangig im Verhältnis zu den Verbindlichkeiten der Garantin aus der Garantie ist oder ausdrücklich als gleichrangig vereinbart ist oder die (ii) von einer Garantie oder



guarantee or support agreement rank or are expressed to rank *pari passu* with its obligations under the Guarantee. For the avoidance of doubt, Parity Obligations of the Guarantor include its obligations under the guarantees for the Issuer's Hybrid Securities.

**"Subsidiary of the Guarantor"** means any corporation, partnership or other enterprise in which the Guarantor directly or indirectly holds in the aggregate more than 50 per cent. of the capital or the voting rights.

#### §4

##### (Prohibition of Set-off)

No Noteholder may set-off any claims arising under the Notes or the Guarantee against any claims that the Issuer or the Guarantor may have against it. The Issuer may not set-off any claims it may have against the Noteholders against any of its obligations under the Notes. The Guarantor may not set-off any claims it may have against the Noteholders against any of its obligations under the Guarantee.

#### §5

##### (Interest)

###### (1) Interest accrual.

From and including June 17, 2020 (the **"Interest Commencement Date"**) to but excluding June 17, 2029 (the **"First Call Date"**) the Notes bear interest on their principal amount at a rate of 3.875 per cent. per annum.

From and including the First Call Date to but excluding the date on which the Issuer redeems the Notes in whole pursuant to § 7(3) or § 7(4) the Notes bear interest at the relevant Reset Rate of Interest for the Interest Period.

**"Reset Rate of Interest"** means the Reset Reference Rate for the relevant Reset Period in which the relevant Interest

Haftungsübernahme profitiert, bei der die Verbindlichkeiten der Garantin aus der betreffenden Garantie oder Haftungsübernahme mit den Verbindlichkeiten der Garantin aus der Garantie gleichrangig oder als gleichrangig vereinbart sind. Gleichrangige Verbindlichkeiten der Garantin sind, unter anderem, ihre Verbindlichkeiten aus der Garantie für die Hybridanleihen.

**"Tochtergesellschaft der Garantin"** bezeichnet jede Gesellschaft, Personengesellschaft und jedes sonstige Unternehmen oder jede andere Person an der bzw. dem die Garantin direkt oder indirekt insgesamt mehr als 50 % des Kapitals oder der Stimmrechte hält.

#### §4

##### (Aufrechnungsverbot)

Die Anleihegläubiger sind nicht berechtigt, Forderungen aus den Schuldverschreibungen bzw. aus der Garantie gegen mögliche Forderungen der Emittentin bzw. der Garantin aufzurechnen. Die Emittentin ist nicht berechtigt, Forderungen gegenüber Anleihegläubigern gegen Verpflichtungen aus den Schuldverschreibungen aufzurechnen. Die Garantin ist nicht berechtigt, Forderungen gegenüber Anleihegläubigern gegen Verpflichtungen aus der Garantie aufzurechnen.

#### §5

##### (Zinsen)

###### (1) Zinslauf.

In dem Zeitraum ab dem 17. Juni 2020 (der **"Zinslaufbeginn"**) (einschließlich) bis zum 17. Juni 2029 (der **"Erste Rückzahlungstermin"**) (ausschließlich) belaufen sich die Zinsen auf den Nennbetrag der Schuldverschreibungen auf 3,875% per annum.

In dem Zeitraum ab dem Ersten Rückzahlungstermin (einschließlich) bis zu dem Tag, an dem die Emittentin die Schuldverschreibungen vollständig gemäß § 7(3) oder § 7(4) zurückzahlt, belaufen sich die Zinsen auf den jeweiligen Reset-Zinssatz für die jeweilige Zinsperiode.

**"Reset-Zinssatz"** bezeichnet den jeweiligen Reset-Referenzsatz für den jeweiligen Reset-Zeitraum, in den die jeweilige Zinsperiode fällt, zuzüglich der

Period falls plus the relevant Margin for the relevant Interest Period.

Interest is scheduled to be paid annually in arrear on June 17 of each year (each an "**Interest Payment Date**"), commencing on June 17, 2021 and will be due and payable (*fällig*) in accordance with the conditions set out in § 6.

(2) **Definitions.**

"**Reset Reference Rate**" means:

- (a) as long as no Benchmark Event (as defined in §5(4)(d)) has occurred,
  - (i) the relevant Original Benchmark Rate for the relevant Reset Period, as determined by the Calculation Agent; or
  - (ii) in the event that any of the information required for the purposes of determination of the Original Benchmark Rate does not appear on the Screen Page on the relevant Reset Rate Determination Date, the Reset Reference Bank Rate on that Reset Rate Determination Date.
- (b) if a Benchmark Event has occurred, the Reset Reference Rate for each Reset Rate Determination Date on or after the Effective Date (as defined in §5(4)(h)) will be determined in accordance with §5(4).

The "**Original Benchmark Rate**" for the relevant Reset Period will be determined by the Calculation Agent on the Reset Rate Determination Date prior to the relevant Reset Date on which the relevant Reset Period commences (the "**Reference Reset Date**") and will be the annual mid swap rate for euro swap transactions with a term of 9 years commencing on the Reference Reset Date, expressed as a percentage, which appears on the Reuters screen ICESWAP2 Page under the heading "EURIBOR BASIS-EUR" and above the caption "11:00AM FRANKFURT" ("**Screen Page**") as of 11:00 a.m., Frankfurt time, on the Reset Rate Determination Date.

relevanten Marge für die jeweilige Zinsperiode.

Zinsen sind nachträglich am 17. Juni eines jeden Jahres (jeweils ein "**Zinszahlungstag**") zur Zahlung vorgesehen, erstmals am 17. Juni 2021, und werden nach Maßgabe der in § 6 dargelegten Bedingungen fällig.

(2) **Definitionen.**

"**Reset-Referenzsatz**" ist,

- (a) solange kein Benchmark-Ereignis (wie in § 5(4)(d) definiert) eingetreten ist,
  - (i) der jeweilige Ursprünglicher Benchmarksatz für den jeweiligen Reset-Zeitraum, wie er von der Berechnungsstelle festgestellt wird; oder
  - (ii) falls eine für die Festlegung des Ursprünglichen Benchmarksatzes benötigte Information am jeweiligen Reset-Referenzsatz-Bestimmungstag nicht auf der Bildschirmseite erscheint, der Reset-Referenzbankensatz an diesem Zinsfestlegungstag
- (b) wenn ein Benchmark-Ereignis eingetreten ist, wird der "Reset-Referenzsatz" für jeden Reset-Zeitraum, der an oder nach dem Stichtag (wie in § 5(4)(h) definiert) beginnt, gemäß § 5(4) bestimmt.

Der "**Ursprünglicher Benchmarksatz**" für den jeweiligen Reset-Zeitraum wird von der Berechnungsstelle am Reset-Referenzsatz-Bestimmungstag vor dem jeweiligen Reset-Termin zu dem der jeweilige Reset-Zeitraum beginnt (der "**Referenz-Reset-Termin**") bestimmt und ist der jährliche Mid-Swapsatz für Euro-Swap-Transaktionen mit einer Laufzeit von 9 Jahren beginnend mit dem Referenz-Reset-Termin, ausgedrückt als Prozentsatz, der am Reset-Referenzsatz-Bestimmungstag um 11:00 Uhr, Frankfurter Zeit auf der Reuters-Bildschirmseite ICESWAP2 unter der Überschrift "EURIBOR BASIS-EUR" und über der Angabe "11:00AM

**"Business Day"** means a day on which all relevant parts of the Trans-European Automated Real-time Gross settlement Express Transfer (TARGET 2) system are operational.

**"Interest Period"** means each period from and including 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.

**"Margin"** means:

- (i) in respect of each Interest Period from and including the First Call Date to but excluding June 17, 2030 (the **"First Step-up Date"**): 395.8 basis points per annum (no step-up);
- (ii) in respect of each Interest Period from and including the First Step-up date to but excluding June 17, 2049 (the **"Second Step-up Date"**): 420.8 basis points per annum (including a 25 basis points step-up); and
- (iii) in respect of each Interest Period from and including the Second Step-up Date to but excluding the date on which the Issuer redeems the Notes in whole pursuant to § 7(3) or § 7(4): 495.8 basis points per annum (including a further 75 basis points step-up).

**"Reference Banks"** means five leading swap dealers in the interbank market.

**"Representative Amount"** means an amount that is representative for a single transaction in the swap market at the relevant time.

**"Reset Date"** means the First Call Date and each ninth anniversary of the First Call Date.

**"Reset Period"** means each period from and including the First Call Date to but excluding the next following Reset Date

FRANKFURT" ("Bildschirmseite") angezeigt wird.

**"Geschäftstag"** bezeichnet einen Tag, an dem alle maßgeblichen Stellen des Trans-European Automated Real-time Gross settlement Express Transfer (TARGET 2) Systems Geschäfte tätigen.

**"Zinsperiode"** bezeichnet jeden Zeitraum ab dem Zinslaufbeginn (einschließlich) bis zum ersten Zinszahlungstag (ausschließlich) und nachfolgend ab jedem Zinszahlungstag (einschließlich) bis zu dem jeweils nächstfolgenden Zinszahlungstag (ausschließlich).

**"Marge"** bedeutet:

- (i) für jede Zinsperiode ab dem Ersten Rückzahlungstermin (einschließlich) bis zum 17. Juni 2030 (der **"Erste Step-up Termin"**): 395,8 Basispunkte per annum (kein Step-Up);
- (ii) für jede Zinsperiode ab dem Ersten Step-up Termin bis zum 17. Juni 2049 (der **"Zweite Step-up Termin"**): 420,8 Basispunkte per annum (einschließlich eines 25 Basispunkte Step-up); und
- (iii) für jede Zinsperiode ab dem Zweiten Step-up Termin (einschließlich) bis zum Tag an dem die Emittentin die Schuldverschreibungen vollständig gemäß § 7(3) oder § 7(4) zurückzahlt: 495,8 Basispunkte per annum (einschließlich eines weiteren 75 Basispunkte Step-up).

**"Referenzbanken"** bedeutet fünf im Interbankenmarkt führende Swap Dealer.

**"Repräsentative Höhe"** bedeutet die Höhe einer einzelnen Transaktion, die zur jeweiligen Zeit im Swap-Markt typisch ist.

**"Reset-Termin"** bezeichnet den Ersten Rückzahlungstermin und jeden neunten Jahrestag des Ersten Rückzahlungstermins.

**"Reset-Zeitraum"** bezeichnet jeden Zeitraum ab dem Ersten Rückzahlungstermin (einschließlich) bis

and thereafter from and including each Reset Date to but excluding the next following Reset Date.

**"Reset Rate Determination Date"** means the second Business Day prior to the relevant Reset Date.

**"Reset Reference Bank Rate"** means a percentage determined on the basis of the mid-market annual swap rate quotations provided by the Reference Banks at approximately 11:00 a.m., Frankfurt time on the Reset Rate Determination Date. For this purpose, the mid-market annual swap rate means the arithmetic mean of the bid and offered rates for the annual fixed leg, calculated on a 30/360 day count basis, of a fixed-for-floating euro interest rate swap transaction with a term of 9 years commencing on that Reference Reset Date and in a Representative Amount with an acknowledged dealer of good credit in the swap market (as determined in accordance with the customary market practice at such time, whether or not the floating leg of such swap is determined by reference to EURIBOR), where the floating leg, calculated on an Actual/360 day count basis, is equivalent to a designated maturity of six months. The Calculation Agent will request the principal office of each of the Reference Banks to provide a quotation of its rate. If at least three quotations are provided, the rate for that Reset Date will be the arithmetic mean (rounded if necessary to the nearest one thousandth of a percentage point, with 0.0005 being rounded upwards) of the quotations, eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest). If only two quotations are provided, the Reset Reference Bank Rate will be the arithmetic mean of the quotations provided. If only one quotation is provided, the Reset Reference Bank Rate will be the quotation provided. If no quotations are provided, the Reset Reference Bank Rate will be equal to the last available 9 year mid swap rate for euro swap transactions, expressed as an annual rate, on the Screen Page.

zum ersten Reset-Termin (ausschließlich) und nachfolgend ab jedem Reset-Termin (einschließlich) bis zu dem jeweils nächstfolgenden Reset-Termin (ausschließlich).

**"Reset-Referenzsatz-Bestimmungstag"** ist der zweite Geschäftstag vor dem jeweiligen Reset-Termin.

Der **"Reset-Referenzbankenzinssatz"** bezeichnet den Prozentsatz, der auf Basis der Mid-market Jahres-Swapsatz-Angebotssätze von den Referenzbanken um ungefähr 11:00 Uhr, Frankfurter Zeit, am Reset-Referenzsatz-Bestimmungstag festgestellt wird. Der Mid-market Jahres-Swapsatz ist das arithmetische Mittel des Geld- und Briefkurses für den Jahres-Festzinssatzstrom, berechnet auf Basis eines 30/360 Zinstagequotienten, einer Fest-zu-variabel Euro-Zinsswaptransaktion mit einer Laufzeit von 9 Jahren beginnend mit dem Referenz-Reset-Termin, die in einer Repräsentativen Höhe mit einem anerkannten Händler von guter Bonität im Swap-markt abgeschlossen wurde (wie in Übereinstimmung mit der zu diesem Zeitpunkt üblichen Marktpraxis bestimmt und unabhängig davon, ob die variable Komponente eines solchen Swaps unter Bezugnahme auf den EURIBOR bestimmt wird), wobei der variable Teil, berechnet basierend auf einem Actual/360 Zinstagequotienten, eine Endfälligkeit von sechs Monaten hat. Die Berechnungsstelle wird bei der Hauptniederlassung der Referenzbanken jeweils um einen Angebotssatz bitten. Falls zumindest drei Angebotssätze zur Verfügung gestellt werden, ist der Zinssatz für den Reset-Termin das arithmetische Mittel (falls erforderlich, auf- oder abgerundet auf das nächste Tausendstel Prozent, wobei 0,0005 aufgerundet wird) der Angebotssätze, bereinigt um den höchsten Angebotssatz (oder, falls mehrere Angebotssätze gleich hoch sind, einer der höchsten) und den niedrigsten Angebotssatz (oder, falls mehrere Angebotssätze gleich niedrig sind, einen der niedrigsten). Falls nur zwei Quotierungen zur Verfügung gestellt werden, ist der Reset-Referenzbankenzinssatz das rechnerische Mittel der zur Verfügung gestellten Quotierungen. Falls nur eine Quotierung zur Verfügung gestellt wird, ist der Reset-Referenzbankenzinssatz die zur

Verfügung gestellte Quotierung. Falls keine Quotierungen zur Verfügung gestellt werden, ist der Reset-Referenzbankenzinssatz der letzte Mid-Swapsatz für Euro-Swap-Transaktionen mit einer Laufzeit von 9 Jahren, ausgedrückt auf jährlicher Basis, der auf der Bildschirmseite angezeigt wurde.

(3) **Determination or calculation by Calculation Agent**

The Calculation Agent will, on the Reset Rate Determination Date, determine the Reset Rate of Interest and cause the same to be notified to the Issuer, the Principal Paying Agent and, if required by the rules of any stock exchange on which the Notes are then listed, to such stock exchange, and to the Noteholders in accordance with § 13 without undue delay, but, in any case, not later than on the eighth Business Day after its determination.

(4) **Benchmark Event.**

If the Issuer determines that a Benchmark Event has occurred in relation to the Original Benchmark Rate, the Issuer will notify the Calculation Agent, the Principal Paying Agent and, in accordance with § 13, the Holders thereof, and the relevant Reset Reference Rate will be determined as follows:

- (a) *Independent Adviser.* The Issuer shall endeavor to appoint an Independent Adviser as soon as possible, who will determine a New Benchmark Rate, the Adjustment Spread and any Benchmark Amendments.
- (b) If prior to any relevant Reset Rate Determination Date,
  - (i) the Issuer fails to appoint an Independent Adviser; or
  - (ii) the Independent Adviser appointed by it fails to determine a New Benchmark Rate,

the Reset Reference Rate applicable to the immediately following Reset

(3) **Berechnungen und Feststellungen durch die Berechnungsstelle.**

Die Berechnungsstelle wird den Reset-Zinssatz für die Schuldverschreibungen am Reset-Referenzsatz-Bestimmungstag bestimmen und veranlassen, dass dieser der Emittentin, der Hauptzahlstelle und jeder Börse, an der die Schuldverschreibungen zu diesem Zeitpunkt notiert sind und deren Regeln eine Mitteilung an die Börse verlangen, sowie den Anleihegläubigern gemäß § 13 unverzüglich, aber keinesfalls später als am achten auf dessen Bestimmung folgenden Geschäftstag mitgeteilt wird.

(4) **Benchmark-Ereignis.**

Wenn die Emittentin feststellt, dass ein Benchmark-Ereignis in Bezug auf den Ursprünglichen Benchmarksatz eingetreten ist, wird die Emittentin diesen Umstand der Hauptzahlstelle, der Berechnungsstelle, den Zahlstellen und gemäß § 13 den Gläubigern mitteilen und es gilt für die Bestimmung des jeweiligen Reset-Referenzsatzes Folgendes:

- (a) *Unabhängiger Berater.* Die Emittentin wird sich bemühen, sobald wie möglich einen Unabhängigen Berater zu benennen, der einen Neuen Benchmarksatz, die Anpassungsspanne und etwaige Benchmark-Änderungen festlegt.
- (b) Wenn vor dem jeweiligen Reset-Referenzsatz-Bestimmungstag
  - (i) die Emittentin keinen Unabhängigen Berater ernennt; oder
  - (ii) der ernannte Unabhängige Berater keinen Neuen Benchmarksatz festlegt,

dann entspricht der Reset-Referenzsatz für die unmittelbar

Period shall be the Original Benchmark Rate on the last preceding Reset Rate Determination Date.

If the fallback rate determined in accordance with this § 5(4)(b) is to be applied, § 5(4) will be operated again to determine the Reset Reference Rate applicable to the next subsequent Reset Period.

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

(i) there is a Successor Benchmark Rate, then such Successor Benchmark Rate shall subsequently be used in place of the Original Benchmark Rate; or

(ii) there is no Successor Benchmark Rate but that there is an Alternative Benchmark Rate, then such Alternative Benchmark Rate shall subsequently be used in place of the Original Benchmark Rate,

and the "Reset Reference Rate" for the all following Interest Periods will be (x) the relevant New Benchmark Rate on the relevant Reset Rate Determination Date, plus (y) the Adjustment Spread.

(d) *Benchmark Amendments.* If any relevant New Benchmark Rate and the applicable Adjustment Spread is determined, and if the Independent Adviser determines that amendments to these Terms and Conditions are necessary to ensure the proper operation of such New Benchmark Rate and the applicable Adjustment Spread (such amendments, the "**Benchmark Amendments**"), then the Independent Adviser will determine the Benchmark Amendments and the Issuer will give notice thereof in accordance with § 5(4)(e).

nachfolgende Zinsperiode dem Ursprünglichen Benchmarksatz an dem letzten zurückliegenden Reset-Referenzsatz-Bestimmungstag.

Falls der Ausweichsatz gemäß diesem § 5(4)(b) zur Anwendung kommt, wird § 5(4) erneut angewendet, um den Reset-Referenzsatz für den nächsten nachfolgenden Resetzeitraum zu bestimmen.

(c) *Nachfolge-Benchmarksatz oder Alternativ-Benchmarksatz.* Falls der Unabhängige Berater nach billigem Ermessen feststellt,

(i) dass es einen Nachfolge-Benchmarksatz gibt, dann ist dieser Nachfolge-Benchmarksatz in der Folge anstelle des Ursprünglichen Benchmarksatzes maßgeblich; oder

(ii) dass es keinen Nachfolge-Benchmarksatz aber einen Alternativ-Benchmarksatz gibt, dann ist dieser Alternativ-Benchmarksatz in der Folge an Stelle des Ursprünglichen Benchmarksatzes maßgeblich

und der "Reset-Referenzsatz" für alle folgenden Zinsperioden entspricht (x) dem betreffenden Neuen Benchmarksatz an dem betreffenden Reset-Referenzsatz-Bestimmungstag zuzüglich (y) der Anpassungsspanne.

(d) *Benchmark-Änderungen.* Wenn ein Neuer Benchmarksatz und die entsprechende Anpassungsspanne festgelegt wird, und wenn der Unabhängige Berater feststellt, dass Änderungen dieser Bedingungen notwendig sind, um die ordnungsgemäße Anwendung des Neuen Benchmarksatzes und der entsprechenden Anpassungsspanne zu gewährleisten (diese Änderungen, die "Benchmark-Änderungen"), dann wird der Unabhängige Berater die Benchmark-Änderungen festlegen und die Emittentin diese durch eine

The Benchmark Amendments may include without limitation:

- (i) the Reset Reference Rate including the "Screen Page" and/or the method for determining the fallback rate in relation to the Reset Reference Rate, including the Reset Reference Bank Rate; and/or
  - (ii) the definitions of the terms "Business Day", "Interest Payment Date", "Reset Date", "Interest Determination Date", "Day Count Fraction" and/or "Interest Period" (including the determination whether the Reset Reference Rate will be determined in advance on or prior to the relevant Reset Period or in arrear on or prior to the end of the relevant Reset Period); and/or
  - (iii) the business day convention in § 8(2).
- (e) *Notices, etc.* The Issuer will notify any New Benchmark Rate, the Adjustment Spread and the Benchmark Amendments (if any) to the Calculation Agent, the Principal Paying Agent and, in accordance with § 13, the Holders as soon as such notification is (in the Issuer's view) practicable following the determination thereof. Such notice shall be irrevocable and shall specify the Effective Date.

The New Benchmark Rate, the Adjustment Spread and the Benchmark Amendments (if any), each as specified in such notice, will be binding on the Issuer, the Calculation Agent, the Principal Paying Agent and the Holders. The Terms and Conditions shall be deemed to have been amended by the New Benchmark Rate, the Adjustment Spread and the

Mitteilung gemäß § 3 Absatz (4)(e) bekanntmachen.

Diese Benchmark-Änderungen können insbesondere folgende Regelungen erfassen:

- (i) den Referenzsatz einschließlich der Definition des Begriffs "Bildschirmseite" und/oder die Methode zur Bestimmung des Ausweichsatzes (sog. fallback) für den Referenzsatz einschließlich des Referenzbanksatzes; und/oder
  - (ii) die Definitionen der Begriffe "Geschäftstag", "Zinszahlungstag", "Reset-Termin", "Zinsfeststellungstag", "Zinstagequotient" und/oder "Zinsperiode" (einschließlich der Festlegung, ob der Referenzsatz vorausschauend vor oder zu Beginn der betreffenden Zinsperiode oder zurückblickend vor oder zum Ablauf der betreffenden Zinsperiode bestimmt wird); und/oder
  - (iii) die Geschäftstagekonvention gemäß § 8(2).
- (e) Mitteilungen, etc. Die Emittentin wird einen Neuen Benchmarksatz, die Anpassungsspanne und etwaige Benchmark-Änderungen so bald nach deren Feststellung wie (nach Ansicht der Emittentin) praktikabel der Berechnungsstelle, der Hauptzahlstelle und gemäß § 13 den Gläubigern mitteilen. Eine solche Mitteilung ist unwiderruflich und hat den Stichtag zu benennen.

Der Neue Benchmarksatz, die Anpassungsspanne und etwaige Benchmark-Änderungen, die jeweils in der Mitteilung benannt werden, sind für die Emittentin, den Fiscal Agent, die Berechnungsstelle, die Zahlstellen und die Gläubiger bindend. Die Bedingungen gelten ab dem Stichtag als durch den Neuen Benchmarksatz, die

Benchmark Amendments with effect from the Effective Date.

In addition, the Issuer may request the common depositary on behalf of CBL and Euroclear to supplement or amend these Terms and Conditions to reflect the Benchmark Amendments by attaching the documents submitted to the Global Note. The New Benchmark Rate, the Adjustment Spread and the Benchmark Amendments (if any) will become effective in accordance with the preceding paragraph regardless of whether the documents so submitted are attached to the Global Note.

On the date of such notice, the Issuer shall deliver to the Principal Paying Agent a certificate signed by two authorized signatories of the Issuer:

- (i)
  - (I) confirming that a Benchmark Event has occurred;
  - (II) specifying the relevant New Benchmark Rate;
  - (III) specifying the applicable Adjustment Spread and the Benchmark Amendments (if any); and
  - (IV) specifying the Effective Date; and
- (ii) certifying that the Benchmark Amendments, if any, are necessary to ensure the proper operation of such relevant New Benchmark Rate and the applicable Adjustment Spread.

(f) *Definitions.* As used in this § 5(4):

Anpassungsspanne und die etwaigen Benchmark-Änderungen geändert.

Darüber hinaus kann die Emittentin die gemeinsame Verwahrstelle im Namen von CBL und Euroclear auffordern, diese Anleihebedingungen zu ergänzen oder zu ändern, um die Benchmark-Änderungen wiederzugeben, indem sie der Globalurkunde die vorgelegten Dokumente beifügt. Der Neue Benchmarksatz, die Anpassungsmarge und etwaige Benchmark-Änderungen werden gemäß dem vorangehenden Absatz wirksam, ohne dass es darauf ankommt, ob die so vorgelegten Dokumente der Globalurkunde beifügt werden.

Am Tag dieser Mitteilung hat die Emittentin dem Fiscal Agent eine durch zwei Unterschriftsberechtigte der Emittentin unterzeichnete Bescheinigung zu übergeben, die

- (i)
  - (I) bestätigt, dass ein Benchmark-Ereignis eingetreten ist;
  - (II) den Neuen Benchmarksatz benennt;
  - (III) die entsprechende Anpassungsmarge und etwaige Benchmark-Änderungen benennt; und
  - (IV) den Stichtag benennt; und
- (ii) bestätigt, dass die etwaigen Benchmark-Änderungen notwendig sind, um die ordnungsgemäße Anwendung des betreffenden Neuen Benchmarksatzes und der entsprechenden Anpassungsspanne zu gewährleisten.

(f) Definitionen. Zur Verwendung in § 5 Absatz (4):



The "**Adjustment Spread**", which may be positive, negative or zero, will be expressed in basis points and means either (a) the spread or (b) the result of the operation of the formula or methodology for calculating the spread,

- (i) which in the case of a Successor Benchmark Rate, is formally recommended in relation to the replacement of the Original Benchmark Rate with the Successor Benchmark Rate by any Relevant Nominating Body; or
- (ii) which (if no such recommendation has been made, or in the case of an Alternative Benchmark Rate) is applied to the New Benchmark Rate in international debt capital markets transactions to produce an industry-accepted replacement reference rate for the Original Benchmark Rate, provided that all determinations will be made by the Independent Adviser in its reasonable discretion.

**"Alternative Benchmark Rate"** means an alternative benchmark or screen rate which is customarily applied in international debt capital markets transactions for the purposes of determining rates of interest similar to the Original Benchmark Rate (or the relevant component part thereof) in the Specified Currency, provided that all determinations will be made by the Independent Adviser.

**"Benchmark Amendments"** has the meaning given to it in § 5(4)(d).

**"Benchmark Event"** means:

Die "**Anpassungsspanne**", die positiv, negativ oder gleich Null sein kann, wird in Basispunkten ausgedrückt und bezeichnet entweder (a) die Spanne oder (b) das Ergebnis der Anwendung der Formel oder Methode zur Berechnung der Spanne,

- (i) die im Fall eines Nachfolge-Benchmarksatzes von einem Nominierungsgremium im Zusammenhang mit der Ersetzung des Ursprünglichen Benchmarksatzes durch den Nachfolge-Benchmarksatz förmlich empfohlen wird; oder
- (ii) die (sofern keine Empfehlung abgegeben wurde oder im Fall eines Alternativ-Benchmarksatzes) bei internationalen Anleihekaptialmarkttransaktionen auf den Neuen Benchmarksatz angewendet wird, um einen branchenweit akzeptierten Ersatz-Benchmarksatz für den Ursprünglichen Benchmarksatz zu erzeugen, wobei sämtliche Feststellungen durch den Unabhängigen Berater nach billigem Ermessen vorgenommen werden.

**"Alternativ-Benchmarksatz"** bezeichnet eine alternative Benchmark oder einen alternativen Bildschirmsatz, die bzw. der üblicherweise bei internationalen Anleihekaptialmarkttransaktionen zur Bestimmung von Zinssätzen die dem Ursprünglichen Benchmarksatz entsprechen (oder dazugehörigen Zinskomponenten) in der Festgelegten Währung angewendet wird, wobei sämtliche Feststellungen durch den Unabhängigen Berater vorgenommen werden.

**"Benchmark-Änderungen"** hat die in § 5 Absatz (4)(d) festgelegte Bedeutung.

**"Benchmark-Ereignis"** bezeichnet:

- |   |  |
|---|--|
| <p>(i) the Original Benchmark Rate ceasing to be published on a regular basis or ceasing to exist; or</p>   | <p>(i) der Ursprüngliche Benchmarksatz wird nicht mehr regelmäßig veröffentlicht oder nicht fortgeführt; oder</p>  |
| <p>(ii) a public statement by the administrator of the Original Benchmark Rate that it has ceased or that it will cease publishing the Original Benchmark Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue the publication of the Original Benchmark Rate); or</p> | <p>(ii) eine öffentliche Bekanntmachung des Administrators des Ursprünglichen Benchmarksatzes dahingehend, dass dieser die Berechnung des Ursprünglichen Benchmarksatzes dauerhaft oder auf unbestimmte Zeit eingestellt hat oder einstellen wird (in Fällen, in denen kein Nachfolge-Administrator ernannt worden ist, der die Veröffentlichung des Ursprünglichen Benchmarksatzes fortführen wird); oder</p> |
| <p>(iii) a public statement by the supervisor of the administrator of the Original Benchmark Rate, that the Original Benchmark Rate has been or will be permanently or indefinitely discontinued; or</p>  | <p>(iii) eine öffentliche Bekanntmachung der Aufsichtsbehörde des Administrators des Ursprünglichen Benchmarksatzes dahingehend, dass der Ursprüngliche Benchmarksatz dauerhaft oder auf unbestimmte Zeit nicht mehr fortgeführt wird oder fortgeführt werden wird; oder</p>   |
| <p>(iv) a public statement by the supervisor of the administrator of the Original Benchmark Rate as a consequence of which the Original Benchmark Rate has been or will be prohibited from being used either generally, or in respect of the relevant Notes; or</p>   | <p>(iv) eine öffentliche Bekanntmachung der Aufsichtsbehörde des Administrators des Ursprünglichen Benchmarksatzes infolge deren der Ursprüngliche Benchmarksatz allgemein oder in Bezug auf die Schuldverschreibungen nicht mehr verwendet wird bzw. verwendet werden darf; oder</p>  |
| <p>(v) it has become unlawful for the Principal Paying Agent, the Calculation Agent, the Issuer or any other party to calculate or determine any Reset Reference Rate using the Original Benchmark Rate,</p>  | <p>(v) den Umstand, dass die Verwendung des Ursprünglichen Benchmarksatzes zur Berechnung oder Bestimmung des Referenzsatzes für die Zahlstelle, die Berechnungsstelle, die Emittentin oder jeden Dritten rechtswidrig geworden ist,</p>   |

provided that, for the purposes of (i) through (iii), a material alteration of the methodology used by the administrator or a public statement by the supervisor of the administrator of the Reset Reference Rate that the Reset Reference Rate is no longer representative of an underlying market on the Interest Commencement Date for the determination of the Original Benchmark Rate will be deemed as cessation and discontinuation, respectively, of the Original Benchmark Rate.

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

**"New Benchmark Rate"** means the Successor Benchmark Rate or, as the case may be, the Alternative Benchmark Rate.

**"Relevant Nominating Body"** means, in respect of the replacement of the Original Benchmark Rate:

- (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 (I) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, (II) any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable), (III) a group of the aforementioned central banks or other supervisory

wobei für die Zwecke von (i) bis (iii) eine wesentliche Änderung der bei Verzinsungsbeginn gültigen Methode für die Feststellung des Ursprünglichen Benchmarksatzes durch den Administrator oder eine öffentliche Stellungnahme der Aufsichtsbehörde des Administrators des Referenzsatzes dahingehend, dass der Referenzsatz nicht länger repräsentativ für den zugrundeliegenden Markt ist, der Einstellung bzw. Nichtfortführung des Ursprünglichen Benchmarksatzes gleichsteht.

**"Nachfolge-Benchmarksatz"** bezeichnet einen Nachfolger oder Ersatz des Ursprünglichen Benchmarksatzes, der durch das Nominierungsgremium förmlich empfohlen wurde.

**"Neuer Benchmarksatz"** bezeichnet den Nachfolge-Benchmarksatz bzw. Alternativ-Benchmarksatz.

**"Nominierungsgremium"** bezeichnet in Bezug auf die Ersetzung des Ursprünglichen Benchmarksatzes:

- (i) die Zentralbank für die Währung, in der die Benchmark oder der Bildschirmsatz dargestellt wird, oder eine Zentralbank oder andere Aufsichtsbehörde, die für die Aufsicht des Administrators der Benchmark oder des Bildschirmsatzes zuständig ist; oder
- (ii) jede Arbeitsgruppe oder jedes Komitee, die bzw. das von (I) der Zentralbank für die Währung in der die Benchmark oder der Bildschirmsatz dargestellt wird, (II) einer Zentralbank oder anderen Aufsichtsbehörde, die für die Aufsicht des Administrators der Benchmark oder des Bildschirmsatzes zuständig ist, (III) einer Gruppe der zuvor genannten Zentralbanken oder anderen Aufsichtsbehörden oder (IV) dem Finanzstabilitätsrat (Financial Stability Board) oder Teilen davon

authorities or (IV) the Financial Stability Board or any part thereof.

"**Effective Date**" has the meaning specified in § 5(4)(h).

"**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.

(g) Any adjustment to the Original Benchmark Rate in case of a Benchmark Event will be made only to the extent that no Rating Event would occur as a result of such adjustment.

(h) The effective date for the application of this § 5(4) (the "**Effective Date**") will be:

(i) if the Benchmark Event has occurred as a result of clause (i) of the definition of the term "**Benchmark Event**", the date of the occurrence of the Benchmark Event; or

(ii) if the Benchmark Event has occurred as a result of clause (ii), (iii) or (iv) of the definition of the term "Benchmark Event", the date of cessation of publication of the Original Benchmark Rate or of the discontinuation of the Original Benchmark Rate, as the case may be; or

(iii) if the Benchmark Event has occurred as a result of clause (v) of the definition of the term "Benchmark Event", the date from which the prohibition applies.

(i) If a Benchmark Event occurs in relation to any New Benchmark Rate, § 5(4) shall *apply mutatis*

gefördert, geführt oder mitgeführt oder gebildet wird.

"**Stichtag**" hat die in § 5 Absatz (4)(h) festgelegte Bedeutung.

"**Unabhängiger Berater**" bezeichnet ein von der Emittentin bestelltes unabhängiges Finanzinstitut mit internationalem Ansehen oder einen anderen unabhängigen Finanzberater mit Erfahrung in internationalen Kapitalmärkten.

(g) Eine Anpassung des Ursprünglichen Benchmarksatzes im Falle eines Benchmark-Ereignisses darf nur insoweit durchgeführt werden, als durch diese Anpassung kein Ratingereignis eintritt.

(h) Der Stichtag für die Anwendung dieses § 5 Absatz (4) (der "**Stichtag**") ist:

(i) der Tag des Eintritts des Benchmark-Ereignisses, wenn das Benchmark-Ereignis aufgrund des Absatzes (i) der Definition des Begriffs "**Benchmark-Ereignis**" eingetreten ist; oder

(ii) der Tag, an dem die Veröffentlichung des Ursprünglichen Benchmarksatzes eingestellt wird bzw. an dem der Ursprüngliche Benchmarksatz eingestellt wird, wenn das Benchmark-Ereignis aufgrund der Absätze (ii), (iii) oder (iv) der Definition des Begriffs "Benchmark-Ereignis" eingetreten ist; oder

(iii) der Tag, ab dem der Ursprüngliche Benchmarksatz nicht mehr verwendet werden darf, wenn das Benchmark-Ereignis aufgrund des Absatzes (v) der Definition des Begriffs "Benchmark-Ereignis" eingetreten ist.

(i) Wenn ein Benchmark-Ereignis in Bezug auf einen Neuen Benchmarksatz eintritt, gilt dieser §

mutandis to the replacement of such New Benchmark Rate by any new Successor Benchmark Rate or Alternative Benchmark Rate, as the case may be.

5 Absatz (4) entsprechend für die Ersetzung des Neuen Benchmarksatzes durch einen neuen Nachfolge-Benchmarksatz bzw. Alternativ-Benchmarksatz.

(5) **Day Count Fraction.**

Where interest is to be calculated in respect of any period of time that is equal to or shorter than an Interest Period (the "**Calculation Period**"), the interest will be calculated on the basis of the actual number of days elapsed in such Calculation Period (from and including the day from which interest begins to accrue to but excluding the day on which it falls due), divided by the number of days in the Interest Period in which the Calculation Period falls (Act/Act (ICMA)) (including the first such day of the relevant Interest Period but excluding the last day of the relevant Interest Period).

(5) **Zinstagekoeffizient.**

Sind Zinsen für einen Zeitraum zu berechnen (der "**Zinsberechnungszeitraum**"), der kürzer als eine Zinsperiode ist oder einer Zinsperiode entspricht, so werden sie auf der Grundlage der tatsächlichen Anzahl der Tage in dem betreffenden Zinsberechnungszeitraum (ab dem ersten Tag, an dem Zinsen auflaufen (einschließlich) bis zu dem Tag, an dem die Zinsen fällig werden (ausschließlich)) berechnet, dividiert durch die Anzahl der Tage in der Zinsperiode, in die der betreffende Zinsberechnungszeitraum fällt (Act/Act (ICMA)) (einschließlich des ersten Tages der betreffenden Zinsperiode, aber ausschließlich des letzten Tages der betreffenden Zinsperiode).

(6) **Cessation of interest accrual.**

The Notes will cease to bear interest from the beginning of the day their principal amount is due for repayment. If the Issuer fails to make any payment of principal under the Notes when due, the Notes will cease to bear interest from the beginning of the day on which such payment is made. In such case the applicable rate of interest will be determined pursuant to this § 3(1).

(6) **Zinslaufende.**

Die Verzinsung der Schuldverschreibungen endet mit Beginn des Tages, an dem ihr Kapitalbetrag zur Rückzahlung fällig wird. Sollte die Emittentin eine Zahlung von Kapital auf die Schuldverschreibungen bei Fälligkeit nicht leisten, endet die Verzinsung der Schuldverschreibungen mit Beginn des Tages der tatsächlichen Zahlung. Der in einem solchen Fall jeweils anzuwendende Zinssatz wird gemäß § 3(1) bestimmt.

**§6**

**(Due date for interest payments; Deferral of interest payments; Payment of Arrears of Interest)**

(1) **Due date for interest payments; optional interest deferral.**

(a) Interest which accrues during an Interest Period will be due and payable (*fällig*) on the relevant Interest Payment Date, unless the Issuer elects, by giving notice to the Noteholders not less than 10 Business Days prior the relevant Interest Payment Date in accordance with § 13, to defer

**§6**

**(Fälligkeit von Zinszahlungen; Aufschub von Zinszahlungen; Zahlung Aufgeschobener Zinszahlungen)**

(1) **Fälligkeit von Zinszahlungen; wahlweiser Zinsaufschub.**

(a) Zinsen, die während einer Zinsperiode auflaufen, werden an dem betreffenden Zinszahlungstag fällig, sofern sich die Emittentin nicht durch eine Bekanntmachung an die Anleihegläubiger gemäß § 13 innerhalb einer Frist von nicht weniger als 10 Geschäftstagen vor dem betreffenden Zinszahlungstag dazu

the relevant payment of interest (in whole but not in part).

If the Issuer elects not to pay accrued interest on an Interest Payment Date, then it will not have any obligation to pay such interest on such Interest Payment Date. Any such non-payment of interest will not constitute a default of the Issuer or any other breach of its obligations under the Notes or for any other purpose.

Interest not due and payable in accordance with this § 6(1)(a) will constitute arrears of interest ("**Arrears of Interest**").

- (b) Arrears of Interest will not bear interest.

(2) **Optional Settlement of Arrears of Interest.**

The Issuer or the Guarantor will be entitled to pay outstanding Arrears of Interest (in whole but not in part) at any time by giving notice to the Noteholders not less than 10 Business Days before such voluntary payment and specifying (i) the amount of Arrears of Interest to be paid and (ii) the date fixed for such payment.

(3) **Mandatory Payment of Arrears of Interest**

The Issuer must pay outstanding Arrears of Interest (in whole but not in part) on the earliest of the following calendar days (each a "**Mandatory Settlement Date**"):

- (a) the calendar day on which a dividend, other distribution or other payment was validly resolved on, declared, paid, or made in respect of Junior Obligations of the Guarantor, Parity Obligations of the Issuer

entscheidet, die betreffende Zinszahlung (insgesamt, jedoch nicht teilweise) auszusetzen.

Wenn sich die Emittentin an einem Zinszahlungstag zur Nichtzahlung aufgelaufener Zinsen entscheidet, dann ist sie nicht verpflichtet, an dem betreffenden Zinszahlungstag Zinsen zu zahlen. Eine Nichtzahlung von Zinsen aus diesem Grunde begründet keinen Verzug der Emittentin und keine anderweitige Verletzung ihrer Verpflichtungen aufgrund der Schuldverschreibungen oder für sonstige Zwecke.

Nach Maßgabe dieses § 6(1)(a) nicht fällig gewordene Zinsen sind aufgeschobene Zinszahlungen ("**Aufgeschobene Zinszahlungen**").

- (b) Aufgeschobene Zinszahlungen werden nicht verzinst.

(2) **Freiwillige Zahlung von Aufgeschobenen Zinszahlungen.**

Die Emittentin oder Garantin ist berechtigt, ausstehende Aufgeschobene Zinszahlungen jederzeit insgesamt, jedoch nicht teilweise nach Bekanntmachung an die Anleihegläubiger unter Einhaltung einer Frist von nicht weniger als 10 Geschäftstagen vor einer freiwilligen Zinszahlung, wobei eine solche Bekanntmachung (i) den Betrag an Aufgeschobenen Zinszahlungen, der gezahlt werden soll, und (ii) den für diese Zahlung festgelegten Termin enthalten muss.

(3) **Pflicht zur Zahlung von Aufgeschobenen Zinszahlungen**

Die Emittentin ist verpflichtet, Aufgeschobene Zinszahlungen insgesamt und nicht nur teilweise am ersten der folgenden Kalendertage zu zahlen (jeweils ein "**Pflichtnachzahlungstag**"):

- (a) am Kalendertag, an dem eine Dividende oder sonstige Ausschüttung oder sonstige Zahlung in Bezug auf Nachrangige Verbindlichkeiten der Garantin, Gleichrangige Verbindlichkeiten der Emittentin

	<p>or Parity Obligations of the Guarantor (except where such dividend, other distribution or payment was required in respect of employee share schemes);</p>	<p>oder Gleichrangige Verbindlichkeiten der Garantin erklärt, beschlossen, gezahlt oder geleistet wurde (außer in dem Fall, dass die Dividende oder sonstige Ausschüttung oder Zahlung unter einem Mitarbeiterbeteiligungsprogramm erforderlich war);</p>
(b)	<p>the calendar day on which the Issuer, the Guarantor, a Subsidiary of the Issuer or a Subsidiary of the Guarantor has redeemed, repurchased or otherwise acquired Junior Obligations of the Issuer, Junior Obligations of the Guarantor, Parity Obligations of the Issuer or Parity Obligations of the Guarantor (except where such redemption or repurchase was mandatory under the terms of the instrument or required in respect of employee share schemes);</p>	<p>(b) am Kalendertag, an dem die Emittentin, die Garantin, eine Tochtergesellschaft der Emittentin oder eine Tochtergesellschaft der Garantin Nachrangige Verbindlichkeiten der Emittentin, Nachrangige Verbindlichkeiten der Garantin, Gleichrangige Verbindlichkeiten der Emittentin oder Gleichrangige Verbindlichkeiten der Garantin zurückgekauft, zurückgezahlt oder anderweitig erworben hat (außer in dem Fall, dass die Rückzahlung oder der Rückkauf nach den Bedingungen des Instruments verpflichtend war oder unter einem Mitarbeiterbeteiligungsprogramm erforderlich war);</p>
(c)	<p>the calendar day on which the Notes are redeemed;</p>	<p>(c) am Kalendertag, an dem die Schuldverschreibungen zurückgezahlt wurden;</p>
(d)	<p>the next Interest Payment Date on which the Issuer pays interest on the Notes scheduled to be paid on such Interest Payment Date; or</p>	<p>(d) am nächsten Zinszahlungstag, an dem die Emittentin Zinsen auf die Schuldverschreibungen zahlt; oder</p>
(e)	<p>the calendar day after an order is made for the winding-up, dissolution or liquidation of the Issuer or the Guarantor (other than for the purposes of or pursuant to an amalgamation, reorganization or restructuring while solvent, where the continuing entity assumes substantially all of the assets and obligations of the Issuer or Guarantor, as the case may be);</p>	<p>(e) am Kalendertag, nach dem ein Beschluss zur Auflösung, Abwicklung oder Liquidation der Emittentin oder der Garantin ergangen ist (aber nur, wenn dies nicht für die Zwecke oder als Folge eines Zusammenschlusses, einer Umstrukturierung oder Sanierung geschieht und die Emittentin bzw. die Garantin noch zahlungsfähig sind und die übernehmende Gesellschaft im Wesentlichen alle Vermögenswerte und Verpflichtungen der Emittentin bzw. der Garantin übernimmt);</p>
	<p>provided that</p>	<p>mit der Maßgabe, dass</p>

(x) in the cases (a) and (b) above no Mandatory Settlement Date occurs if the Issuer, the Guarantor or the relevant Subsidiary is obliged under the terms and conditions of such parity or junior obligations to make such payment, such redemption, such repurchase or such other acquisition; and

(y) in the case (b) above no Mandatory Settlement Date occurs if the Issuer, the Guarantor or the relevant Subsidiary repurchases or otherwise acquires any Parity Obligations of the Issuer or Parity Obligations of the Guarantor in whole or in part in a public tender offer or public exchange offer at a purchase price per Parity Obligation below its par value.

#### §7

##### (Redemption and Repurchase)

###### (1) No Scheduled Redemption.

The Notes have no final maturity date and shall not be redeemed except in accordance with the provisions set out in this § 7.

###### (2) Repurchase.

Subject to applicable laws, the Issuer, the Guarantor or any Subsidiary of the Guarantor may at any time purchase Notes in the open market or otherwise and

(x) in den vorgenannten Fällen (a) und (b) kein Pflichtnachzahlungstag vorliegt, wenn die Emittentin, die Garantin oder die betreffende Tochtergesellschaft nach Maßgabe der Emissionsbedingungen der betreffenden gleichrangigen oder nachrangigen Verbindlichkeit zu der Zahlung, zu der Rückzahlung, zu dem Rückkauf oder zu dem anderweitigen Erwerb verpflichtet ist; und

(y) im vorgenannten Fall (b) kein Pflichtnachzahlungstag vorliegt, wenn die Emittentin, die Garantin oder die betreffende Tochtergesellschaft Gleichrangige Verbindlichkeiten der Emittentin oder Gleichrangige Verbindlichkeiten der Garantin nach einem öffentlichen Rückkaufangebot oder öffentlichen Umtauschangebot zu einem unter dem Nennwert je Gleichrangiger Verbindlichkeit liegenden Kaufpreis zurückkauft oder anderweitig erwirbt.

#### §7

##### (Rückzahlung und Rückkauf)

###### (1) Keine Endfälligkeit.

Die Schuldverschreibungen haben keinen Endfälligkeitstag und werden, außer gemäß den Bestimmungen in diesem § 7, nicht zurückgezahlt.

###### (2) Rückkauf.

Die Emittentin, die Garantin oder eine Tochtergesellschaft der Garantin kann, soweit gesetzlich zulässig, jederzeit Schuldverschreibungen auf dem freien Markt oder anderweitig sowie zu jedem



at any price. Such acquired Notes may be cancelled, held or resold.

**(3) Redemption at the Option of the Issuer and in Case of Minimum Outstanding Aggregate Principal Amount.**

(a) The Issuer may, upon giving not less than 20 nor more than 40 Business Days' notice pursuant to § 13 call the Notes for redemption (in whole but not in part) for the first time with effect as of the First Call Date and subsequently with effect as of each Interest Payment Date thereafter. In this case the Issuer shall redeem each Note at its Principal Amount plus accrued and unpaid interest and any Arrears of Interest on the redemption date specified in the notice.

(b) The Issuer may, upon giving not less than 20 nor more than 40 Business Days' notice pursuant to § 13, call the Notes for redemption (in whole but not in part) at any time if at least 80 per cent. of the originally issued aggregate principal amount of the Notes have been redeemed or purchased and cancelled. In this case the Issuer shall redeem each Note at its Principal Amount plus accrued and unpaid interest and any Arrears of Interest on the redemption date specified in the notice.

**(4) Other Special Redemption Events.**

The Issuer may upon giving not less than 20 nor more than 40 Business Days'

beliebigen Preis kaufen. Derartig erworbene Schuldverschreibungen können entwertet, gehalten oder wieder veräußert werden.

**(3) Rückzahlung nach Wahl der Emittentin und bei geringem ausstehendem Gesamtnennbetrag.**

(a) Die Emittentin ist berechtigt, durch Bekanntmachung gemäß § 13 unter Einhaltung einer Frist von nicht weniger als 20 und nicht mehr als 40 Geschäftstagen, die Schuldverschreibungen (insgesamt und nicht nur teilweise) erstmals mit Wirkung zum Ersten Kündigungstag, und danach mit Wirkung zu jedem nachfolgenden Zinszahlungstag zu kündigen. Im Falle einer solchen Kündigung ist die Emittentin verpflichtet, jede Schuldverschreibung an dem in der Bekanntmachung festgelegten Rückzahlungstag zu ihrem Nennbetrag zuzüglich aufgelaufener aber noch nicht bezahlter Zinsbeträge sowie Aufgeschobener Zinszahlungen zurückzuzahlen.

(b) Die Emittentin ist berechtigt, durch Bekanntmachung gemäß § 13 unter Einhaltung einer Frist von nicht weniger als 20 und nicht mehr als 40 Geschäftstagen, die Schuldverschreibungen (insgesamt und nicht nur teilweise) jederzeit zu kündigen, falls mindestens 80 % des ursprünglich begebenen Gesamtnennbetrages der Schuldverschreibungen zurückgezahlt oder erworben und eingezogen worden sind. Im Falle einer solchen Kündigung ist die Emittentin verpflichtet, jede Schuldverschreibung an dem in der Bekanntmachung festgelegten Rückzahlungstag zu ihrem Nennbetrag zuzüglich aufgelaufener aber noch nicht bezahlter Zinsbeträge sowie Aufgeschobener Zinszahlungen zurückzuzahlen.

**(4) Besondere Rückzahlungsereignisse.**

Die Emittentin ist berechtigt, durch Bekanntmachung gemäß § 13 unter

notice pursuant to § 13, call the Notes for redemption (in whole but not in part) at any time if any of the special events as set forth below has occurred. In this case the Issuer shall redeem each Note at the Early Redemption Amount on the redemption date specified in the notice. The notice shall set forth the underlying facts of the Issuer's right to early redemption and specify the redemption date:

- (a) If (i)(A) any Rating Agency publishes a change in hybrid capital methodology or the interpretation thereof, as a result of which change the Notes would no longer be eligible for the same or a higher category of "equity credit" or such similar nomenclature as may be used by that Rating Agency from time to time to describe the degree to which the terms of an instrument are supportive of the Guarantor's senior obligations, attributed to the Notes at the Issue Date (a **"Loss in Equity Credit"**), or (B) the Issuer has received, and has provided the Principal Paying Agent with a copy of, a written confirmation from any Rating Agency that due to a change in hybrid capital methodology or the interpretation thereof, a Loss in Equity Credit occurred (the events described in (A) and (B) each a **"Rating Event"**) and (ii) the Issuer has given notice to the Noteholders in accordance with § 13 of such Rating Event prior to giving the notice of redemption referred to above.

**"Rating Agency"** means each of Moody's and S&P, where **"Moody's"** means Moody's Investors Services Limited or any

Einhaltung einer Frist von nicht weniger als 20 und nicht mehr als 40 Geschäftstagen, die Schuldverschreibungen (insgesamt und nicht nur teilweise) jederzeit zu kündigen, falls eines der folgenden besonderen Ereignisse eingetreten ist. Im Falle einer solchen Kündigung ist die Emittentin verpflichtet, jede Schuldverschreibung an dem in der Bekanntmachung festgelegten Rückzahlungstag zu ihrem Vorzeitigen Rückzahlungsbetrag zurückzuzahlen. Die Bekanntmachung hat den Grund der vorzeitigen Rückzahlung und den Rückzahlungstag anzugeben:

- (a) Falls (i)(A) eine Ratingagentur eine Veränderung in der Methodologie für Hybridkapital oder der Interpretation dieser Methodologie veröffentlicht, wodurch die Schuldverschreibungen nicht mehr länger in derselben oder einer höheren Kategorie von Eigenkapital (oder eine vergleichbare Beschreibung, die von der Ratingagentur in Zukunft genutzt wird, um zu beschreiben in wie weit die Bedingungen eines Instruments die vorrangigen Verbindlichkeiten der Garantin unterstützen) wie am Ausgabetag einzuordnen sind (ein **"Verlust der Eigenkapitalzuordnung"**), oder (B) die Emittentin hat eine schriftliche Bestätigung von einer Ratingagentur erhalten und hat diese an die Hauptzahlstelle in Kopie weitergegeben, welche besagt, dass aufgrund einer Änderung der Methodologie für Hybridkapital oder der Interpretation dieser Methodologie, ein Verlust der Eigenkapitalzuordnung erfolgt ist (die Ereignisse unter (A) und (B) jeweils ein **"Ratingereignis"**) und (ii) die Emittentin die Anleihegläubiger über das Ratingereignis gemäß § 13 informiert hat, bevor die Mitteilung der Rückzahlung (wie oben beschrieben) bekanntgemacht wurde.

**"Ratingagentur"** bezeichnet jeweils Moody's und S&P, wobei **"Moody's"** Moody's Investors Services Limited oder eine ihrer

- of its successors, and "**S&P**" means Standard & Poor's Rating Services, a division of the McGraw-Hill Companies, Inc., or any of its subsidiaries or successors.
- (b) A recognized accountancy firm, acting upon instructions of the Issuer or Guarantor, has delivered a letter or report to the Issuer or Guarantor, stating that as a result of a change in accounting principles (or the application thereof) since the Interest Commencement Date ("**Issue Date**"), the Notes may not or may no longer be recorded as "equity" in the audited annual or the semi-annual consolidated financial statements of the Guarantor pursuant to the International Financial Reporting Standards ("**IFRS**") or any other accounting standards that may replace IFRS for the purposes of preparing the annual consolidated financial statements of the Guarantor (an "**Accounting Event**").
- (c) An opinion of a recognized law firm of international standing has been delivered to the Issuer or Guarantor after the Issue Date, stating that by reason of a change in German or Dutch law or regulation, or any change in the official application or interpretation of such law, the tax regime of any payments under the Notes is modified and such modification results in payments of interest payable by the Issuer or the Guarantor in respect of the Notes being no longer deductible for corporate income tax purposes in whole or in part; and such risk cannot be avoided by the Issuer taking reasonable measures available to it (a "**Tax Deductibility Event**").
- Nachfolgesellschaften bezeichnet und "**S&P**" Standard & Poor's Rating Services, eine Abteilung der McGraw-Hill Companies, Inc. oder eine ihrer Tochter- oder Nachfolgesellschaften bezeichnet.
- (b) Eine anerkannte Wirtschaftsprüfungsgesellschaft, die im Auftrag der Emittentin oder der Garantin handelt, hat der Emittentin oder der Garantin einen Brief oder ein Gutachten übermittelt, wonach aufgrund einer Änderung der Rechnungslegungsgrundsätze (oder deren Auslegung) seit dem Zinslaufbeginn (der "**Ausgabetag**") die Schuldverschreibungen nicht oder nicht mehr als "Eigenkapital" in den konsolidierten Jahres- oder Halbjahresabschlüssen der Garantin gemäß den International Financial Reporting Standards ("**IFRS**") bzw. anderen Rechnungslegungsstandards, die die Garantin für die Erstellung ihrer konsolidierten Jahresabschlüsse anstelle der IFRS anwenden kann, ausgewiesen werden dürfen (ein "**Rechnungslegungsereignis**").
- (c) Erhalt durch die Emittentin oder die Garantin eines Gutachtens einer international anerkannten Rechtsanwaltskanzlei, aus dem hervorgeht, dass nach dem Ausgabetag als Folge einer Änderung von deutschem oder niederländischen Recht oder dessen offizieller Auslegung oder Anwendung die steuerliche Behandlung von Zinszahlungen, die von der Emittentin oder der Garantin in Bezug auf die Schuldverschreibungen zahlbar sind, dergestalt geändert wurde, dass sie nicht mehr für die Zwecke der Körperschaftssteuer ganz oder teilweise abzugsfähig sind; und die Emittentin dieses Risiko nicht durch das Ergreifen zumutbarer Maßnahmen vermeiden kann (ein "**Steuerereignis**").

- (d) If, by reason of any change in German or Dutch law or published regulations becoming effective after the Issue Date, the Issuer or the Guarantor would have to pay Additional Amounts, provided that the payment obligation cannot be avoided by the Issuer taking such reasonable measures it (acting in good faith) deems appropriate (a "**Gross-up Event**").

The "**Early Redemption Amount**" shall be equal to 101 per cent. of the Principal Amount plus accrued and unpaid interest and any Arrears of Interest in the case of a Rating Event, Accounting Event or Tax Deductibility Event, and 100 per cent. of the Principal Amount plus accrued and unpaid interest and any Arrears of Interest in the case of a Gross-Up Event.

## **§8 (Payments)**

- (1) The Issuer undertakes to pay, as and when due, principal and interest on the Notes in euro. Payment of principal and interest on the Notes will be made, subject to applicable fiscal and other laws and regulations, through the Principal Paying Agent for on-payment to the Clearing System or to its order for credit to the respective account holders. Payments to the Clearing System or to its order will to the extent of amounts so paid constitute the discharge of the Issuer from its corresponding liabilities under the Notes. Any reference in these Terms and Conditions of the Notes to principal or interest will be deemed to include any Additional Amounts as set forth in § 9.
- (2) If the due date for any payment of principal and/or interest is not a Business Day, payment will be effected only on the next Business Day. The Noteholders will

- (d) Falls die Emittentin oder die Garantin als Folge einer nach dem Ausgabetag wirksam werdenden Änderung nach dem Ausgabetag von deutschen oder niederländischen Gesetzen oder veröffentlichten Vorschriften verpflichtet ist, Zusätzliche Beträge zu zahlen, allerdings nur soweit die Emittentin oder Garantin die Zahlungsverpflichtung nicht durch das Ergreifen zumutbarer Maßnahmen vermeiden kann, die sie nach Treu und Glauben für angemessen hält (ein "**Gross-up Ereignis**").

Der "**Vorzeitige Rückzahlungsbetrag**" bezeichnet 101% des Nennbetrages zuzüglich aufgelaufener aber noch nicht bezahlter Zinsbeträge sowie Aufgeschobener Zinszahlungen im Falle eines Ratingereignisses, eines Rechnungslegungsereignisses oder eines Steuerereignisses und 100% des Nennbetrages zuzüglich aufgelaufener aber noch nicht bezahlter Zinsbeträge sowie Aufgeschobener Zinszahlungen im Falle eines Gross-Up Ereignisses.

## **§8 (Zahlungen)**

- (1) Die Emittentin verpflichtet sich, Kapital und Zinsen auf die Schuldverschreibungen bei Fälligkeit in Euro zu zahlen. Die Zahlung von Kapital und Zinsen auf die Schuldverschreibungen erfolgt, vorbehaltlich geltender steuerrechtlicher und sonstiger gesetzlicher Regelungen und Vorschriften, über die Hauptzahlstelle zur Weiterleitung an das Clearingsystem oder nach dessen Weisung zur Gutschrift für die jeweiligen Kontoinhaber. Die Zahlung an das Clearingsystem oder nach dessen Weisung befreit die Emittentin in Höhe der geleisteten Zahlung von ihren entsprechenden Verbindlichkeiten aus den Schuldverschreibungen. Eine Bezugnahme in diesen Anleihebedingungen auf Kapital oder Zinsen der Schuldverschreibungen schließt jegliche Zusätzlichen Beträge gemäß § 9 ein.
- (2) Falls ein Fälligkeitstag für die Zahlung von Kapital und/oder Zinsen kein Geschäftstag ist, erfolgt die Zahlung erst am nächstfolgenden Geschäftstag; die

have no right to claim payment of any interest or other indemnity in respect of such delay in payment.

**§9  
(Taxation)**

All payments of principal and interest in respect of the Notes by the Issuer or (as the case may be) the Guarantor under the Guarantee will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of the Netherlands or the Federal Republic of Germany or, in each case, any authority therein or thereof having power to tax, unless the Issuer or the Guarantor is required by law to make such withholding or deduction of such taxes, duties, assessments or governmental charges. In that event, the Issuer or, as the case may be, the Guarantor will pay such additional amounts ("**Additional Amounts**") as may be necessary in order that the net amounts received by the Noteholders after such withholding or deduction shall equal the respective amounts of principal and interest which would have been received in respect of the Notes 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 otherwise than by withholding or deduction from amounts payable; or
- (b) are payable by reason of the Noteholder having, or having had, some personal or business connection with the Netherlands or the Federal Republic of 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 the Federal Republic of Germany; or
- (c) are to be withheld or deducted pursuant to (i) any European Union Directive or Regulation concerning the taxation of interest income, or (ii) any international treaty, agreement or understanding relating to such taxation and to which Issuer's country of domicile for tax purposes or the Guarantor's country of

Anleihegläubiger sind nicht berechtigt, Zinsen oder eine andere Entschädigung wegen eines solchen Zahlungsaufschubs zu verlangen.

**§9  
(Besteuerung)**

Sämtliche auf die Schuldverschreibungen zu zahlenden Beträge von Kapital oder Zinsen sind ohne Einbehalt oder Abzug von oder aufgrund von gegenwärtigen oder zukünftiger Steuern, sonstigen Abgaben oder behördlicher Gebühren gleich welcher Art durch die Emittentin oder gegebenenfalls die Garantin unter der Garantie zu leisten, die von oder in den Niederlanden oder der Bundesrepublik Deutschland oder für deren Rechnung oder von oder für Rechnung einer Gebietskörperschaft oder Steuerbehörde der oder in den Niederlanden oder der Bundesrepublik Deutschland auferlegt oder erhoben werden, es sei denn, die Emittentin oder die Garantin ist gesetzlich verpflichtet, einen solchen Einbehalt oder Abzug vorzunehmen. In diesem Fall wird die Emittentin oder die Garantin diejenigen zusätzlichen Beträge (die "**Zusätzlichen Beträge**") zahlen, die erforderlich sind, damit die den Anleihegläubigern zufließenden Nettobeträge nach diesem Einbehalt oder Abzug jeweils den Beträgen entsprechen, die ohne einen solchen Einbehalt oder Abzug von den Inhabern der Schuldverschreibungen empfangen worden wären; die Verpflichtung zur Zahlung solcher zusätzlicher Beträge besteht jedoch nicht im Hinblick auf Steuern und Abgaben, die:

- (a) auf andere Weise als durch Einbehalt oder Abzug von zahlbaren Beträgen zu entrichten sind; oder
- (b) wegen einer gegenwärtigen oder früheren persönlichen oder geschäftlichen Beziehung des Anleihegläubigers zu den Niederlanden oder der Bundesrepublik Deutschland zu zahlen sind, und nicht allein deshalb, weil Zahlungen auf die Schuldverschreibungen aus Quellen in den Niederlanden oder der Bundesrepublik 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 oder (ii) einer zwischenstaatlichen Vereinbarung, eines zwischenstaatlichen Abkommens oder einer zwischenstaatlichen Verständigung über deren Besteuerung, an der der Staat,

domicile for tax purposes 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, agreement or understanding; 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, if later, is duly provided for and notice thereof is published in accordance with § 13;
- (e) are deducted or withheld by a Paying Agent from a payment if the payment could have been made by another Paying Agent without such deduction or withholding; or
- (f) are payable by reason of the Dutch Withholding Tax Act 2021 (Wet bronbelasting 2021).

in dem die Emittentin steuerlich ansässig ist bzw. der Staat, in dem die Garantin steuerlich ansässig ist oder die Europäische Union beteiligt ist, oder (iii) einer gesetzlichen Vorschrift, die diese Richtlinie, Verordnung, Vereinbarung, Verständigung oder dieses Abkommen umsetzt oder befolgt, abziehen oder einzubehalten sind; oder

- (d) aufgrund einer Rechtsänderung zu zahlen sind, welche 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;
- (e) von einer Zahlstelle abgezogen oder einbehalten werden, wenn eine andere Zahlstelle die Zahlung ohne einen solchen Abzug oder Einbehalt hätte leisten können; oder
- (f) aufgrund des Niederländischen Quellensteuergesetzes 2021 (Wet bronbelasting 2021) zahlbar sind.

Notwithstanding anything to the contrary in these Terms and Conditions, the Issuer shall be permitted to withhold or deduct any amounts required by Sections 1471 to 1474 ("**FATCA**") of the U.S. Internal Revenue Code of 1986, any treaty, law, regulation or other official guidance implementing FATCA, or any agreement (or related guidance) between the Issuer, a paying agent or any other person and the United States, any other jurisdiction, or any authority of any of the foregoing implementing FATCA and none of the Issuer, any paying agent or any other person shall be required to pay any additional amounts with respect to any FATCA withholding or deduction imposed on or with respect to any Note.

Ungeachtet anders lautender Bestimmungen in den Anleihebedingungen, kann die Emittentin sämtliche Beträge einbehalten oder abziehen, die nach §§ 1471 - 1474 ("**FATCA**") des US-amerikanischen Steuergesetzes von 1986 (*U.S. Internal Revenue Code of 1986*) anfallen oder nach einem Vertrag, einem Gesetz, einer Verordnung oder sonstigen offiziellen Leitlinien, die FATCA umsetzen, oder nach einer Vereinbarung (oder damit verbundenen Leitlinien) zwischen der Emittentin, der Zahlstelle oder einer anderen Person und den Vereinigten Staaten, einer anderen Jurisdiktion, oder einer Behörde der Vorgenannten, die FATCA umsetzen, und weder die Emittentin, eine Zahlstelle oder eine andere Person ist verpflichtet, zusätzliche Beträge hinsichtlich eines FATCA-Einbehalts oder – Abzugs zu zahlen, der bezüglich der Schuldverschreibungen auferlegt wurde oder hinsichtlich dieser anfällt.

## §10

### (Presentation Period, Prescription)

The period for presentation of the Notes will be reduced to 10 years. The period of limitation for all claims (including claims for interest payment and repayment, if any) under the Notes presented during the period for presentation will be two years calculated from the expiration of the relevant presentation period.

## §10

### (Vorlegungsfrist, Verjährung)

Die Vorlegungsfrist der Schuldverschreibungen wird auf zehn Jahre reduziert. Die Verjährungsfrist für alle Ansprüche (inklusive Ansprüche auf Zinszahlungen und gegebenenfalls Rückzahlung) aus den Schuldverschreibungen, die innerhalb der Vorlegungsfrist zur Zahlung vorgelegt wurden,

beträgt zwei Jahre von dem Ende der betreffenden Vorlegungsfrist an.

<b>§11</b> <b>(Paying and Calculation Agent)</b>	<b>§11</b> <b>(Zahlstellen und Berechnungsstelle)</b>
<p>(1) <b>Appointment.</b></p> <p>The Issuer has appointed Citibank, N.A., London Branch as principal paying agent with respect to the Notes (the "<b>Principal Paying Agent</b>" and, together with any additional paying agent appointed by the Issuer in accordance with § 11(2), the "<b>Paying Agents</b>").</p> <p>The Issuer has appointed Citibank, N.A., London Branch as calculation agent with respect to the Notes (the "<b>Calculation Agent</b>" and, together with the Paying Agents, the "<b>Agents</b>").</p> <p>The addresses of the specified offices of the Agents are:</p> <p>Principal Paying Agent:</p> <p>Citibank, N.A., London Branch Citigroup Centre Canada Square, Canary Wharf London E14 5LB United Kingdom</p> <p>Calculation Agent:</p> <p>Citibank, N.A., London Branch Citigroup Centre Canada Square, Canary Wharf London E14 5LB United Kingdom</p>	<p>(1) <b>Bestellung.</b></p> <p>Die Emittentin hat Citibank, N.A., London Branch als Hauptzahlstelle in Bezug auf die Schuldverschreibungen (die "<b>Hauptzahlstelle</b>" und gemeinsam mit jeder etwaigen von der Emittentin nach § 11(2) bestellten zusätzlichen Zahlstelle, die "<b>Zahlstellen</b>") bestellt.</p> <p>Die Emittentin hat Citibank, N.A., London Branch als Berechnungsstelle in Bezug auf die Schuldverschreibungen (die "<b>Berechnungsstelle</b>" und, gemeinsam mit den Zahlstellen, die "<b>Verwaltungsstellen</b>") bestellt.</p> <p>Die Geschäftsräume der Verwaltungsstellen befinden sich unter den folgenden Adressen:</p> <p>Hauptzahlstelle:</p> <p>Citibank, N.A., London Branch Citigroup Centre Canada Square, Canary Wharf London E14 5LB Vereinigtes Königreich</p> <p>Berechnungsstelle:</p> <p>Citibank, N.A., London Branch Citigroup Centre Canada Square, Canary Wharf London E14 5LB Vereinigtes Königreich</p>
<p>(2) <b>Variation or Termination of Appointment.</b></p> <p>The Issuer reserves the right at any time to vary or terminate the appointment of any Paying Agent and to appoint successor or additional Paying Agents. Notice of any change in the Paying Agents or in the specified office of any Paying Agent will promptly be given to the Noteholders pursuant to § 13.</p>	<p>(2) <b>Änderung oder Beendigung der Bestellung.</b></p> <p>Die Emittentin behält sich das Recht vor, jederzeit die Benennung einer Zahlstelle zu verändern oder zu beenden und Nachfolger bzw. zusätzliche Zahlstellen zu ernennen. Den Anleihegläubigern werden Änderungen in Bezug auf die Zahlstellen, deren angegebenen Geschäftsstellen umgehend gemäß § 13 bekannt gemacht.</p>
<p>(3) <b>Status of the Agents.</b></p> <p>The Paying Agents and the Calculation Agent act solely as agents of the Issuer and do not assume any obligations towards or relationship of contract,</p>	<p>(3) <b>Status der beauftragten Stellen.</b></p> <p>Die Zahlstellen und die Berechnungsstelle handeln ausschließlich als Vertreter der Emittentin und übernehmen keine Verpflichtungen gegenüber den</p>

agency or trust for or with any of the Noteholders.

Anleihegläubigern; es wird kein Vertrags-, Auftrags- oder Treuhandverhältnis zwischen ihnen und den Anleihegläubigern begründet.

## **§12 (Further Issues)**

The Issuer may from time to time, without the consent of the Noteholders, create and issue further Notes having the same terms and conditions as the Notes in all respects (except for the first payment of interest) so as to form a single series with the Notes.

## **§12 (Weitere Emissionen)**

Die Emittentin kann ohne Zustimmung der Anleihegläubiger weitere Schuldverschreibungen begeben, die in jeder Hinsicht (mit Ausnahme der ersten Zinszahlung) die gleichen Bedingungen wie die Schuldverschreibungen haben und die zusammen mit den Schuldverschreibungen eine einzige Anleihe bilden.

## **§13 (Notices)**

### **(1) Notices Published on [www.bourse.lu](http://www.bourse.lu).**

All notices regarding the Notes will be published (so long as any of the Notes is listed on the Luxembourg Stock Exchange) on the website of the Luxembourg Stock Exchange on [www.bourse.lu](http://www.bourse.lu). Any notice will become effective for all purposes on the date of the first such publication.

### **(2) Notices delivered to the Clearing System.**

The Issuer will also be entitled to deliver all notices concerning the Notes to the Clearing System for communication by the Clearing System to the Noteholders. A notice will have been deemed to have been given to Noteholders if such notice is sent to the Clearing Systems for publication to Noteholders.

## **§14 (Substitution)**

### **(1) Substitution.**

The Issuer may at any time, without the consent of the Noteholders, substitute for itself any majority-owned subsidiary of the Guarantor whose primary purpose is to raise financing for the Guarantor and other group entities as new debtor (the "New Debtor") in respect of all obligations arising under or in connection with the Notes, with the effect of releasing the Issuer of all such obligations, if:

## **§13 (Bekanntmachungen)**

### **(1) Bekanntmachungen auf [www.bourse.lu](http://www.bourse.lu).**

Alle Bekanntmachungen, die die Schuldverschreibungen betreffen, werden (solange eine der Schuldverschreibungen an der Luxemburger Wertpapierbörse notiert ist) auf der Internet-Seite der Luxemburger Börse unter [www.bourse.lu](http://www.bourse.lu) veröffentlicht. Für das Datum und die Rechtswirksamkeit sämtlicher Bekanntmachungen ist die erste Veröffentlichung maßgeblich.

### **(2) Mitteilungen, die an das Clearingsystem weitergeleitet werden.**

Die Emittentin ist ferner berechtigt, alle die Schuldverschreibungen betreffenden Mitteilungen an das Clearingsystem zur Weiterleitung an die Anleihegläubiger zu übermitteln. Eine Nachricht gilt als an die Anleihegläubiger übermittelt, wenn sie an die Clearingsysteme zur Veröffentlichung für die Anleihegläubiger gesendet wurde.

## **§14 (Ersetzung)**

### **(1) Ersetzung.**

Die Emittentin ist jederzeit berechtigt, ohne Zustimmung der Anleihegläubiger eine Tochtergesellschaft im Mehrheitsbesitz der Garantin, deren vorrangiger Zweck die Beschaffung von Kapital für die Garantin und andere Konzerngesellschaften ist, als neue Anleiheschuldnerin für alle sich aus oder im Zusammenhang mit den Schuldverschreibungen ergebenden Verpflichtungen mit Schuld befreiender



Wirkung für die Emittentin an die Stelle der Emittentin zu setzen (die "**Neue Anleiheschuldnerin**"), sofern:

- |  |  |
|--|--|
| <p>(a) the Issuer is not in default in respect of any amount payable under any of the Notes;</p> <p>(b) the New Debtor assumes all obligations of the Issuer in respect of the Notes;</p> <p>(c) the New Debtor and the Issuer have obtained all authorizations and approvals necessary for the substitution and the fulfillment of the obligations under or in connection with the Notes;</p> <p>(d) the New Debtor has obtained all necessary governmental authorizations and may transfer to the Paying Agent in the currency required hereunder and without being obligated to deduct or withhold any taxes or other duties of whatever nature imposed, levied or deducted by the country (or countries) in which the New Debtor has its domicile or tax residence all amounts required for the performance of the payment obligations arising from or in connection with the Notes;</p> <p>(e) the New Debtor has agreed to indemnify the Noteholders against such taxes, duties or governmental charges as may be imposed on the Noteholders in connection with the substitution;</p> <p>(f) each stock exchange on which the Notes are listed shall have confirmed that, following the proposed substitution of the New Debtor, such Notes will continue to be listed on such stock exchange; and</p> | <p>(a) die Emittentin nicht mit irgendwelchen auf die Schuldverschreibungen zahlbaren Beträgen in Verzug ist;</p> <p>(b) die Neue Anleiheschuldnerin alle Verpflichtungen der Emittentin in Bezug auf die Schuldverschreibungen übernimmt;</p> <p>(c) die Neue Anleiheschuldnerin und die Emittentin sämtliche für die Schuldnerersetzung und die Erfüllung der Verpflichtungen aus oder im Zusammenhang mit den Schuldverschreibungen erforderlichen Genehmigungen und Zustimmungen erhalten hat;</p> <p>(d) die Neue Anleiheschuldnerin alle behördlichen Genehmigungen erhalten hat und berechtigt ist, an die Zahlstelle die zur Erfüllung der Zahlungsverpflichtungen auf die Schuldverschreibungen zu zahlenden Beträge in der hierin festgelegten Währung zu zahlen, und zwar ohne Abzug oder Einbehalt von Steuern oder sonstigen Abgaben jedweder Art, die von dem Land (oder den Ländern), in dem (in denen) die Neue Anleiheschuldnerin ihren Sitz oder Steuersitz hat, auferlegt, erhoben oder eingezogen werden;</p> <p>(e) die Neue Anleiheschuldnerin sich verpflichtet hat, die Anleihegläubiger hinsichtlich solcher Steuern, Abgaben oder behördlicher Gebühren freizustellen, die den Anleihegläubigern bezüglich der Ersetzung auferlegt werden;</p> <p>(f) jede Wertpapierbörse, an der die Schuldverschreibungen zugelassen sind, bestätigt hat, dass nach der vorgesehenen Ersetzung durch die Neue Anleiheschuldnerin diese Schuldverschreibungen weiterhin an dieser Wertpapierbörse zugelassen sind; und</p> |
|--|--|

- (g) no event would occur as a result of the substitution that would give rise to the right of the New Debtor to call the Notes for redemption pursuant to § 7(4).

- (g) aufgrund der Ersetzung kein Ereignis eintreten würde, welches die Neue Anleiheschuldnerin dazu berechtigen würde, die Schuldverschreibungen gemäß § 7(4) zu kündigen und zurückzuzahlen.

(2) **References.**

In the event of a substitution pursuant to § 14(1), any reference in these Terms and Conditions to the Issuer will be a reference to the New Debtor and any reference to the Netherlands will be a reference to the New Debtor's country (countries) of domicile for tax purposes.

(2) **Bezugnahmen.**

Im Fall einer Schuldnerersetzung gemäß § 14(1) gilt jede Bezugnahme in diesen Anleihebedingungen auf die Emittentin als eine solche auf die Neue Anleiheschuldnerin und jede Bezugnahme auf die Niederlande als eine solche auf den Staat (die Staaten), in welchem die Neue Anleiheschuldnerin steuerlich ansässig ist.

(3) **Notice and Effectiveness of Substitution.**

Notice of any substitution of the Issuer will be given by publication in accordance with § 13. Upon such publication, the substitution will become effective, and the Issuer and in the event of a repeated application of this § 14, any previous New Debtor will be discharged from any and all obligations under the Notes.

(3) **Bekanntmachung und Wirksamwerden der Ersetzung.**

Die Ersetzung der Emittentin ist gemäß § 13 bekannt zu machen. Mit der Bekanntmachung der Ersetzung wird die Ersetzung wirksam und die Emittentin und, im Falle einer wiederholten Anwendung dieses § 14, jede frühere Neue Anleiheschuldnerin von ihren sämtlichen Verbindlichkeiten aus den Schuldverschreibungen frei.

**§15  
(Enforcement)**

- (1) If the Issuer fails to pay any interest or principal on the Notes when due, each Noteholder may institute legal proceedings to enforce payment of the amounts due or file an application for the institution of insolvency proceedings for the assets of the Issuer.

- (2) Any Noteholder may, by notice in text form addressed to the Issuer and the Principal Paying Agent, declare its Notes due and payable, whereupon such Notes shall become immediately due and payable at their Principal Amount plus any interest accrued on such Notes to but excluding the date of redemption but yet unpaid and, for the avoidance of doubt, any Arrears of Interest due to be paid pursuant to § 6(3) without further action or formality, if an order is made for the winding up, dissolution or liquidation of the Issuer (other than for the purposes of or pursuant to an amalgamation,

**§15  
(Durchsetzung)**

- (1) Falls die Emittentin Zinsen oder Kapital auf die Schuldverschreibungen bei Fälligkeit nicht oder nicht rechtzeitig zahlt, ist jeder Anleihegläubiger berechtigt, rechtliche Schritte zur Durchsetzung der fälligen Beträge einzuleiten oder einen Antrag auf Eröffnung eines Insolvenzverfahrens über das Vermögen der Emittentin zu stellen.

- (2) Jeder Anleihegläubiger ist berechtigt, seine Schuldverschreibungen durch Mitteilung in Textform gegenüber der Emittentin und der Hauptzahlstelle zur Rückzahlung fällig zu stellen, woraufhin diese Schuldverschreibungen sofort zum Nennbetrag zuzüglich der bis zum Tag der Rückzahlung in Bezug auf die Schuldverschreibungen aufgelaufenen, aber noch nicht bezahlten Zinsen sowie, zur Klarstellung, sämtlicher gemäß § 6(3) zur Nachzahlung fälligen Aufgeschobenen Zinszahlungen ohne weitere Handlungen oder Formalitäten fällig werden, falls eine Anordnung zur

reorganisation or restructuring whilst solvent, where the continuing entity assumes substantially all of the assets and obligations of the Issuer).

Abwicklung, Auflösung oder Liquidation der Emittentin ergeht (sofern dies nicht für die Zwecke oder als Folge eines Zusammenschlusses, einer Umstrukturierung oder Sanierung geschieht, bei dem bzw. bei der die Emittentin noch zahlungsfähig ist und bei dem bzw. bei der die fortführende Gesellschaft im Wesentlichen alle Vermögenswerte und Verpflichtungen der Emittentin übernimmt).

(3) There is no cross default under the Notes.

(3) Die Schuldverschreibungen sehen keinen Drittverzug vor.

#### §16

##### (Amendments to the Terms and Conditions by resolution of the Noteholders; Joint Representative)

(1) The Issuer may amend the Terms and Conditions with the consent of a majority resolution of the Noteholders pursuant to §§ 5 et seq. of the German Act on Issues of Debt Securities (*Gesetz über Schuldverschreibungen aus Gesamtemissionen*) (*Schuldverschreibungsgesetz - SchVG*), as amended from time to time (the "**SchVG**"). In particular, the Noteholders may consent to amendments which materially change the substance of the Terms and Conditions, including such measures as provided for under § 5(3) of the SchVG, but excluding a substitution of the Issuer, which is exclusively subject to the provisions in § 12, by resolutions passed by such majority of the votes of the Noteholders as stated under § 16(2) below. A duly passed majority resolution will be binding upon all Noteholders.

(2) Except as provided by the following sentence and provided that the quorum requirements are being met, the Noteholders may pass resolutions by simple majority of the voting rights participating in the vote. Resolutions which materially change the substance of the Terms and Conditions, in particular in the cases of § 5(3) numbers 1 through 9 of the SchVG, may only be passed by a majority of at least 75 per cent. of the voting rights participating in the vote (a "**Qualified Majority**"). The voting right is suspended as long as any Notes are attributable to the Issuer or any of its affiliates (within the meaning of § 271(2) of the German Commercial Code (*Handelsgesetzbuch*)) or are being held

#### §16

##### (Änderung der Anleihebedingungen durch Beschluss der Anleihegläubiger; Gemeinsamer Vertreter)

(1) Die Emittentin kann die Anleihebedingungen mit Zustimmung aufgrund Mehrheitsbeschlusses der Anleihegläubiger nach Maßgabe der §§ 5 ff. des Gesetzes über Schuldverschreibungen aus Gesamtemissionen (*Schuldverschreibungsgesetz - SchVG*) in seiner jeweiligen gültigen Fassung (das "**SchVG**") ändern. Die Anleihegläubiger können insbesondere einer Änderung wesentlicher Inhalte der Anleihebedingungen, einschließlich der in § 5 Absatz 3 SchVG vorgesehenen Maßnahmen mit Ausnahme der Ersetzung der Emittentin, die in § 12 abschließend geregelt ist, mit den in dem nachstehenden § 16(2) genannten Mehrheiten zustimmen. Ein ordnungsgemäß gefasster Mehrheitsbeschluss ist für alle Anleihegläubiger verbindlich.

(2) Vorbehaltlich des nachstehenden Satzes und der Erreichung der erforderlichen Beschlussfähigkeit, beschließen die Anleihegläubiger mit der einfachen Mehrheit der an der Abstimmung teilnehmenden Stimmrechte. Beschlüsse, durch welche der wesentliche Inhalt der Anleihebedingungen, insbesondere in den Fällen des § 5 Absatz 3 Nummer 1 bis 9 SchVG, geändert wird, bedürfen zu ihrer Wirksamkeit einer Mehrheit von mindestens 75 % der an der Abstimmung teilnehmenden Stimmrechte (eine "**Qualifizierte Mehrheit**"). Das Stimmrecht ruht, solange die Schuldverschreibungen der Emittentin oder einem mit ihr verbundenen Unternehmen (§ 271 Absatz 2 HGB) zustehen oder für Rechnung der

for the account of the Issuer or any of its affiliates.

- (3) Resolutions of the Noteholders will be made either in a Noteholders' meeting in accordance with § 16(3)(a) or by means of a vote without a meeting (*Abstimmung ohne Versammlung*) in accordance with § 16(3)(b), in either case convened by the Issuer or a joint representative, if any. Pursuant to § 9(1) sentence 2 of the SchVG, Noteholders holding Notes in the total amount of 5 per cent. of the outstanding principal amount of the Notes may in writing request to convene a Noteholders' meeting or vote without a meeting for any of the reasons permitted pursuant to § 9(1) sentence 2 of the SchVG.

- (a) Resolutions of the Noteholders in a Noteholders' meeting will be made in accordance with § 9 et seq. of the SchVG. The convening notice of a Noteholders' meeting will provide the further details relating to the resolutions and the voting procedure. The subject matter of the vote as well as the proposed resolutions will be notified to the Noteholders in the agenda of the meeting. The attendance at the Noteholders' meeting or the exercise of voting rights requires a registration of the Noteholders prior to the meeting.

- (b) Resolutions of the Noteholders by means of a voting not requiring a physical meeting (*Abstimmung ohne Versammlung*) will be made in accordance with § 18 of the SchVG. The request for voting as submitted by the chairman (*Abstimmungsleiter*) will provide the further details relating to the resolutions and the voting procedure. The subject matter of the vote as well as the proposed resolutions will be notified to Noteholders together with the request for voting.

Emittentin oder eines mit ihr verbundenen Unternehmens gehalten werden.

- (3) Beschlüsse der Anleihegläubiger werden entweder in einer Gläubigerversammlung nach § 16(3)(a) oder im Wege der Abstimmung ohne Versammlung nach § 16(3)(b) getroffen, die von der Emittentin oder einem gemeinsamen Vertreter einberufen wird. Gemäß § 9 Absatz 1 S. 2 SchVG können Anleihegläubiger, deren Schuldverschreibungen zusammen 5 % des jeweils ausstehenden Gesamtnennbetrags der Schuldverschreibungen erreichen, schriftlich die Durchführung einer Anleihegläubigerversammlung oder Abstimmung ohne Versammlung mit einer gemäß § 9 Absatz 1 S. 2 SchVG zulässigen Begründung verlangen.

- (a) Beschlüsse der Anleihegläubiger im Rahmen einer Gläubigerversammlung werden nach §§ 9 ff. SchVG getroffen. Die Einberufung der Gläubigerversammlung regelt die weiteren Einzelheiten der Beschlussfassung und der Abstimmung. Mit der Einberufung der Gläubigerversammlung werden in der Tagesordnung die Beschlussgegenstände sowie die Vorschläge zur Beschlussfassung den Anleihegläubigern bekannt gegeben. Für die Teilnahme an der Gläubigerversammlung oder die Ausübung der Stimmrechte ist eine Anmeldung der Anleihegläubiger vor der Versammlung erforderlich.

- (b) Beschlüsse der Anleihegläubiger im Wege der Abstimmung ohne Versammlung werden nach § 18 SchVG getroffen. Die Aufforderung zur Stimmabgabe durch den Abstimmungsleiter regelt die weiteren Einzelheiten der Beschlussfassung und der Abstimmung. Mit der Aufforderung zur Stimmabgabe werden die Beschlussgegenstände sowie die Vorschläge zur Beschlussfassung den Anleihegläubigern bekannt gegeben.

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| <p>(4) The exercise of voting rights is subject to the registration of the Noteholders. 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, Noteholders must demonstrate their eligibility to participate in the vote by means of a special confirmation of its custodian bank hereof in text form and by submission of a blocking instruction by the custodian bank 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.</p>  | <p>(4) Die Stimmrechtsausübung ist von einer vorherigen Anmeldung der Anleihegläubiger abhängig. Die Anmeldung muss bis zum dritten Tag vor dem Beginn des Abstimmungszeitraums unter der in der Aufforderung zur Stimmabgabe angegebenen Anschrift zugehen. Zusammen mit der Anmeldung müssen Anleihegläubiger den Nachweis ihrer Berechtigung zur Teilnahme an der Abstimmung durch eine besondere Bescheinigung seiner Depotbank in Textform und die Vorlage eines Sperrvermerks der Depotbank erbringen, aus dem hervorgeht, dass die relevanten Schuldverschreibungen für den Zeitraum vom Tag der Absendung der Anmeldung (einschließlich) bis dem Ende des Abstimmungszeitraums (einschließlich) nicht übertragen werden können.</p>   |
| <p>(5) If it is ascertained that no quorum exists for the vote without meeting pursuant to § 16(3)(b), the chairman (<i>Abstimmungsleiter</i>) may convene a meeting, which shall be deemed to be a second meeting within the meaning of § 15(3) sentence 3 of the SchVG. Attendance at the second meeting and exercise of voting rights is subject to the registration of the Noteholders. The registration must be received at the address stated in the convening notice no later than the third day preceding the second Noteholders' meeting. Noteholders must demonstrate their eligibility to participate in the vote by means of a special confirmation of its custodian bank hereof in text form and by submission of a blocking instruction by the custodian bank 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.</p> | <p>(5) Wird die Beschlussfähigkeit bei der Abstimmung ohne Versammlung nach § 16(3)(b) nicht festgestellt, kann der Abstimmungsleiter eine Gläubigerversammlung einberufen, welche als zweite Gläubigerversammlung im Sinne des § 15(3) Satz 3 SchVG gilt. Die Teilnahme an der zweiten Gläubigerversammlung und die Stimmrechtsausübung sind von einer vorherigen Anmeldung der Anleihegläubiger abhängig. Die Anmeldung muss bis zum dritten Tag vor der zweiten Gläubigerversammlung unter der in der Einberufung angegebenen Anschrift zugehen. Zusammen mit der Anmeldung müssen Anleihegläubiger den Nachweis ihrer Berechtigung zur Teilnahme an der Abstimmung durch eine besondere Bescheinigung seiner Depotbank in Textform und die Vorlage eines Sperrvermerks der Depotbank erbringen, aus dem hervorgeht, dass die relevanten Schuldverschreibungen für den Zeitraum vom Tag der Absendung der Anmeldung (einschließlich) bis zum angegebenen Ende der Versammlung (einschließlich) nicht übertragen werden können.</p> |
| <p>(6) The Noteholders may by majority resolution provide for the appointment or dismissal of a joint representative, the duties and responsibilities and the powers of such joint representative, the transfer of the rights of the Noteholders to the joint representative and a limitation of liability of the joint representative. Appointment of a joint representative may only be</p>  | <p>(6) Die Anleihegläubiger können durch Mehrheitsbeschluss die Bestellung und Abberufung eines gemeinsamen Vertreters, die Aufgaben und Befugnisse des gemeinsamen Vertreters, die Übertragung von Rechten der Anleihegläubiger auf den gemeinsamen Vertreter und eine Beschränkung der Haftung des gemeinsamen Vertreters</p>   |

passed by a Qualified Majority if such joint representative is to be authorised to consent to a material change in the substance of the Terms and Conditions in accordance with § 16(1) hereof,

- (7) Any notices concerning this § 16 will be made in accordance with § 5 et seq. of the SchVG and § 13.

#### **§17 (Final Provisions)**

(1) **Applicable Law.**

The Notes are governed by, and construed in accordance with, the laws of the Federal Republic of Germany.

(2) **Place of Jurisdiction.**

To the extent legally permissible, exclusive place of jurisdiction for all proceedings arising from matters provided for in these Terms and Conditions will be Frankfurt am Main, Federal Republic of Germany. The Issuer irrevocably waives any objection which it might now or hereafter have to the courts of Frankfurt am Main being nominated as the forum to hear and determine any proceedings and to settle any disputes, and agrees not to claim that any of those courts is not a convenient or appropriate forum.

The local court (*Amtsgericht*) of Frankfurt will have jurisdiction for all judgments pursuant to § 9(2), § 13(3) and § 18(2) SchVG in accordance with § 9(3) SchVG. The regional court (*Landgericht*) of Frankfurt am Main will have exclusive jurisdiction for all judgments over contested resolutions by Noteholders in accordance with § 20(3) SchVG.

(3) **Place of Performance.**

Place of performance will be Frankfurt am Main, Federal Republic of Germany.

(4) **Enforcement of Rights.**

Any Noteholder may in any proceedings against the Issuer or to which the Noteholder and the Issuer are parties protect and enforce in his own name his rights arising under his Notes on the basis of:

bestimmen. Die Bestellung eines gemeinsamen Vertreters bedarf einer Qualifizierten Mehrheit, wenn er ermächtigt wird, wesentlichen Änderungen der Anleihebedingungen gemäß § 16(1) zuzustimmen.

- (7) Bekanntmachungen betreffend diesen § 16 erfolgen gemäß den §§ 5ff. SchVG sowie nach § 13.

#### **§17 (Schlussbestimmungen)**

(1) **Anzuwendendes Recht.**

Form und Inhalt der Schuldverschreibungen bestimmen sich nach dem Recht der Bundesrepublik Deutschland.

(2) **Gerichtsstand.**

Ausschließlicher Gerichtsstand für alle Rechtsstreitigkeiten aus den in diesen Anleihebedingungen geregelten Angelegenheiten ist, soweit gesetzlich zulässig, Frankfurt am Main, Bundesrepublik Deutschland. Die Emittentin verzichtet unwiderruflich darauf, gegenwärtig oder zukünftig gegen die Gerichte in Frankfurt am Main als Forum für Rechtsstreitigkeiten Einwände zu erheben, und versichert, keines der Gerichte in Frankfurt am Main als ungelegenes oder unangemessenes Forum zu bezeichnen.

Für Entscheidungen gemäß § 9 Absatz 2, § 13 Absatz 3 und § 18 Absatz 2 SchVG ist gemäß § 9 Absatz 3 SchVG das Amtsgericht Frankfurt am Main zuständig. Für Entscheidungen über die Anfechtung von Beschlüssen der Anleihegläubiger ist gemäß § 20 Absatz 3 SchVG das Landgericht Frankfurt am Main ausschließlich zuständig.

(3) **Erfüllungsort.**

Erfüllungsort ist Frankfurt am Main, Bundesrepublik Deutschland.

(4) **Geltendmachung von Rechten.**

Jeder Anleihegläubiger ist berechtigt, in jedem Rechtsstreit gegen die Emittentin oder in jedem Rechtsstreit, in dem der Anleihegläubiger und die Emittentin Partei sind, seine Rechte aus diesen

Schuldverschreibungen im eigenen Namen geltend zu machen gegen Vorlage:

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| <p>(a) a certificate issued by his Custodian (A) stating the full name and address of the Noteholder, (B) specifying an aggregate Principal Amount of Notes credited on the date of such statement to such Noteholder's securities account(s) maintained with his Custodian and (C) confirming that his Custodian has given a written notice to the Clearing System and the Principal Paying Agent containing the information specified in (A) and (B) and bearing acknowledgements of the Clearing System and the relevant account holder in the Clearing System and</p> <p>(b) a copy of the Global Notes relating to the Notes, certified as being true copies by a duly authorised officer of the Clearing System or the Principal Paying Agent; or</p> <p>(c) any other means of evidence permitted in legal proceedings in the country of enforcement.</p> | <p>(a) einer Bescheinigung der Depotbank, die (A) den vollen Namen und die volle Anschrift des Anleihegläubigers bezeichnet, (B) den gesamten Nennbetrag von Schuldverschreibungen angibt, die am Ausstellungstag dieser Bescheinigung den bei dieser Depotbank bestehenden Depots dieses Anleihegläubigers gutgeschrieben sind und (C) bestätigt, dass die Depotbank dem Clearingsystem und der Hauptzahlstelle eine schriftliche Mitteilung gemacht hat, die die Angaben gemäß (A) und (B) enthält und Bestätigungsvermerke des Clearingsystems sowie des betroffenen Kontoinhabers bei dem Clearingsystem trägt sowie</p> <p>(b) einer von einem Vertretungsberechtigten des Clearingsystems oder der Hauptzahlstelle beglaubigten Ablichtung der Globalurkunden; oder</p> <p>(c) eines anderen, in Rechtsstreitigkeiten in dem Land der Geltendmachung zulässigen Beweismittels.</p> |
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"Custodian" means any bank or other financial institution with which the Noteholder maintains a securities account in respect of any Notes and having an account maintained with the Clearing System, including the Clearing System.

"Depotbank" bezeichnet ein Bank- oder sonstiges Finanzinstitut, bei dem der Anleihegläubiger Schuldverschreibungen im Depot verwahren lässt und das ein Konto bei dem Clearingsystem hat, einschließlich des Clearingsystems.

#### **§18 (Language)**

#### **§18 (Sprache)**

These Terms and Conditions are written in the German language and provided with an English language translation. The German text will be the only legally binding version. The English language translation is provided for convenience only.

Diese Anleihebedingungen sind in deutscher Sprache abgefasst und mit einer Übersetzung in die englische Sprache versehen. Der deutsche Wortlaut ist allein rechtsverbindlich. Die englische Übersetzung dient nur zur Information.

#### **Restrictions regarding the Redemption and Repurchase of the Notes**

#### **Beschränkungen bezüglich der Rückzahlung und des Rückkaufs der Schuldverschreibungen.**

*The following paragraphs in italics do not form part of the Terms and Conditions.*

*Der folgende Absatz in Kursivschrift ist nicht Bestandteil der Anleihebedingungen.*

*The Issuer intends (without thereby assuming a legal or contractual obligation) that it will redeem or repurchase the Notes only to the extent they are replaced with instruments with equivalent S&P equity credit. The net proceeds received by the Issuer, the Guarantor or subsidiary of the Guarantor from the sale to third party purchasers of securities which are assigned an S&P equity credit that is at least equal to the initial equity credit of the Notes (but taking into account any changes in hybrid capital methodology or another relevant methodology or the interpretation thereof since the issuance of the Notes) will count as replacement.*

*Die Emittentin beabsichtigt (ohne dadurch eine Rechtspflicht zu übernehmen) die Schuldverschreibungen nur zurückzuzahlen oder zurückzukaufen, soweit sie durch Instrumente mit gleichwertiger S&P Eigenkapitalanrechnung ersetzt werden. Als Ersatz gelten die Nettoerlöse, die die Emittentin, die Garantin oder eine Tochtergesellschaft der Garantin aus dem Verkauf an Dritte von Wertpapieren erhält, die eine S&P Eigenkapitalanrechnung haben, die mindestens so hoch ist wie die ursprüngliche S&P Eigenkapitalanrechnung der Schuldverschreibungen (wobei Änderungen der Hybrid Rating Methodologie oder deren Auslegung seit dem Tag der Begebung der Schuldverschreibungen berücksichtigt werden).*

*The following exceptions apply as to the Issuer's replacement intention. The Notes are not required to be replaced:*

*Es gelten jedoch folgende Ausnahmen in Bezug auf die Absicht der Emittentin. Es muss nicht für Ersatz gesorgt werden:*

- (i) if the rating assigned by S&P to the Issuer or the Guarantor is at least BBB+ (or such similar nomenclature then used by S&P) and the Issuer or the Guarantor (as applicable) is comfortable that such rating would not fall below this level as a result of such redemption or repurchase, or*
- (ii) in the case of repurchase of less than (x) 10 per cent of the aggregate principal amount of the outstanding subordinated notes of the Issuer in any period of 12 consecutive months or (y) 25 per cent of the aggregate principal amount of the outstanding subordinated notes of the Issuer originally issued in any period of 10 consecutive years is repurchased, or*
- (iii) if the Notes are redeemed pursuant to a Rating Event (to the extent it is triggered by a change of methodology at S&P), an Accounting Event, a Tax Deductibility Event or a Gross-Up Event, or*
- (iv) if the Notes are not assigned an "equity credit" (or such similar nomenclature then used by S&P at the time of such redemption or repurchase), or*

- (i) wenn das der Emittentin oder der Garantin durch S&P erteilte Rating mindestens BBB+ (oder eine vergleichbare Bezeichnung durch S&P) beträgt und die Emittentin oder die Garantin (je nach Fall) sich sicher ist, dass ein solches Rating infolge der Rückzahlung oder des Rückkaufs nicht unter diesen Wert fallen würde oder*
- (ii) im Fall eines Rückkaufs von Nachrangigen Schuldverschreibungen in Höhe von weniger als (x) 10% des Gesamtnennbetrags der ausstehenden Nachrangigen Schuldverschreibungen der Emittentin während einer Frist von 12 aufeinander folgenden Monaten oder (y) 25% des Gesamtnennbetrags der ausstehenden Nachrangigen Schuldverschreibungen der Emittentin während einer Frist von 10 aufeinander folgenden Jahren oder*
- (iii) im Fall der Rückzahlung der Schuldverschreibungen gemäß einem Ratingereignis (sofern es durch eine Änderung von S&P Methodologie verursacht wurde), einem Rechnungslegungsereignis, einem Steuerereignis oder einem Gross-Up Ereignis erfolgt oder*
- (iv) wenn die Schuldverschreibungen keine Eigenkapitalanrechnung (oder eine solche von S&P zum Zeitpunkt der Rückzahlung oder des Rückkaufs dann verwendete gleichartige Klassifikation) aufweisen oder*



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| <p>(v) <i>if such redemption or repurchase occurs on or after June 17, 2049.</i></p>  | <p>(v) <i>wenn die Rückzahlung oder der Rückkauf am oder nach dem 17. Juni 2049 erfolgt.</i></p>   |
| <p>(vi) <i>in the case of a repurchase, such repurchase relates to an aggregate principal amount of the Notes which is less than or equal to the excess (if any) above the maximum aggregate principal amount of the Issuer's or the Guarantor's subordinated notes to which Standard &amp; Poor's then assigns equity content under its prevailing methodology</i></p> | <p>(vi) <i>im Fall eines Rückkaufs, der Rückkauf sich auf Schuldverschreibungen mit einem Nennbetrag bezieht, der weniger oder gleich dem Überschussbetrag über jenem Gesamtnennbetrag an Nachrangige Schuldverschreibungen der Emittenten oder Garantin ist, für die Standard &amp; Poor's noch eine Eigenkapitalanrechnung nach deren jeweils geltenden Eigenkapitalanrechnungsmethoden vorsieht</i></p> |

8. **GUARANTEE OF THE NC5 NOTES**

**GUARANTEE**

of

**Volkswagen Aktiengesellschaft**  
(Wolfsburg, *Germany*)  
(the "**Guarantor**")

for the benefit of the Noteholders of the EUR 1,500,000,000 guaranteed undated unsecured subordinated Notes with a first call date in 2025 (the "**Notes**"), divided into notes in bearer form with a principal amount of EUR 100,000 each, which rank *pari passu* among themselves, issued by

**Volkswagen International Finance N.V.**  
(*incorporated as a limited liability company under the laws of the Netherlands*)  
(the "**Issuer**")

ISIN XS2187689034.

**WHEREAS:**

- (A) The Guarantor intends to guarantee on a subordinated basis the due and punctual payment of any amounts payable by the Issuer in accordance with the terms and conditions of the Notes (the "**Terms and Conditions**").
- (B) The intent and purpose of this Guarantee is to ensure that the Noteholders under any and all circumstances, whether factual or legal, and irrespective of validity or enforceability of the obligations of the Issuer under the Notes, or any other reasons on the basis of which the Issuer may fail to fulfil its obligations, receive on the respective due date any and all sums payable in accordance with the Terms and Conditions.

**IT IS AGREED AS FOLLOWS:**

1. Definitions

Terms used in this Guarantee and not otherwise defined herein will have the meaning attributed to them in the Terms and Conditions.

**GARANTIE**

der

**Volkswagen Aktiengesellschaft**  
(Wolfsburg, *Deutschland*)  
(die "**Garantin**")

zugunsten der Anleihegläubiger der EUR 1.500.000.000 garantierten, unbefristeten, nicht besicherten nachrangigen Schuldverschreibungen, erstmals kündbar in 2025 (die "**Schuldverschreibungen**"), eingeteilt in untereinander gleichberechtigte, auf den Inhaber lautende Schuldverschreibungen im Nennbetrag von je EUR 100.000, die von der

**Volkswagen International Finance N.V.**  
(*einer mit beschränkter Haftung nach dem Recht der Niederlande errichteten Gesellschaft*)  
(die "**Emittentin**")

begeben worden sind, ISIN XS2187689034.

**VORBEMERKUNG:**

- (A) Die Garantin beabsichtigt die ordnungsgemäße Zahlung von allen Beträgen, die nach Maßgabe der Emissionsbedingungen (die "**Emissionsbedingungen**") der von der Emittentin begebenen Schuldverschreibungen zu zahlen sind, auf nachrangiger Basis zu garantieren.
- (B) Es ist Sinn und Zweck dieser Garantie, sicherzustellen, dass die Anleihegläubiger unter allen tatsächlichen und rechtlichen Umständen und unabhängig von Wirksamkeit und Durchsetzbarkeit der Verpflichtungen der Emittentin aus den Schuldverschreibungen und unabhängig von sonstigen Gründen, aufgrund derer die Emittentin ihre Verpflichtungen nicht erfüllt, bei Fälligkeit alle nach Maßgabe der Emissionsbedingungen zu zahlenden Beträge erhalten.

**ES WIRD FOLGENDES VEREINBART:**

1. Definitionen

Die in dieser Garantie verwendeten und nicht anders definierten Begriffe haben die ihnen in den Emissionsbedingungen zugewiesene Bedeutung.

## 2. Guarantee

- (a) The Guarantor unconditionally and irrevocably guarantees towards Citibank N.A., London Branch (the "**Principal Paying Agent**") for the benefit of each holder (each a "**Noteholder**") of each Note (which expression will include any Global Note representing the Notes), the due payment of all amounts which are payable by the Issuer in accordance with the Terms and Conditions, as and when the same will become due.
- (b) The obligations of the Guarantor under the Guarantee rank:
- (i) senior only to the Junior Obligations of the Guarantor,
  - (ii) *pari passu* with any other present and future Parity Obligations of the Guarantor, and
  - (iii) junior to the Guarantor's unsubordinated obligations, contractually and statutorily subordinated obligations except as expressly provided for otherwise by the terms of the relevant obligation, and subordinated obligations required to be preferred by law.

### "Junior Obligations of the Guarantor"

means (i) the ordinary shares and preferred shares of the Guarantor, (ii) any present or future share of any other class of shares of the Guarantor, (iii) any other present or future security, registered security or other instrument of the Guarantor under which the Guarantor's obligations rank or are expressed to rank *pari passu* with the ordinary shares or the preferred shares of the Guarantor and (iv) any present or future security, registered security or other instrument which is issued by a Subsidiary of the Guarantor and guaranteed by the Guarantor or for which the Guarantor has otherwise assumed liability where the Guarantor's obligations under such guarantee or other assumption of liability rank or are expressed to rank *pari passu* with the instruments described under (i), (ii) and (iii).

## 2. Garantie

- (a) Die Garantin übernimmt gegenüber Citibank N.A., London Branch (die "**Hauptzahlstelle**") zugunsten jedes Anleihegläubigers (jeweils ein "Anleihegläubiger") der Schuldverschreibungen (wobei dieser Begriff jede Globalurkunde, welche die Schuldverschreibungen verbrieft, einschließt), die unbedingte und unwiderrufliche Garantie für die ordnungsgemäße Zahlung aller gemäß den Emissionsbedingungen von der Emittentin zu zahlenden Beträge bei Fälligkeit.
- (b) Die Verbindlichkeiten der Garantin unter der Garantie:
- (i) gehen nur Nachrangigen Verbindlichkeiten der Garantin im Rang vor,
  - (ii) stehen gleich im Rang untereinander und mit jeder Gleichrangigen Verbindlichkeit der Garantin, und
  - (iii) gehen allen anderen nicht nachrangigen Verbindlichkeiten der Garantin, gesetzlich nachrangigen und vertraglich nachrangigen Verbindlichkeiten, außer wenn in den Bedingungen der betreffenden Verbindlichkeit etwas anderes geregelt sein sollte, und nachrangigen Verbindlichkeiten, die durch Gesetz vorrangig sein müssen, im Rang nach.

### "Nachrangige Verbindlichkeiten der Garantin"

bezeichnet (i) die Stammaktien und die Vorzugsaktien der Garantin, (ii) jede gegenwärtige oder zukünftige Aktie einer anderen Gattung von Aktien der Garantin, (iii) jedes andere gegenwärtige oder zukünftige Wertpapier, Namenswertpapier oder jedes andere Instrument, das von der Garantin begeben ist und bei dem die daraus folgenden Verbindlichkeiten der Garantin mit den Stammaktien oder den Vorzugsaktien der Garantin gleichrangig vereinbart sind und (iv) jedes gegenwärtige oder zukünftige Wertpapier, Namenswertpapier oder jedes andere Instrument, das von einer Tochtergesellschaft der Garantin begeben und von der Garantin dergestalt garantiert ist oder für das die Garantin dergestalt die Haftung übernommen hat, dass die betreffenden Verbindlichkeiten der Garantin aus der maßgeblichen Garantie oder Haftungsübernahme mit den unter (i), (ii) und

**"Parity Obligations of the Guarantor"**

means any present or future obligation which (i) is issued by the Guarantor and the obligations under which rank or are expressed to rank *pari passu* with the Guarantor's obligations under the Guarantee, or (ii) benefits from a guarantee or support agreement where the Guarantor's obligations under such guarantee or support agreement rank or are expressed to rank *pari passu* with its obligations under the Guarantee. For the avoidance of doubt, Parity Obligations of the Guarantor include:

its obligations under the guarantee for the Issuer's undated unsecured subordinated notes with a first call date in 2021, ISIN XS1048428012,

its obligations under the guarantee for the Issuer's undated unsecured subordinated notes with a first call date in 2022, ISIN XS1206540806,

its obligations under the guarantee for the Issuer's undated unsecured subordinated notes with a first call date in 2022, ISIN XS1629658755,

its obligations under the guarantee for the Issuer's undated unsecured subordinated notes with a first call date in 2023, ISIN XS0968913342,

its obligations under the guarantee for the Issuer's undated unsecured subordinated notes with a first call date in 2024, ISIN XS1799938995,

its obligations under the guarantee for the Issuer's undated unsecured subordinated notes with a first call date in 2026, ISIN XS1048428442,

its obligations under the guarantee for the Issuer's undated unsecured subordinated notes with a first call date in 2027, ISIN XS1629774230,

its obligations under the guarantee for the Issuer's undated unsecured subordinated notes with a first call date in 2028, ISIN XS1799939027,

its obligations under the guarantee for the Issuer's undated unsecured subordinated notes with a first call date in 2030, ISIN XS1206541366, and

(iii) genannten Instrumenten gleichrangig oder als gleichrangig vereinbart sind.

**"Gleichrangige Verbindlichkeiten der Garantin"**

bezeichnet jede bestehende und zukünftige Verbindlichkeit, die (i) von der Garantin begeben wurde und die gleichrangig im Verhältnis zu den Verbindlichkeiten der Garantin aus der Garantie ist oder ausdrücklich als gleichrangig vereinbart ist oder die (ii) von einer Garantie oder Haftungsübernahme profitiert, bei der die Verbindlichkeiten der Garantin aus der betreffenden Garantie oder Haftungsübernahme mit den Verbindlichkeiten der Garantin aus der Garantie gleichrangig oder als gleichrangig vereinbart sind. Gleichrangige Verbindlichkeiten der Garantin sind, unter anderem,

ihre Verbindlichkeiten aus der Garantie für die nicht besicherten nachrangigen Schuldverschreibungen der Emittentin ohne feste Laufzeit erstmals kündbar in 2021, ISIN XS1048428012,

ihre Verbindlichkeiten aus der Garantie für die nicht besicherten nachrangigen Schuldverschreibungen der Emittentin ohne feste Laufzeit erstmals kündbar in 2022, ISIN XS1206540806,

ihre Verbindlichkeiten aus der Garantie für die nicht besicherten nachrangigen Schuldverschreibungen der Emittentin ohne feste Laufzeit erstmals kündbar in 2022, ISIN XS1629658755,

ihre Verbindlichkeiten aus der Garantie für die nicht besicherten nachrangigen Schuldverschreibungen der Emittentin ohne feste Laufzeit erstmals kündbar in 2023, ISIN XS0968913342,

ihre Verbindlichkeiten aus der Garantie für die nicht besicherten nachrangigen Schuldverschreibungen der Emittentin ohne feste Laufzeit erstmals kündbar in 2024, ISIN XS1799938995,

ihre Verbindlichkeiten aus der Garantie für die nicht besicherten nachrangigen Schuldverschreibungen der Emittentin ohne feste Laufzeit erstmals kündbar in 2026, ISIN XS1048428442,

ihre Verbindlichkeiten aus der Garantie für die nicht besicherten nachrangigen Schuldverschreibungen der Emittentin ohne

its obligations under the guarantee for the Issuer's undated unsecured subordinated notes with a first call date in 2029, ISIN XS2187689380.

festen Laufzeit erstmals kündbar in 2027, ISIN XS1629774230,

ihre Verbindlichkeiten aus der Garantie für die nicht besicherten nachrangigen Schuldverschreibungen der Emittentin ohne feste Laufzeit erstmals kündbar in 2028, ISIN XS1799939027,

ihre Verbindlichkeiten aus der Garantie für die nicht besicherten nachrangigen Schuldverschreibungen der Emittentin ohne feste Laufzeit erstmals kündbar in 2030, ISIN XS1206541366, und

ihre Verbindlichkeiten aus der Garantie für die nicht besicherten nachrangigen Schuldverschreibungen der Emittentin ohne feste Laufzeit erstmals kündbar in 2029, ISIN XS2187689380.

**"Subsidiary of the Guarantor"** means any corporation, partnership or other enterprise in which the Guarantor directly or indirectly holds in the aggregate more than 50 per cent. of the capital or the voting rights.

**"Tochtergesellschaft der Garantin"** bezeichnet jede Gesellschaft, Personengesellschaft und jedes sonstige Unternehmen oder jede andere Person an der bzw. dem die Garantin direkt oder indirekt insgesamt mehr als 50% des Kapitals oder der Stimmrechte hält.

- (c) In the event of liquidation, dissolution, insolvency, composition or other proceedings for the avoidance of insolvency of, or against the Guarantor, the claims of the Noteholders under the Guarantee will be satisfied after (but only after) the obligations of the Guarantor that rank senior to the Notes. In any such event, Noteholders will not receive any amounts payable in respect of the Guarantee until the claims of all obligations of the Guarantor that rank senior to the Notes have first been satisfied in full.

- (c) Im Fall der Liquidation, der Auflösung oder der Insolvenz der Garantin oder eines Vergleichs oder eines anderen der Abwendung der Insolvenz dienenden Verfahrens gegen die Garantin werden die Ansprüche der Anleihegläubiger aus der Garantie erst nach den Ansprüchen der Inhaber aller anderen gegenüber den Schuldverschreibungen vorrangigen Verbindlichkeiten der Garantin bedient. In einem solchen Fall werden die Anleihegläubiger keine Zahlungen auf die Garantie erhalten, bis alle Ansprüche aus den gegenüber den Schuldverschreibungen vorrangigen Verbindlichkeiten der Garantin vollständig bedient sind.

No Noteholder may set off any claims arising under the Guarantee against claims that the Guarantor may have against it. The Guarantor may not set off any claims it may have against any Noteholder against any of its obligations under the Guarantee.

Die Anleihegläubiger sind nicht berechtigt, Forderungen aus der Garantie mit etwaigen gegen sie gerichteten Forderungen der Garantin aufzurechnen. Die Garantin ist nicht berechtigt, Forderungen gegenüber Anleihegläubigern mit den Verpflichtungen aus der Garantie aufzurechnen.

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| <p>(d) The obligations of the Guarantor under this guarantee (i) will be separate and independent from the obligations of the Issuer under the Notes, (ii) will exist irrespective of the legality, validity and binding effect or enforceability of the Notes, and (iii) will not be affected by any event, condition or circumstance of whatever nature, whether factual or legal, save the full, definitive and irrevocable satisfaction of any and all payment obligations expressed to be assumed under the Notes.</p> | <p>(d) Die Verpflichtungen der Garantin aus dieser Garantie (i) sind selbständig und unabhängig von den Verpflichtungen der Emittentin aus den Schuldverschreibungen, (ii) bestehen unabhängig von der Rechtmäßigkeit, Gültigkeit, Verbindlichkeit oder Durchsetzbarkeit der Schuldverschreibungen und (iii) werden nicht durch Ereignisse, Bedingungen oder Umstände tatsächlicher oder rechtlicher Art berührt, außer durch die vollständige, endgültige und unwiderrufliche Erfüllung sämtlicher in den Schuldverschreibungen eingegangenen Zahlungsverpflichtungen.</p> |
| <p>(e) In the event of a substitution of the Issuer by a New Debtor pursuant to § 14 of the Terms and Conditions, this Guarantee will extend to any and all amounts payable by the New Debtor pursuant to the Terms and Conditions. The foregoing will also apply if the New Debtor will have assumed the obligations arising under the Notes directly from the Guarantor.</p>  | <p>(e) Im Falle einer Ersetzung der Emittentin durch eine Neue Anleiheschuldnerin gemäß § 14 der Emissionsbedingungen erstreckt sich diese Garantie auf sämtliche von der Neuen Anleiheschuldnerin gemäß den Emissionsbedingungen zu zahlenden Beträge. Dies gilt auch dann, wenn die Neue Anleiheschuldnerin die Verpflichtungen aus den Schuldverschreibungen unmittelbar von der Garantin übernommen hat.</p>  |
| <p>(f) The Guarantor will make all payments in respect of the Notes and the Guarantee without deduction of taxes or other duties which the Guarantor would be required by law to deduct under the law applicable on June 17, 2020.</p>  | <p>(f) Die Garantin wird sämtliche auf die Garantie zu zahlenden Beträge ohne Abzug von Steuern oder sonstigen Abgaben leisten, zu deren Abzug die Garantin nach dem am 17. Juni 2020 geltenden Recht gesetzlich verpflichtet wäre.</p>   |

All payments of principal and interest in respect of the Notes by the Guarantor under the Guarantee will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of the Netherlands or the Federal Republic of Germany or, in each case, any authority therein or thereof having power to tax, unless the Guarantor is required by law to make such withholding or deduction of such taxes, duties, assessments or governmental charges. In that event, the Guarantor will pay such Additional Amounts as may be necessary in order that the net amounts received by the Noteholders after such withholding or deduction shall equal the respective amounts of principal and interest which would have been received in respect of the Notes, 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:

Sämtliche auf die Schuldverschreibungen zu zahlenden Beträge von Kapital oder Zinsen sind ohne Einbehalt oder Abzug von oder aufgrund von gegenwärtigen oder zukünftiger Steuern, sonstigen Abgaben oder behördlicher Gebühren gleich welcher Art durch die Garantin unter der Garantie zu leisten, die von oder in den Niederlanden oder der Bundesrepublik Deutschland oder für deren Rechnung oder von oder für Rechnung einer Gebietskörperschaft oder Steuerbehörde der oder in den Niederlanden oder der Bundesrepublik Deutschland auferlegt oder erhoben werden, es sei denn, die Garantin ist gesetzlich verpflichtet, einen solchen Einbehalt oder Abzug vorzunehmen. In diesem Fall wird die Garantin diejenigen Zusätzlichen Beträge zahlen, die erforderlich sind, damit die den Anleihegläubigern zufließenden Nettobeträge nach diesem Einbehalt oder Abzug jeweils den Beträgen entsprechen, die ohne einen solchen Einbehalt oder Abzug von den Inhabern der Schuldverschreibungen empfangen worden wären; die Verpflichtung zur Zahlung solcher zusätzlicher Beträge besteht jedoch

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|   | nicht im Hinblick auf Steuern und Abgaben, die:   |
| (i) are payable otherwise than by withholding or deduction from amounts payable; or   | (i) auf andere Weise als durch Einbehalt oder Abzug von zahlbaren Beträgen zu entrichten sind; oder   |
| (ii) are payable by reason of the Noteholder having, or having had, some personal or business connection with the Netherlands or the Federal Republic of 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 the Federal Republic of Germany; or | (ii) wegen einer gegenwärtigen oder früheren persönlichen oder geschäftlichen Beziehung des Anleihegläubigers zu den Niederlanden oder der Bundesrepublik Deutschland zu zahlen sind, und nicht allein deshalb, weil Zahlungen auf die Schuldverschreibungen aus Quellen in den Niederlanden oder der Bundesrepublik Deutschland stammen (oder für Zwecke der Besteuerung so behandelt werden) oder dort besichert sind; oder |
| (iii) are withheld or deducted from amounts payable and are required to be made pursuant to the European Council Directive on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive; or  | (iii) aufgrund einer Richtlinie des Europäischen Rats betreffend die Besteuerung von Zinserträgen oder aufgrund einer gesetzlichen Vorschrift, die eine solche Richtlinie umsetzt oder befolgt oder erlassen wurde, um einer solchen Richtlinie zu entsprechen, von zahlbaren Erträgen einzubehalten oder abzuziehen sind; oder   |
| (iv) 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, if later, is duly provided for and notice thereof is published in accordance with § 13 of the Terms and Conditions; or  | (iv) aufgrund einer Rechtsänderung zu zahlen sind, welche 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 der Emissionsbedingungen wirksam wird; oder   |
| (v) are deducted or withheld by a Paying Agent from a payment if the payment could have been made by another Paying Agent without such deduction or withholding.  | (v) von einer Zahlstelle abgezogen oder einbehalten werden, wenn eine andere Zahlstelle die Zahlung ohne einen solchen Abzug oder Einbehalt hätte leisten können.   |

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| <p>3. This Guarantee and all undertakings contained herein constitute a contract for the benefit of the Noteholders from time to time as third party beneficiaries pursuant to § 328 (1) of the BGB. They give rise to the right of each such Noteholder to require performance of the obligations undertaken herein directly from the Guarantor, and to enforce such obligations directly against the Guarantor.</p>             | <p>3. Diese Garantie und alle darin enthaltenen Vereinbarungen stellen einen Vertrag zugunsten der jeweiligen Anleihegläubiger als begünstigte Dritte gemäß § 328 Absatz 1 BGB dar. Sie begründen das Recht eines jeden Anleihegläubigers, die Erfüllung der hierin eingegangenen Verpflichtungen unmittelbar von der Garantin zu fordern und diese Verpflichtungen unmittelbar gegenüber der Garantin durchzusetzen.</p> |
| <p>4. The Principal Paying Agent does not act in a fiduciary or in any other similar capacity for the Noteholders.</p>  | <p>4. Die Hauptzahlstelle handelt nicht als Treuhänder oder in einer ähnlichen Eigenschaft für die Anleihegläubiger.</p>  |
| <p>5. Miscellaneous Provisions</p>  | <p>5. Verschiedene Bestimmungen</p>   |
| <p>(a) This Guarantee will be governed by, and construed in accordance with, German law.</p>  | <p>(a) Diese Garantie unterliegt deutschem Recht.</p>   |
| <p>(b) Place of performance will be Frankfurt am Main.</p>  | <p>(b) Erfüllungsort ist Frankfurt am Main.</p>   |
| <p>(c) The District Court (<i>Landgericht</i>) in Frankfurt am Main will have non-exclusive jurisdiction for any action or other legal proceedings arising out of or in connection with the Guarantee.</p>  | <p>(c) Nicht ausschließlich zuständig für sämtliche im Zusammenhang mit der Garantie entstehenden Klagen oder sonstige Verfahren ist das Landgericht Frankfurt am Main.</p>   |
| <p>(d) On the basis of a copy of this Guarantee certified as being a true copy by a duly authorised officer of the Principal Paying Agent, each Noteholder may protect and enforce in its own name its rights arising under this Guarantee in any legal proceedings against the Guarantor or to which such Noteholder and the Guarantor are parties, without the need for presentation of this Guarantee in such proceedings.</p> | <p>(d) Jeder Anleihegläubiger kann in jedem Rechtsstreit gegen die Garantin und in jedem Rechtsstreit, in dem er und die Garantin Partei sind, seine Rechte aus dieser Garantie auf der Grundlage einer von einer vertretungsberechtigten Person der Hauptzahlstelle beglaubigten Kopie dieser Garantie ohne Vorlage des Originals im eigenen Namen wahrnehmen und durchsetzen.</p>                                       |
| <p>(e) The Principal Paying Agent agrees to hold the original copy of this Guarantee in custody until all obligations under the Notes and this Guarantee have been fulfilled.</p>   | <p>(e) Die Hauptzahlstelle verpflichtet sich, das Original dieser Garantie bis zur Erfüllung sämtlicher Verpflichtungen aus den Schuldverschreibungen und dieser Garantie zu verwahren.</p>   |
| <p>6. In relation to amendments of the terms of the Guarantee by resolution of the Noteholders with the consent of the Guarantor, § 16 of the Terms and Conditions applies <i>mutatis mutandis</i>.</p>   | <p>6. Für Änderungen der Bedingungen der Garantie durch Beschluss der Anleihegläubiger mit Zustimmung der Garantin gilt § 16 der Emissionsbedingungen entsprechend.</p>   |



9. **GUARANTEE OF THE NC9 NOTES**

**GUARANTEE**

of

**Volkswagen Aktiengesellschaft**  
(Wolfsburg, *Germany*)  
(the "**Guarantor**")

for the benefit of the Noteholders of the EUR 1,500,000,000 guaranteed undated unsecured subordinated Notes with a first call date in 2029 (the "**Notes**"), divided into notes in bearer form with a principal amount of EUR 100,000 each, which rank *pari passu* among themselves, issued by

**Volkswagen International Finance N.V.**  
(*incorporated as a limited liability company under the laws of the Netherlands*)  
(the "**Issuer**")

ISIN XS2187689380.

**WHEREAS:**

- (A) The Guarantor intends to guarantee on a subordinated basis the due and punctual payment of any amounts payable by the Issuer in accordance with the terms and conditions of the Notes (the "**Terms and Conditions**").
- (B) The intent and purpose of this Guarantee is to ensure that the Noteholders under any and all circumstances, whether factual or legal, and irrespective of validity or enforceability of the obligations of the Issuer under the Notes, or any other reasons on the basis of which the Issuer may fail to fulfil its obligations, receive on the respective due date any and all sums payable in accordance with the Terms and Conditions.

**IT IS AGREED AS FOLLOWS:**

1. Definitions

Terms used in this Guarantee and not otherwise defined herein will have the meaning attributed to them in the Terms and Conditions.

**GARANTIE**

der

**Volkswagen Aktiengesellschaft**  
(Wolfsburg, *Deutschland*)  
(die "**Garantin**")

zugunsten der Anleihegläubiger der EUR 1.500.000.000 garantierten, unbefristeten, nicht besicherten nachrangigen Schuldverschreibungen, erstmals kündbar in 2029 (die "**Schuldverschreibungen**"), eingeteilt in untereinander gleichberechtigte, auf den Inhaber lautende Schuldverschreibungen im Nennbetrag von je EUR 100.000, die von der

**Volkswagen International Finance N.V.**  
(*einer mit beschränkter Haftung nach dem Recht der Niederlande errichteten Gesellschaft*)  
(die "**Emittentin**")

begeben worden sind, ISIN XS2187689380.

**VORBEMERKUNG:**

- (A) Die Garantin beabsichtigt die ordnungsgemäße Zahlung von allen Beträgen, die nach Maßgabe der Emissionsbedingungen (die "**Emissionsbedingungen**") der von der Emittentin begebenen Schuldverschreibungen zu zahlen sind, auf nachrangiger Basis zu garantieren.
- (B) Es ist Sinn und Zweck dieser Garantie, sicherzustellen, dass die Anleihegläubiger unter allen tatsächlichen und rechtlichen Umständen und unabhängig von Wirksamkeit und Durchsetzbarkeit der Verpflichtungen der Emittentin aus den Schuldverschreibungen und unabhängig von sonstigen Gründen, aufgrund derer die Emittentin ihre Verpflichtungen nicht erfüllt, bei Fälligkeit alle nach Maßgabe der Emissionsbedingungen zu zahlenden Beträge erhalten.

**ES WIRD FOLGENDES VEREINBART:**

1. Definitionen

Die in dieser Garantie verwendeten und nicht anders definierten Begriffe haben die ihnen in den Emissionsbedingungen zugewiesene Bedeutung.

## 2. Guarantee

- (a) The Guarantor unconditionally and irrevocably guarantees towards Citibank N.A., London Branch (the "**Principal Paying Agent**") for the benefit of each holder (each a "**Noteholder**") of each Note (which expression will include any Global Note representing the Notes), the due payment of all amounts which are payable by the Issuer in accordance with the Terms and Conditions, as and when the same will become due.
- (b) The obligations of the Guarantor under the Guarantee rank:
- (i) senior only to the Junior Obligations of the Guarantor,
  - (ii) *pari passu* with any other present and future Parity Obligations of the Guarantor, and
  - (iii) junior to the Guarantor's unsubordinated obligations, contractually and statutorily subordinated obligations except as expressly provided for otherwise by the terms of the relevant obligation, and subordinated obligations required to be preferred by law.

**"Junior Obligations of the Guarantor"** means (i) the ordinary shares and preferred shares of the Guarantor, (ii) any present or future share of any other class of shares of the Guarantor, (iii) any other present or future security, registered security or other instrument of the Guarantor under which the Guarantor's obligations rank or are expressed to rank *pari passu* with the ordinary shares or the preferred shares of the Guarantor and (iv) any present or future security, registered security or other instrument which is issued by a Subsidiary of the Guarantor and guaranteed by the Guarantor or for which the Guarantor has otherwise assumed liability where the Guarantor's obligations under such guarantee or other assumption of liability rank or are expressed to rank *pari passu* with the instruments described under (i), (ii) and (iii).

## 2. Garantie

- (a) Die Garantin übernimmt gegenüber Citibank N.A., London Branch (die "Hauptzahlstelle") zugunsten jedes Anleihegläubigers (jeweils ein "**Anleihegläubiger**") der Schuldverschreibungen (wobei dieser Begriff jede Globalurkunde, welche die Schuldverschreibungen verbrieft, einschließt), die unbedingte und unwiderrufliche Garantie für die ordnungsgemäße Zahlung aller gemäß den Emissionsbedingungen von der Emittentin zu zahlenden Beträge bei Fälligkeit.
- (b) Die Verbindlichkeiten der Garantin unter der Garantie:
- (i) gehen nur Nachrangigen Verbindlichkeiten der Garantin im Rang vor,
  - (ii) stehen gleich im Rang untereinander und mit jeder Gleichrangigen Verbindlichkeit der Garantin, und
  - (iii) gehen allen anderen nicht nachrangigen Verbindlichkeiten der Garantin, gesetzlich nachrangigen und vertraglich nachrangigen Verbindlichkeiten, außer wenn in den Bedingungen der betreffenden Verbindlichkeit etwas anderes geregelt sein sollte, und nachrangigen Verbindlichkeiten, die durch Gesetz vorrangig sein müssen, im Rang nach.

**"Nachrangige Verbindlichkeiten der Garantin"** bezeichnet (i) die Stammaktien und die Vorzugsaktien der Garantin, (ii) jede gegenwärtige oder zukünftige Aktie einer anderen Gattung von Aktien der Garantin, (iii) jedes andere gegenwärtige oder zukünftige Wertpapier, Namenswertpapier oder jedes andere Instrument, das von der Garantin begeben ist und bei dem die daraus folgenden Verbindlichkeiten der Garantin mit den Stammaktien oder den Vorzugsaktien der Garantin gleichrangig vereinbart sind und (iv) jedes gegenwärtige oder zukünftige Wertpapier, Namenswertpapier oder jedes andere Instrument, das von einer Tochtergesellschaft der Garantin begeben und von der Garantin dergestalt garantiert ist oder für das die Garantin dergestalt die Haftung übernommen hat, dass die betreffenden Verbindlichkeiten der Garantin aus der maßgeblichen Garantie oder Haftungsübernahme mit den unter (i), (ii) und

**"Parity Obligations of the Guarantor"**

means any present or future obligation which (i) is issued by the Guarantor and the obligations under which rank or are expressed to rank *pari passu* with the Guarantor's obligations under the Guarantee, or (ii) benefits from a guarantee or support agreement where the Guarantor's obligations under such guarantee or support agreement rank or are expressed to rank *pari passu* with its obligations under the Guarantee. For the avoidance of doubt, Parity Obligations of the Guarantor include:

its obligations under the guarantee for the Issuer's undated unsecured subordinated notes with a first call date in 2021, ISIN XS1048428012,

its obligations under the guarantee for the Issuer's undated unsecured subordinated notes with a first call date in 2022, ISIN XS1206540806,

its obligations under the guarantee for the Issuer's undated unsecured subordinated notes with a first call date in 2022, ISIN XS1629658755,

its obligations under the guarantee for the Issuer's undated unsecured subordinated notes with a first call date in 2023, ISIN XS0968913342,

its obligations under the guarantee for the Issuer's undated unsecured subordinated notes with a first call date in 2024, ISIN XS1799938995,

its obligations under the guarantee for the Issuer's undated unsecured subordinated notes with a first call date in 2026, ISIN XS1048428442,

its obligations under the guarantee for the Issuer's undated unsecured subordinated notes with a first call date in 2027, ISIN XS1629774230,

its obligations under the guarantee for the Issuer's undated unsecured subordinated notes with a first call date in 2028, ISIN XS1799939027,

its obligations under the guarantee for the Issuer's undated unsecured subordinated notes with a first call date in 2030, ISIN XS1206541366, and

(iii) genannten Instrumenten gleichrangig oder als gleichrangig vereinbart sind.

**"Gleichrangige Verbindlichkeiten der Garantin"**

bezeichnet jede bestehende und zukünftige Verbindlichkeit, die (i) von der Garantin begeben wurde und die gleichrangig im Verhältnis zu den Verbindlichkeiten der Garantin aus der Garantie ist oder ausdrücklich als gleichrangig vereinbart ist oder die (ii) von einer Garantie oder Haftungsübernahme profitiert, bei der die Verbindlichkeiten der Garantin aus der betreffenden Garantie oder Haftungsübernahme mit den Verbindlichkeiten der Garantin aus der Garantie gleichrangig oder als gleichrangig vereinbart sind. Gleichrangige Verbindlichkeiten der Garantin sind, unter anderem,:

ihre Verbindlichkeiten aus der Garantie für die nicht besicherten nachrangigen Schuldverschreibungen der Emittentin ohne feste Laufzeit erstmals kündbar in 2021, ISIN XS1048428012,

ihre Verbindlichkeiten aus der Garantie für die nicht besicherten nachrangigen Schuldverschreibungen der Emittentin ohne feste Laufzeit erstmals kündbar in 2022, ISIN XS1206540806,

ihre Verbindlichkeiten aus der Garantie für die nicht besicherten nachrangigen Schuldverschreibungen der Emittentin ohne feste Laufzeit erstmals kündbar in 2022, ISIN XS1629658755,

ihre Verbindlichkeiten aus der Garantie für die nicht besicherten nachrangigen Schuldverschreibungen der Emittentin ohne feste Laufzeit erstmals kündbar in 2023, ISIN XS0968913342,

ihre Verbindlichkeiten aus der Garantie für die nicht besicherten nachrangigen Schuldverschreibungen der Emittentin ohne feste Laufzeit erstmals kündbar in 2024, ISIN XS1799938995,

ihre Verbindlichkeiten aus der Garantie für die nicht besicherten nachrangigen Schuldverschreibungen der Emittentin ohne feste Laufzeit erstmals kündbar in 2026, ISIN XS1048428442,

ihre Verbindlichkeiten aus der Garantie für die nicht besicherten nachrangigen Schuldverschreibungen der Emittentin ohne

its obligations under the guarantee for the Issuer's undated unsecured subordinated notes with a first call date in 2025, ISIN XS2187689034.

festen Laufzeit erstmals kündbar in 2027, ISIN XS1629774230,

ihre Verbindlichkeiten aus der Garantie für die nicht besicherten nachrangigen Schuldverschreibungen der Emittentin ohne feste Laufzeit erstmals kündbar in 2028, ISIN XS1799939027,

ihre Verbindlichkeiten aus der Garantie für die nicht besicherten nachrangigen Schuldverschreibungen der Emittentin ohne feste Laufzeit erstmals kündbar in 2030, ISIN XS1206541366, und

ihre Verbindlichkeiten aus der Garantie für die nicht besicherten nachrangigen Schuldverschreibungen der Emittentin ohne feste Laufzeit erstmals kündbar in 2025, ISIN XS2187689034.

**"Subsidiary of the Guarantor"** means any corporation, partnership or other enterprise in which the Guarantor directly or indirectly holds in the aggregate more than 50 per cent. of the capital or the voting rights.

**"Tochtergesellschaft der Garantin"** bezeichnet jede Gesellschaft, Personengesellschaft und jedes sonstige Unternehmen oder jede andere Person an der bzw. dem die Garantin direkt oder indirekt insgesamt mehr als 50% des Kapitals oder der Stimmrechte hält.

- (c) In the event of liquidation, dissolution, insolvency, composition or other proceedings for the avoidance of insolvency of, or against the Guarantor, the claims of the Noteholders under the Guarantee will be satisfied after (but only after) the obligations of the Guarantor that rank senior to the Notes. In any such event, Noteholders will not receive any amounts payable in respect of the Guarantee until the claims of all obligations of the Guarantor that rank senior to the Notes have first been satisfied in full.

- (c) Im Fall der Liquidation, der Auflösung oder der Insolvenz der Garantin oder eines Vergleichs oder eines anderen der Abwendung der Insolvenz dienenden Verfahrens gegen die Garantin werden die Ansprüche der Anleihegläubiger aus der Garantie erst nach den Ansprüchen der Inhaber aller anderen gegenüber den Schuldverschreibungen vorrangigen Verbindlichkeiten der Garantin bedient. In einem solchen Fall werden die Anleihegläubiger keine Zahlungen auf die Garantie erhalten, bis alle Ansprüche aus den gegenüber den Schuldverschreibungen vorrangigen Verbindlichkeiten der Garantin vollständig bedient sind.

No Noteholder may set off any claims arising under the Guarantee against claims that the Guarantor may have against it. The Guarantor may not set off any claims it may have against any Noteholder against any of its obligations under the Guarantee.

Die Anleihegläubiger sind nicht berechtigt, Forderungen aus der Garantie mit etwaigen gegen sie gerichteten Forderungen der Garantin aufzurechnen. Die Garantin ist nicht berechtigt, Forderungen gegenüber Anleihegläubigern mit den Verpflichtungen aus der Garantie aufzurechnen.

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| <p>(d) The obligations of the Guarantor under this guarantee (i) will be separate and independent from the obligations of the Issuer under the Notes, (ii) will exist irrespective of the legality, validity and binding effect or enforceability of the Notes, and (iii) will not be affected by any event, condition or circumstance of whatever nature, whether factual or legal, save the full, definitive and irrevocable satisfaction of any and all payment obligations expressed to be assumed under the Notes.</p> | <p>(d) Die Verpflichtungen der Garantin aus dieser Garantie (i) sind selbständig und unabhängig von den Verpflichtungen der Emittentin aus den Schuldverschreibungen, (ii) bestehen unabhängig von der Rechtmäßigkeit, Gültigkeit, Verbindlichkeit oder Durchsetzbarkeit der Schuldverschreibungen und (iii) werden nicht durch Ereignisse, Bedingungen oder Umstände tatsächlicher oder rechtlicher Art berührt, außer durch die vollständige, endgültige und unwiderrufliche Erfüllung sämtlicher in den Schuldverschreibungen eingegangenen Zahlungsverpflichtungen.</p> |
| <p>(e) In the event of a substitution of the Issuer by a New Debtor pursuant to § 14 of the Terms and Conditions, this Guarantee will extend to any and all amounts payable by the New Debtor pursuant to the Terms and Conditions. The foregoing will also apply if the New Debtor will have assumed the obligations arising under the Notes directly from the Guarantor.</p>  | <p>(e) Im Falle einer Ersetzung der Emittentin durch eine Neue Anleiheschuldnerin gemäß § 14 der Emissionsbedingungen erstreckt sich diese Garantie auf sämtliche von der Neuen Anleiheschuldnerin gemäß den Emissionsbedingungen zu zahlenden Beträge. Dies gilt auch dann, wenn die Neue Anleiheschuldnerin die Verpflichtungen aus den Schuldverschreibungen unmittelbar von der Garantin übernommen hat.</p>  |
| <p>(f) The Guarantor will make all payments in respect of the Notes and the Guarantee without deduction of taxes or other duties which the Guarantor would be required by law to deduct under the law applicable on June 17, 2020.</p>  | <p>(f) Die Garantin wird sämtliche auf die Garantie zu zahlenden Beträge ohne Abzug von Steuern oder sonstigen Abgaben leisten, zu deren Abzug die Garantin nach dem am 17. Juni 2020 geltenden Recht gesetzlich verpflichtet wäre.</p>   |

All payments of principal and interest in respect of the Notes by the Guarantor under the Guarantee will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of the Netherlands or the Federal Republic of Germany or, in each case, any authority therein or thereof having power to tax, unless the Guarantor is required by law to make such withholding or deduction of such taxes, duties, assessments or governmental charges. In that event, the Guarantor will pay such Additional Amounts as may be necessary in order that the net amounts received by the Noteholders after such withholding or deduction shall equal the respective amounts of principal and interest which would have been received in respect of the Notes, 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:

Sämtliche auf die Schuldverschreibungen zu zahlenden Beträge von Kapital oder Zinsen sind ohne Einbehalt oder Abzug von oder aufgrund von gegenwärtigen oder zukünftiger Steuern, sonstigen Abgaben oder behördlicher Gebühren gleich welcher Art durch die Garantin unter der Garantie zu leisten, die von oder in den Niederlanden oder der Bundesrepublik Deutschland oder für deren Rechnung oder von oder für Rechnung einer Gebietskörperschaft oder Steuerbehörde der oder in den Niederlanden oder der Bundesrepublik Deutschland auferlegt oder erhoben werden, es sei denn, die Garantin ist gesetzlich verpflichtet, einen solchen Einbehalt oder Abzug vorzunehmen. In diesem Fall wird die Garantin diejenigen Zusätzlichen Beträge zahlen, die erforderlich sind, damit die den Anleihegläubigern zufließenden Nettobeträge nach diesem Einbehalt oder Abzug jeweils den Beträgen entsprechen, die ohne einen solchen Einbehalt oder Abzug von den Inhabern der Schuldverschreibungen empfangen worden wären; die Verpflichtung zur Zahlung solcher zusätzlicher Beträge besteht jedoch

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|   | nicht im Hinblick auf Steuern und Abgaben, die:   |
| (i) are payable otherwise than by withholding or deduction from amounts payable; or   | (i) auf andere Weise als durch Einbehalt oder Abzug von zahlbaren Beträgen zu entrichten sind; oder   |
| (ii) are payable by reason of the Noteholder having, or having had, some personal or business connection with the Netherlands or the Federal Republic of 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 the Federal Republic of Germany; or | (ii) wegen einer gegenwärtigen oder früheren persönlichen oder geschäftlichen Beziehung des Anleihegläubigers zu den Niederlanden oder der Bundesrepublik Deutschland zu zahlen sind, und nicht allein deshalb, weil Zahlungen auf die Schuldverschreibungen aus Quellen in den Niederlanden oder der Bundesrepublik Deutschland stammen (oder für Zwecke der Besteuerung so behandelt werden) oder dort besichert sind; oder |
| (iii) are withheld or deducted from amounts payable and are required to be made pursuant to the European Council Directive on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive; or  | (iii) aufgrund einer Richtlinie des Europäischen Rats betreffend die Besteuerung von Zinserträgen oder aufgrund einer gesetzlichen Vorschrift, die eine solche Richtlinie umsetzt oder befolgt oder erlassen wurde, um einer solchen Richtlinie zu entsprechen, von zahlbaren Erträgen einzubehalten oder abzuziehen sind; oder   |
| (iv) 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, if later, is duly provided for and notice thereof is published in accordance with § 13 of the Terms and Conditions; or  | (iv) aufgrund einer Rechtsänderung zu zahlen sind, welche 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 der Emissionsbedingungen wirksam wird; oder   |
| (v) are deducted or withheld by a Paying Agent from a payment if the payment could have been made by another Paying Agent without such deduction or withholding.  | (v) von einer Zahlstelle abgezogen oder einbehalten werden, wenn eine andere Zahlstelle die Zahlung ohne einen solchen Abzug oder Einbehalt hätte leisten können.   |

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| <p>3. This Guarantee and all undertakings contained herein constitute a contract for the benefit of the Noteholders from time to time as third party beneficiaries pursuant to § 328 (1) of the BGB. They give rise to the right of each such Noteholder to require performance of the obligations undertaken herein directly from the Guarantor, and to enforce such obligations directly against the Guarantor.</p>             | <p>3. Diese Garantie und alle darin enthaltenen Vereinbarungen stellen einen Vertrag zugunsten der jeweiligen Anleihegläubiger als begünstigte Dritte gemäß § 328 Absatz 1 BGB dar. Sie begründen das Recht eines jeden Anleihegläubigers, die Erfüllung der hierin eingegangenen Verpflichtungen unmittelbar von der Garantin zu fordern und diese Verpflichtungen unmittelbar gegenüber der Garantin durchzusetzen.</p> |
| <p>4. The Principal Paying Agent does not act in a fiduciary or in any other similar capacity for the Noteholders.</p>  | <p>4. Die Hauptzahlstelle handelt nicht als Treuhänder oder in einer ähnlichen Eigenschaft für die Anleihegläubiger.</p>  |
| <p>5. Miscellaneous Provisions</p>  | <p>5. Verschiedene Bestimmungen</p>   |
| <p>(a) This Guarantee will be governed by, and construed in accordance with, German law.</p>  | <p>(a) Diese Garantie unterliegt deutschem Recht.</p>   |
| <p>(b) Place of performance will be Frankfurt am Main.</p>  | <p>(b) Erfüllungsort ist Frankfurt am Main.</p>   |
| <p>(c) The District Court (<i>Landgericht</i>) in Frankfurt am Main will have non-exclusive jurisdiction for any action or other legal proceedings arising out of or in connection with the Guarantee.</p>  | <p>(c) Nicht ausschließlich zuständig für sämtliche im Zusammenhang mit der Garantie entstehenden Klagen oder sonstige Verfahren ist das Landgericht Frankfurt am Main.</p>   |
| <p>(d) On the basis of a copy of this Guarantee certified as being a true copy by a duly authorised officer of the Principal Paying Agent, each Noteholder may protect and enforce in its own name its rights arising under this Guarantee in any legal proceedings against the Guarantor or to which such Noteholder and the Guarantor are parties, without the need for presentation of this Guarantee in such proceedings.</p> | <p>(d) Jeder Anleihegläubiger kann in jedem Rechtsstreit gegen die Garantin und in jedem Rechtsstreit, in dem er und die Garantin Partei sind, seine Rechte aus dieser Garantie auf der Grundlage einer von einer vertretungsberechtigten Person der Hauptzahlstelle beglaubigten Kopie dieser Garantie ohne Vorlage des Originals im eigenen Namen wahrnehmen und durchsetzen.</p>                                       |
| <p>(e) The Principal Paying Agent agrees to hold the original copy of this Guarantee in custody until all obligations under the Notes and this Guarantee have been fulfilled.</p>   | <p>(e) Die Hauptzahlstelle verpflichtet sich, das Original dieser Garantie bis zur Erfüllung sämtlicher Verpflichtungen aus den Schuldverschreibungen und dieser Garantie zu verwahren.</p>   |
| <p>6. In relation to amendments of the terms of the Guarantee by resolution of the Noteholders with the consent of the Guarantor, § 16 of the Terms and Conditions applies <i>mutatis mutandis</i>.</p>   | <p>6. Für Änderungen der Bedingungen der Garantie durch Beschluss der Anleihegläubiger mit Zustimmung der Garantin gilt § 16 der Emissionsbedingungen entsprechend.</p>   |

## 10. IMPACT OF VARIOUS TAXATION REGIMES

*The following is a general overview of certain tax consequences under the tax laws of Luxembourg, the Federal Republic of Germany and the Netherlands of the acquisition, ownership and disposal of the Notes. This overview does not purport to be a comprehensive description of all tax considerations which may be relevant to a decision to purchase the Notes. In particular, this discussion does not consider any specific facts or circumstances that may apply to a particular purchaser, relates only to the position of persons who are absolute beneficial owners of the Notes and may not apply to certain classes of persons such as dealers, certain professional investors or persons connected with the Issuer. This overview is based on the laws of Luxembourg, the Federal Republic of Germany and the Netherlands currently in force and as applied on the date of this Prospectus, which are subject to change, possibly with retroactive or retrospective effect. It is not intended to be, nor should it be construed to be, legal or tax advice.*

**PROSPECTIVE PURCHASERS OF NOTES ARE ADVISED TO CONSULT THEIR OWN TAX ADVISORS AS TO THE TAX CONSEQUENCES OF THE ACQUISITION, OWNERSHIP AND DISPOSAL OF THE NOTES, INCLUDING THE EFFECT OF ANY STATE OR LOCAL TAXES UNDER THE TAX LAWS APPLICABLE IN LUXEMBOURG, THE FEDERAL REPUBLIC OF GERMANY AND THE NETHERLANDS AND EACH COUNTRY OF WHICH THEY ARE RESIDENTS.**

### 10.1 Taxation in Luxembourg

The following overview is of a general nature. It contains the information required on taxation by the Commission Delegated Regulation (EU) No 2019/980 of 14 March 2019. Information exceeding this information requirement is included herein solely for information purposes. It is based on the laws presently in force in Luxembourg, though it is not intended to be, nor should it be construed to be, legal or tax advice.

Prospective investors in the Notes should therefore consult their own professional advisers as to the effects of state, local or foreign laws, including Luxembourg tax law, to which they may be subject.

#### 10.1.1 Luxembourg tax residency of the Noteholders

A Noteholder will not become resident, nor be deemed to be resident, in Luxembourg by reason only of the holding of the Notes, or the execution, performance, delivery and/or enforcement of the Notes.

#### 10.1.2 Withholding tax and self-applied tax

##### 10.1.2.1 Non-resident Noteholders

Under Luxembourg general tax laws currently in force, there is no withholding tax on payments of principal, premium or interest made to non-resident Noteholders, nor on accrued but unpaid interest in respect of the Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of the Notes held by non-resident Noteholders.

##### 10.1.2.2 Resident Noteholders

Under Luxembourg general tax laws currently in force and subject to the law of December 23, 2005 as amended (the "**Law**") mentioned below, there is no withholding tax on payments of principal, premium or interest made to Luxembourg resident Noteholders, nor on accrued but unpaid interest in respect of Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of Notes held by Luxembourg resident Noteholders.

Under the Law, payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to or for the immediate benefit of an individual beneficial owner who is a resident of Luxembourg will be subject to a withholding tax of 20%. 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/her/its private wealth. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent.

Pursuant to the Law as amended, Luxembourg resident individuals, acting in the course of their private wealth, can opt to self-declare and pay a 20% tax (the "**Levy**") on interest payments made after



December 31, 2007 by paying agents located in a Member State of the European Union other than Luxembourg or a Member State of the European Economic Area.

### 10.1.3 *Taxation of the Noteholders*

#### 10.1.3.1 *Taxation of Luxembourg non-residents*

Noteholders who are non-residents of Luxembourg and who have neither a permanent establishment nor a fixed place of business or a permanent representative in Luxembourg to which the Notes are attributable are not liable to any Luxembourg income tax, whether they receive payments of principal or interest (including accrued but unpaid interest) or realize capital gains upon redemption, repurchase, sale or exchange of any Notes.

Noteholders who are non-residents of Luxembourg and who have a permanent establishment, a fixed place of business or a permanent representative in Luxembourg to which the Notes are attributable may have to include any interest received or accrued, as well as any capital gain realized on the sale or disposal of the Notes in their taxable income for Luxembourg income tax assessment purposes.

#### 10.1.3.2 *Taxation of Luxembourg residents*

##### (i) *General*

Noteholders who are resident of Luxembourg must, for income tax purposes, include any interest paid or accrued in their taxable income. Specific exemptions may be available for certain tax payers benefiting from a particular status.

##### (ii) *Luxembourg resident individuals*

A Luxembourg resident individual Noteholder, acting in the course of the management of his/her private wealth, is subject to Luxembourg income tax in respect of interest received, redemption premiums or issue discounts under the Notes, except if a withholding tax has been levied by the Luxembourg paying agent on such payments or, in case of a non-resident paying agent, if such individual Noteholder has opted for the Levy.

Under Luxembourg domestic tax law, gains realized upon the sale, disposal or redemption of the Notes, which do not constitute Zero Coupon Notes, by a Luxembourg resident individual Noteholder, who acts in the course of the management of his/her private wealth, on the sale or disposal, in any form whatsoever, of Notes are not subject to Luxembourg income tax, provided this sale or disposal took place more than six months after the acquisition of the Notes. A Luxembourg resident individual Noteholder, who acts in the course of the management of his/her private wealth, has further to include the portion of the gain corresponding to accrued but unpaid income in respect of the Notes in his/her taxable income, insofar as the accrued but unpaid interest is indicated separately in the agreement.

A gain realized upon a sale of Zero Coupon Notes before their maturity by Luxembourg resident individual Noteholders, in the course of the management of their private wealth must be included in their taxable income for Luxembourg income tax assessment purposes.

Luxembourg resident individual Noteholders acting in the course of the management of a professional or business undertaking to which the Notes are attributable, may have to include any interest received or accrued, as well as any gain realized on the sale or disposal of the Notes, in their taxable income for Luxembourg income tax assessment purposes. Taxable gains are determined as being the difference between the sale, repurchase or redemption price (including accrued but unpaid interest) and the lower of the cost or book value of the Notes sold or redeemed. The same tax treatment applies to non-resident Noteholders who have a permanent establishment or a permanent representative in Luxembourg to which the Notes are attributable.

##### (iii) *Luxembourg corporate residents*

Luxembourg corporate Noteholders must include any interest received or accrued, as well as any gain realized on the sale or disposal of the Notes, in their taxable income for Luxembourg income tax assessment purposes. Taxable gains are determined as being the difference between the sale, repurchase or redemption price (including but unpaid interest) and the lower of the cost or book value of the Notes sold or redeemed.

(iv) *Luxembourg corporate residents benefiting from a special tax regime*

Luxembourg corporate resident Noteholders who benefit from a special tax regime, such as, for example, (i) undertakings for collective investment subject to the law of 17 December 2010 (amending the laws of 20 December 2002), (ii) specialized investment funds subject to the law dated 13 February 2007 (as amended), (iii) family wealth management companies subject to the law dated 11 May 2007 (as amended) or (iv) reserved alternative investment funds within the meaning of the law of 23 July 2016, provided it is not foreseen in the incorporation documents that (i) the exclusive object is the investment in risk capital and that (ii) article 48 of the aforementioned law of 23 July 2016 applies, are exempt from income tax in Luxembourg and thus income derived from the Notes, as well as gains realized thereon, are not subject to Luxembourg income taxes.

10.1.4 ***Net Wealth Tax***

Luxembourg resident Noteholders or non-resident Noteholders who have a permanent establishment or a permanent representative in Luxembourg to which the Notes are attributable, are subject to Luxembourg wealth tax on such Notes, except if the Noteholder is (i) a resident or non-resident individual taxpayer, or (ii) an undertaking for collective investment subject to the law of 17 December 2010 (amending the law of 20 December 2002), or (iii) a securitization vehicle governed by the law of 22 March 2004 (as amended) on securitization, or (iv) a company governed by the law of 15 June 2004 (as amended) on venture capital vehicles, or (v) a specialized investment fund subject to the law of 13 February 2007 (as amended) or (vi) a family wealth management company subject to the law of 11 May 2007 (as amended), or (vii) a company governed by the law of July 13, 2005 (as amended) on professional pension institutions, or (viii) a reserved alternative investment fund within the meaning of the law of 14 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 July 13, 2005 (as amended) on professional pension institutions, 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 thereof remain subject to minimum net wealth tax.

This minimum net wealth tax amounts to EUR 4,815, if the relevant Noteholder holds assets such as fixed financial assets, receivables owed to affiliated companies, transferable securities, postal checking accounts, checks and cash, in a proportion that exceeds 90% of its total balance sheet value and if the total balance sheet value of these very assets exceeds EUR 350,000 or (b) to a minimum net wealth tax between EUR 535 and EUR 32,100 based on the total amount of its assets.

10.1.5 ***Other Taxes***

10.1.5.1 *Registration taxes and stamp duties*

There is no Luxembourg registration tax, stamp duty or any other similar tax or duty payable in Luxembourg by the Noteholders as a consequence of the issuance of the Notes, nor will any of these taxes be payable as a consequence of a subsequent transfer, redemption or repurchase of the Notes. However, registration of the Notes may 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).

10.1.5.2 *Value added tax*

There is no Luxembourg value added tax payable in respect of payments in consideration for the issuance of the Notes or in respect of the payment of interest or principal under the Notes or the transfer of the Notes. Luxembourg value added tax may, however, be payable in respect of fees charged for certain services rendered to the Issuer, if for Luxembourg value added tax purposes such services are rendered or are deemed to be rendered in Luxembourg and an exemption from Luxembourg value added tax does not apply with respect to such services.

### 10.1.5.3 *Inheritance tax and gift tax*

No estate or inheritance taxes are 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.

Gift tax may be due on a gift or donation of Notes if the gift is recorded in a deed passed in front of a Luxembourg notary or otherwise registered in Luxembourg

## 10.2 **Taxation in Germany**

### 10.2.1 *Investors resident in Germany*

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.

#### 10.2.1.1 *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:

#### 10.2.1.2 *Income*

The Notes should 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 should qualify as taxable savings income (*Einkünfte aus Kapitalvermögen*) pursuant to section 20 para 1 no 7 ITA.

Capital gains / capital losses realised 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, should 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. However, if the losses result from the full or partial non-recoverability of the repayment claim under the Notes including a default of the Issuer or a (voluntary) waiver, such losses together with other losses of such kind of the same year and loss-carry forwards of previous years can only be offset up to an amount of EUR 10,000 ("**Limitation on Loss Deduction**"). Any exceeding loss amount can be carried forward and offset against future savings income, but again subject to the EUR 10,000 limitation. Given that the Limitation on Loss Deduction will not be applied by the German Disbursing Agent (as defined below) holding the Notes in custody, investors suffering losses which are subject to the Limitation on Loss Deduction are required to declare such losses in their income tax return.

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.

#### 10.2.1.3 *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 administered 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 (e.g. 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 church tax. Church tax 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 income 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 EUR 801 (EUR 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, as a rule, not obliged to levy German withholding tax in respect of payments on the Notes. If, however, the Issuer is deemed to be resident in Germany for tax purposes and if, further, the Notes qualify as hybrid instruments (e.g., silent partnership, profit participating notes, jouissance rights (*Genussrechte*)), German withholding tax has to be imposed by the Issuer irrespective of whether or not the Notes are kept or administered in a custodial account maintained with a German Disbursing Agent.

#### 10.2.1.4 Tax assessment

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 satisfy the investor's income tax obligation with regard to the underlying savings income. If no or no sufficient 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 an income 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 income 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 income 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 spouses 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 income tax rate.

#### 10.2.1.5 *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.

#### 10.2.1.6 *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 per cent. (excluding solidarity surcharge).

#### 10.2.1.7 *Amendment of the Solidarity Surcharge Act*

Due to the recent amendment of the Solidarity Surcharge Act, the solidarity surcharge will be levied for wage tax and income tax purposes from 2021 onwards if the individual income tax of the investor exceeds the threshold of EUR 16,956 (EUR 33,912 for jointly assessed spouses or registered life partners). Pursuant to the amended law the solidarity surcharge shall remain in place for purposes of the withholding tax, the flat tax regime and the corporate income tax.

#### 10.2.2 *Investors not resident in Germany*

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 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.

#### 10.2.3 *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.

#### 10.2.4 *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.

### 10.3 Taxation in the Netherlands

The following overview 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 overview does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to acquire, hold or dispose of Notes, and does not purport 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, does not have 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 overview, 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 overview 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 overview 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 on the tax consequences of their acquiring, holding and disposing of Notes.**

#### 10.3.1 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.

However, as of 1 January 2021 Dutch withholding tax may apply on certain (deemed) payments of interest made to an affiliated (*gelieerde*) entity of the Issuer if such entity (i) is considered to be resident (*gevestigd*) in a jurisdiction that is listed in the yearly updated Dutch Regulation on low-taxing states and non-cooperative jurisdictions for tax purposes (*Regeling laagbelastende staten en niet-coöperatieve rechtsgebieden voor belastingdoeleinden*), or (ii) has a permanent establishment located in such jurisdiction to which the interest is attributable, or (iii) is entitled to the interest payable for the main purpose or one of the main purposes to avoid taxation for another person, or (iv) is a hybrid entity, or (v) is not resident in any jurisdiction, all within the meaning of the Withholding Tax Act 2021 (*Wet bronbelasting 2021*).

### 10.3.2 ***Taxes on Income and Capital Gains***

#### 10.3.2.1 *Residents*

##### (i) *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 2020).

##### (ii) *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 49.50% in 2020) if:

- (a) the income or capital gain is attributable to an enterprise from which the holder derives profits (other than as a shareholder); or
- (b) the income or capital gain qualifies as income from miscellaneous activities (*belastbaar resultaat uit overige werkzaamheden*) as defined in the Income Tax Act (*Wet inkomstenbelasting 2001*), including, without limitation, activities that exceed normal, active asset management (*normaal, actief vermogensbeheer*).

If neither condition (a) nor (b) 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 2020, the deemed return ranges from 1.79% to 5.28% of the fair market value of the individual's net assets exceeding a certain threshold as at the beginning of the relevant fiscal year (including the Notes). Subject to application of certain allowances, the deemed return will be taxed at the prevailing statutory rate (30% in 2020).

#### 10.3.2.2 *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 (*Wet inkomstenbelasting 2001*), including, without limitation, activities that exceed normal, active asset management (*normaal, actief vermogensbeheer*).

### 10.3.3 ***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.

### 10.3.4 ***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.

#### 10.3.5 *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.

#### 10.3.6 *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.



## 11. SUBSCRIPTION, SALE AND OFFER OF THE NOTES

### 11.1 General

Pursuant to a subscription agreement dated June 10, 2020 (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 and the Guarantor have agreed to indemnify the Joint Lead Managers against certain liabilities in connection with the offer and sale of the Notes.

### 11.2 Pricing of the Notes and Yield

The pricing details have been set in the pricing term sheet dated June 10, 2020. The yield in respect of:

- (i) the NC5 Notes from the Issue Date to the NC5 First Call Date is 3.500 per cent. per annum; and
- (ii) the NC9 Notes from the Issue Date to the NC9 First Call Date is 3.875 per cent. per annum;

and is calculated on the basis of the issue price of the Notes.

### 11.3 Delivery of the Notes to Investors

Delivery and payment of the Notes will be made on the Issue Date, i.e. June 17 2020 ('T+5'). 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.

## 12. SELLING RESTRICTIONS

### 12.1 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.

## 12.2 Prohibition of Sales to EEA and UK 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 or United Kingdom. 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 (EU) 2016/97 (the **Insurance Distribution 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 Regulation (EU) 2017/1129 (the **Prospectus Regulation**); 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 for the Notes.

## 12.3 United Kingdom

Each Manager has represented and agreed 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 any 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 any Notes in, from or otherwise involving the United Kingdom.

## 12.4 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.

### 13. INFORMATION INCORPORATED BY REFERENCE

#### 13.1 Documents Incorporated by Reference

The following documents which have been published or which are published simultaneously with this Prospectus and filed with the CSSF shall be incorporated in, and to form part of, this Prospectus, as set out under "13.1.1 Cross Reference List of information incorporated by reference" below:

1. Interim Report for the period January 1 to March 31, 2020 of VWAG
2. Annual Report 2019 of VWAG
3. Annual Report 2018 of VWAG
4. Financial Statements 2019 of VIF
5. Financial Statements 2018 of VIF

Other than the information specified above and below under *13.1.1 Cross Reference List of information incorporated by reference* and specifically incorporated by reference in this Prospectus, or information provided under *13.2 Availability of Documents*, such documents do not form part of this Prospectus and the contents of the Issuer's or the Guarantor's internet websites do not form part of this Prospectus, have not been scrutinized or approved by the CSSF, and, in each case, should not be relied upon for the purposes of forming an investment decision with respect to the Notes.

#### 13.1.1 Cross Reference List of information incorporated by reference

Page of Prospectus	Section	Pages of document incorporated by reference
Page 54	VWAG as Guarantor – Historical Financial Statements	<p><b>Interim Report for the Period January 1 to March 31, 2020</b></p> <p><a href="http://dl.bourse.lu/dlp/100cb59033919a4d36a8500d79d8cd9722">http://dl.bourse.lu/dlp/100cb59033919a4d36a8500d79d8cd9722</a></p> <ul style="list-style-type: none"> <li>• Income Statement of the Volkswagen Group for the period January 1 to March 31, 2020 (p. 27)</li> <li>• Statement of Comprehensive Income of the Volkswagen Group for the period January 1 to March 31, 2020 (p. 28)</li> <li>• Balance Sheet of the Volkswagen Group as of March 31, 2020 (p. 29)</li> <li>• Statement of Changes in Equity of the Volkswagen Group for the period January 1 to March 31, 2020 (p. 30-31)</li> <li>• Cash Flow Statement of the Volkswagen Group for the period January 1 to March 31, 2020 (p. 32)</li> <li>• Notes to the Interim Consolidated Financial Statements of the Volkswagen Group (p. 33-51)</li> <li>• Review Report (p. 52-53)</li> </ul>

Page of Prospectus	Section	Pages of document incorporated by reference
Page 55		<p><b>Annual Report 2019 of VWAG:</b></p> <p><a href="http://dl.bourse.lu/dlp/1099cf082bd47347ad9a1d69a57ece18ba">http://dl.bourse.lu/dlp/1099cf082bd47347ad9a1d69a57ece18ba</a></p> <ul style="list-style-type: none"> <li>• Income Statement of the Volkswagen Group for the period January 1 to March 31, 2020 (p. 195)</li> <li>• Statement of Comprehensive Income of the Volkswagen Group for the Period January 1 to March 31, 2020 (p. 196-197)</li> <li>• Balance Sheet of the Volkswagen Group as of December 31, 2019 (p. 198-199)</li> <li>• Statement of Changes in Equity of the Volkswagen Group for the period January 1 to March 31, 2020 (p 200-201)</li> <li>• Cash Flow Statement of the Volkswagen Group for the period January 1 to March 31, 2020 (p. 202)</li> <li>• Notes to the Consolidated Financial Statements of the Volkswagen Group as of December 31, 2019 (p. 203-335)</li> <li>• Auditors' Report in respect of the Consolidated Financial Statements 2019 of VWAG (p. 337-345)</li> </ul>
Page 56 <i>et seqq.</i>		<p><b>Annual Report 2018 of VWAG:</b></p> <p><a href="http://dl.bourse.lu/dlp/10b2073ffd1ed74cfd939551e1035d0104">http://dl.bourse.lu/dlp/10b2073ffd1ed74cfd939551e1035d0104</a></p> <ul style="list-style-type: none"> <li>• Income Statement of the Volkswagen Group for the period January 1 to December 31, 2018 (p. 193)</li> <li>• Statement of Comprehensive Income of the Volkswagen Group for the Period January 1 to December 31, 2018 (p. 194 - 195)</li> <li>• Balance Sheet of the Volkswagen Group as of December 31, 2018 (p. 196 - 197)</li> <li>• Statement of Changes in Equity of the Volkswagen Group for the period January 1 to December 31, 2018 (p 198 – 199)</li> <li>• Cash Flow Statement of the Volkswagen Group for the period January 1 to December 31, 2018 (p. 200)</li> </ul>

Page of Prospectus	Section	Pages of document incorporated by reference
		<ul style="list-style-type: none"> <li>Notes to the Consolidated Financial Statements of the Volkswagen Group as of December 31, 2018 (p. 201 - 328)</li> <li>Auditors' Report in respect of the Consolidated Financial Statements 2018 of VWAG (p. 330 - 339)</li> </ul>
Page 77	VIF as Issuer - Historical Financial Information	<p><b>Financial Statements 2019 of VIF:</b></p> <p><a href="http://dl.bourse.lu/dlp/102446c2e4632b4d0185998a947d99ac70">http://dl.bourse.lu/dlp/102446c2e4632b4d0185998a947d99ac70</a></p> <ul style="list-style-type: none"> <li>Balance Sheet as of December 31, 2019 (p. 8-9)</li> <li>Income Statement 2019 (p. 10)</li> <li>Cash Flow Statement 2019 (p. 11)</li> <li>Notes to the financial statements (p. 12 – 38)</li> <li>Auditor's Report 2019 (p. 40 – 45)</li> </ul> <p><b>Financial Statements 2018 of VIF:</b></p> <p><a href="http://dl.bourse.lu/dlp/10002ec8f424e8415596d121c94a702891">http://dl.bourse.lu/dlp/10002ec8f424e8415596d121c94a702891</a></p> <ul style="list-style-type: none"> <li>Balance Sheet as of December 31, 2018 (p. 7 - 8)</li> <li>Income Statement 2018 (p. 9)</li> <li>Cash Flow Statement 2018 (p. 10)</li> <li>Notes to the financial statements (p. 11 – 37)</li> <li>Auditor's Report 2018 (p. 39 – 44)</li> </ul>

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.

The source documents from which the information mentioned above has been incorporated by reference into this Prospectus will be published on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)) and may be inspected and are available free of charge at the specified office of the Paying Agent(s) as long as any Notes are listed on the regulated market of the Luxembourg Stock Exchange and the rules of such stock exchange so require. The content of this website is for information purposes only and does not form part of this Prospectus and has not been scrutinized or approved by the CSSF.

### 13.2 Availability of Documents

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 ([www.bourse.lu](http://www.bourse.lu)).

Electronic copies of the following documents will be available at the websites specified below for twelve months from the date of this Prospectus:

- the Articles of Association (*Satzung*) of the Guarantor:

<https://www.volkswagenag.com/en/InvestorRelations/corporate-governance/publications.html>

- the Articles of Association of VIF:

<https://www.vif.nl/en/OtherInformation.html>

The documents incorporated by reference will be available at the respective websites specified under "13.1.1 Cross Reference List of information incorporated by reference" above.

#### **Issuer**

**Volkswagen International Finance N.V.**  
Paleisstraat 1  
1012 RB Amsterdam  
the Netherlands

#### **Guarantor**

**Volkswagen Aktiengesellschaft**  
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Germany

#### **Joint Lead Managers**

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Ireland PLC**  
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Ireland

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France

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Aktiengesellschaft**  
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Main  
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Riverbank House, 2  
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#### **Agents**

*Fiscal Agent and Paying Agent*

**Citibank, N.A.**  
Citigroup Centre  
Canary Wharf  
London E14 5LB  
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#### **Legal Advisers**

##### *To the Issuer and the Guarantor*

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60325 Frankfurt am Main  
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IJsbaanpad 2,  
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##### *To the Joint Lead Managers*

*(as to German law)*  
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Taunusanlage 8  
60329 Frankfurt am Main  
Germany

*(as to Dutch law)*  
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World Trade Centre Amsterdam  
Zuidplein 180  
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#### **Auditors of**

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GmbH**  
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