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April 18, 2017

Subject: Destructive policies of the Volkswagen Group in dealing with the damages caused by the Diesel scandal; necessity of an appeal for peaceful settlement and damage limitation

Madam Minister,

I am writing in my capacity as Chairman of the Board of the public interest Foundation 'Stichting Volkswagen Investors Claim' and am turning to you as the competent member of the German Federal Government. The Foundation represents German and international investors – shareholders and bond holders of VW – with an investment volume of almost € 13 billion who have suffered material damage from the illicit manipulations of the Volkswagen Group, extending over many years, and glossed over by the innocuous term "Diesel complex".. A parallel foundation, 'Stichting Volkswagen Car Claims' seeks compensation for the buyers of the manipulated vehicles, setting off their diminished value. The behavior of the Volkswagen Group has resulted in millions of victims and has gravely affected the reputation of Germany as an industrial venue. Underlining the specificity of our Foundation I would like to inform you that I personally, after almost four decades in the German diplomatic service, have accepted the Chairmanship in an honorary capacity, renouncing any form of remuneration and with the sole purpose of contributing to a fair compensation for the victims, and the restitution of the damaged reputation of my country. The same holds for my colleagues on the Managing Board.

The objective of our non-profit foundation ("Stichting") under Dutch law is to attain a settlement out of court which compensates in an adequate manner for the losses of investors. In contrast to many litigation funders our Foundation does not aim at obtaining exorbitant amounts of money adjudicated in procedures of many years duration, and also

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keeps in mind the interest of investors who have maintained their engagement. We strive for a rapid solution that is at the same time fair to the victims, and does not substantially prejudice the Volkswagen enterprise in its future financial possibilities and overall economic situation. Volkswagen AG could via a settlement come clean of its recent past, reestablish its image and reputation, and look to the future and shape it without the weight of its wrongdoings. With a view to such solution the Foundation has also concluded partnership agreements with the leading international investor protection associations, - the World Federation of Investors, the European Federation of Investors and Financial Services Users (Better Finance) – and numerous national associations of investor protection.

A negotiated solution under current Dutch Law would be approved by the Amsterdam Appellate Court and endowed with general validity i.e. applicability to all investors in the same class. This procedure bears only moderate one-time costs, requires very little time and does not carry the risk of litigation and final disbursement.. Rational considerations argue for a swift settlement following this legal model.

In this perspective it is difficult to understand – and indeed irresponsible – that the Volkswagen management shuts its eyes before the already visible avalanche of law suits and their incalculable consequences., and refuses to avail itself of opportunities to avoid or at least greatly diminish the colossal financial burdens inherent therein. Yet, they do exactly that. Up to this date, all contact initiatives of the Foundation have been blocked by management representatives. Including recently, and in the face of the growing swell of revelations and incriminations and the law suits initiated, every attempt at talks has been rejected, affirming – superficially, without offering any legal argument - that the Volkswagen AG has, at least in Germany, not committed any infraction of the laws, and that there is nothing to discuss or negotiate. At the General Shareholders Meeting in June 2016, the chair of the session, during the whole day, ignored the quest of the floor by the Foundation representative, although the wish to speak was registered early in the morning of that day. Letters to the management remain unanswered. Company lawyers react to requests for contact at best with formal written refusals. The rhetoric employed refers vaguely to errors of individuals, difficult times, or future transparency, - empty clauses as it were. The press openly speaks of an autistic attitude of denial and a fortress mentality. That is repugnant by itself, but becomes perilous for the whole enterprise, if such short-term opportunism results in blindness or indifference to reasonable proposals of settlement.

In the same vein, Mr. Weil, the Minister President of Lower Saxony, although after statements made in the context of criminal investigations himself under the suspicion of complicity (early knowledge of the Diesel scandal), has left without a response several attempts by the Foundation to enlist him as a helper in convincing the Volkswagen management that a settlement proposal has merits. As a leading shareholder, as representative of the public interest, and as the head of the Land that more than others must have the economic well-being of the company at heart; he has been oblivious of his responsibilities. In press articles, his behavior is interpreted as collusion. Given this situation, it is the more important for the Federal Government to take responsible steps.

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In this line of thinking I have written, on July 18 of last year, a letter to your predecessor in office, Vice Chancellor Gabriel, under the same heading and with the same request for assistance. I received a reply by State Secretary Machnig on August 1st in which he characterized the behavior of Volkswagen as "inacceptable", but did not answer on substance. The State Secretary let me know that his Ministry did not comment on matters that are (or could be) a subject of judicial proceedings. This argument misses the point. The Foundation does not wish to influence judicial proceedings, but seeks to avoid them altogether.

Today I address myself again to your Ministry because the position of VW in dealing with the consequences of the Diesel scandal has worsened since my first letter, and indeed, dramatically worsened. That makes our concept of a non-judicial solution even more relevant and more plausible. The payments VW has conceded in the US have created only a relative calm, further costly punitive procedures are looming although the payout so far has already consumed more than four times the annual Group profit of 2016. The budget provisions of Volkswagen AG for future disbursements – compensation for losses of car owners and investors - have been used up. Open accounts concern the cost of retrofitting of roughly 8,5 million cars in Europe, compensation for car owners and shareholders and creditors in Europe and world-wide, penalties, punishments and the cost of disposing of the cars bought back not counted. A steady flow of new revelations and incriminations generates additional legal and political menaces. Two KapMuG procedures, the one now already pending at the Braunschweig court with about € 8 billion investor capital involved in law suits, others with an estimated € 8-12 likely to be engaged. As it now becomes likely that the German courts will not necessarily assume that a short prescription period will apply, and as claims from other jurisdictions will have

longer prescription periods anyway, VW's policy of denial and the attempt to play for time have largely become senseless.

The current investigations by the state prosecutor's office open the possibility that the collective responsibility of the company's management can be founded not only on the violation of information duties under German capital market laws. Thus the prospect of legal proceedings that may last not only years, but decades with a result that affects the very substance of the enterprise make remedial action more necessary than ever.

The avalanche of law suits is already well under way. Court proceedings in German, in other European countries, in the USA – despite the partial settlement of car claims, in various stages of procedure or under preparation – reach contentious amounts in the billion order of magnitude. Even before final sentences are passed, – in 10 years? Fifteen years? – in all likelihood against the company, court fees and lawyers' costs at monumental level must be provided for by budgetary provision. At the same time, Volkswagen Group pushes the final reckoning forward into the future.

If one draws an overall conclusion from these developments, it is very clear that the management in full awareness accepts the risk to lead the company very soon into a situation in which the very financial substance of the Group is in peril. Given the dimension of the Volkswagen Group, this results in a threat to the economy at large, a threat of overall political relevance. It is unthinkable that the Federal Government eyes such developments with impassivity.

The Foundation firmly holds the view that your political and social responsibility as Minister of Economy is involved. The Government is facing an overriding economic challenge, the stakes being the financial health, if not the survival, of a very important German company, but beyond that the credibility of the German State of Law and the value of Germany in general, and Lower Saxony in particular its value as investment venues of first quality. At stake is also the validity of ethical principles and good Corporate Governance of the country.

The Foundation would welcome if you, in this sense, would make your influence felt with the Volkswagen management, and work for all possibilities of a peaceful settlement of compensation procedures.

In view of the high level of public interest in these matters I would assume that you agree that the text of this letter be made public on the much-read web page of the Foundation.

Hoping for the support of your Ministry for our cause, and awaiting your helpful reply.

Sincerely yours

sgd. Henning Wegener



Chairman of the board

Stichting Volkswagen Investors Claim

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(Stichting letter head)

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Federal Minister of Economy and Energy
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Douglasstr. 30, 14193 Berlin, June 16, 2017

Reminder: Destructive compensation policy of the Volkswagen Group after the Diesel scandal; Necessity of an appeal to embark on peaceful settlement and damage limitation

Madam Federal Minister;

In mid-April 2017 I addressed to you, on behalf of the Stichting Volkswagen Investors Claim, my request for assistance in overcoming the damages caused to investors in the Volkswagen Group by the Diesel scandal. Your requested support would take the form of an urgent appeal to the Volkswagen management to consider settlement out of court. I take the liberty to attach a copy of my writing of the time..Its motive was our conviction that given the dimension of the damage, and the behavior of the company we are facing a situation that eminently affects the over-all economic responsibility of the Federal Government and most particularly your area of competence.

A reply has not been forthcoming. I regret this, not least for the reason that I have served for four decades as a member of the German public service, repeatedly in highly visible positions, always convinced that citizens – and their enterprises – have a right to expect from the State a substantive reaction to their petitions. From my public career I do not remember a single instance in which I have left a written request without a reply. I feel that the duty to respond, in a timely and substantive manner, is in particular incumbent on the holder of a high office as yours. In this spirit I renew my request for assistance.

This appears the more important and urgent as since my first letter the situation there depicted, of investors in Volkswagen assets, has further deteriorated while the Volkswagen Group management persists in its negative attitude vis-a-vis any proposal for extra-judicial solutions and any consensual action in Europe and Germany aiming at damage mitigation. Should the Federal Government continue to look on passively while this process unfolds, or opts for waiting out the

long-term effects of the pending or potential judicial procedures – with a duration of some 10 to 15 years – it must face the public reproach of implied complicity with the perpetrators of the Diesel fraud, and disregard for the rights of investors. The State of law is at stake.

Among the facts that since April 2017 have aggravated the situation I only cite the multiple new investigations by public prosecutors of VW and AUDI executives, the massive accusations of fraud that have been raised in France and other countries, the recently initiated law suits in the Netherlands and the United Kingdom to recover the value loss of several hundred thousand manipulated VW vehicles (a “super claim”, although it does not include investors), the dramatic further loss of image of the VW Group, reflected in a sinking or more difficult sales potential especially of Diesel cars, the diminished profitability of the Group comparing to other automobile producers, - all this while the avalanche of claims and law suits that builds up against the Group swells further. All these developments touch on the financial core substance of the company and its ability to deal with the final consequences of the Diesel scandal without endangering its future. You collaborators are aware of all these developments. They make it urgent that the possibilities of constructive settlement mechanism be used soon.

Yours sincerely,

sgd. Henning Wegener.