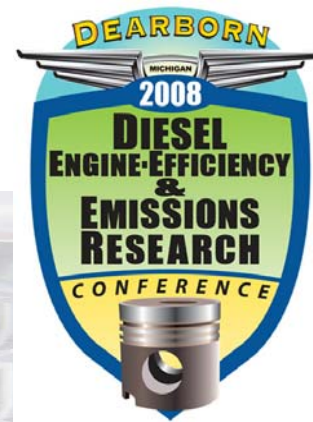


14th Diesel Engine-Efficiency and Emissions Research (DEER) Conference

August 4-7, 2008, Dearborn, Michigan



Marketing Light-Duty Diesels to U.S. Consumers

T D I

Norbert Krause
Director

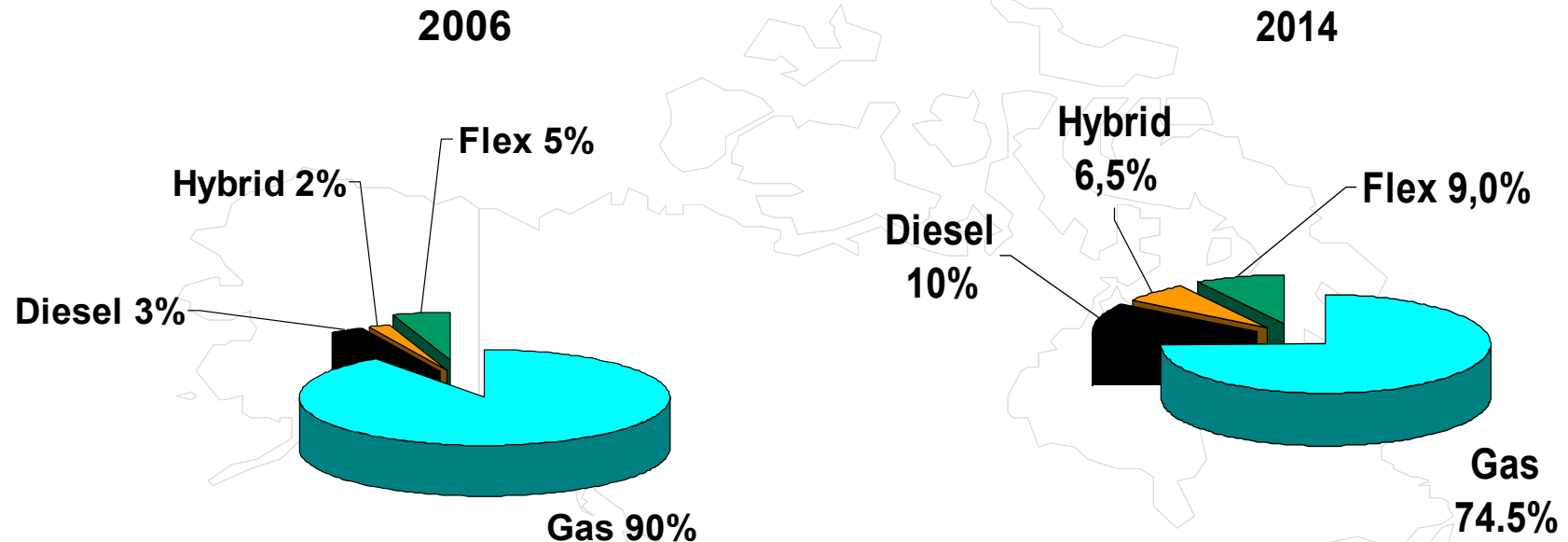
Engineering and Environmental Office
Volkswagen Group of America, Inc.



The Competition

- **Clean diesels will compete against and coexist with other technologies including**
 - advances in gasoline technology
 - “success” of Hybrids
 - public focus on long term solutions (i.e. Hydrogen)
- **Government should promote innovation and assure fair competition by establishing for example technology neutral incentive programs**
- **Industry must invest in development and production of clean diesel technology**
 - **Volkswagen is committed to play a leading role**

J.D. Power: U.S. Light Vehicle Demand Breakdown by Fuel Type



- Flex fuel vehicles have the highest share of the alternative fuel market, but diesels catch up by the end of the forecast period
- J.D. Power expects 1 out of every 4 light vehicles sold in the U.S. to be an alternative fuel vehicle
- Alt fuel market grows from 1.65m units in 2006 to 4.2m units in 2014

J.D. Power Summary

- Everyone is worried about fuel economy
- Hybrids are necessary from a competitive standpoint
- Good PR – see Toyota
- CNG – only Honda at the moment, and less than 1000 units p.a. The public isn't interested
- Electric vehicles – nice in theory, but GM's EV1 experiment died a painful death and manufacturers are reluctant to try again
- Increasing awareness of alternative technologies in the United States
- Plug-in hybrids – 60k Chevy Volts p.a. from 2011, Saturn Vue and possible Toyota Prius versions coming in the next 3-4 years. The next step in the hybrid revolution if we can get the costs down and batteries stable
- No clear winner for alternative fuels – there's room for everyone

Hybrids ✓

Diesel ✓

Plug-in hybrid! ✓

Electric cars X

CNG X

LNG X

LPG X

Marketing Strategy

- **Positioning:** The future of performance is TDI Clean Diesel.
- **Brand Value:** German innovation produces a superior diesel engine that has the performance of a race car, yet is responsible enough to classify as an Ultra Low Emission Vehicle in California.
- **Consumer Take Away:** For the first time, I don't have to compromise my driving experience in order to save money on fuel and play my part in protecting the environment.
- **Target:** Twenty to thirty something married couple that is globally minded and cautiously optimistic. They feel that everybody needs to do their part to preserve the world and that culture still has time to change their ways. They love to be outdoors and enjoy spending time together. They want to make environmentally minded decisions. They are for grounded and pragmatic environmentalism vs. people who are fighting to show their environmentalist ways (Prius).

People are used to compromising.

- **Hybrids created a sense of innovation that allowed people to signal their values, but sent a strong message that responsibility is more important than fun (therefore performance is not important).**
- **People who want to make a choice they can feel good about are forced to compromise.**

But people don't want to compromise.

"I drove my grandmother's Toyota Prius once. I'll never drive that again, I need power."

-David, San Francisco, Honda Civic

Thursday, January 10, 2008

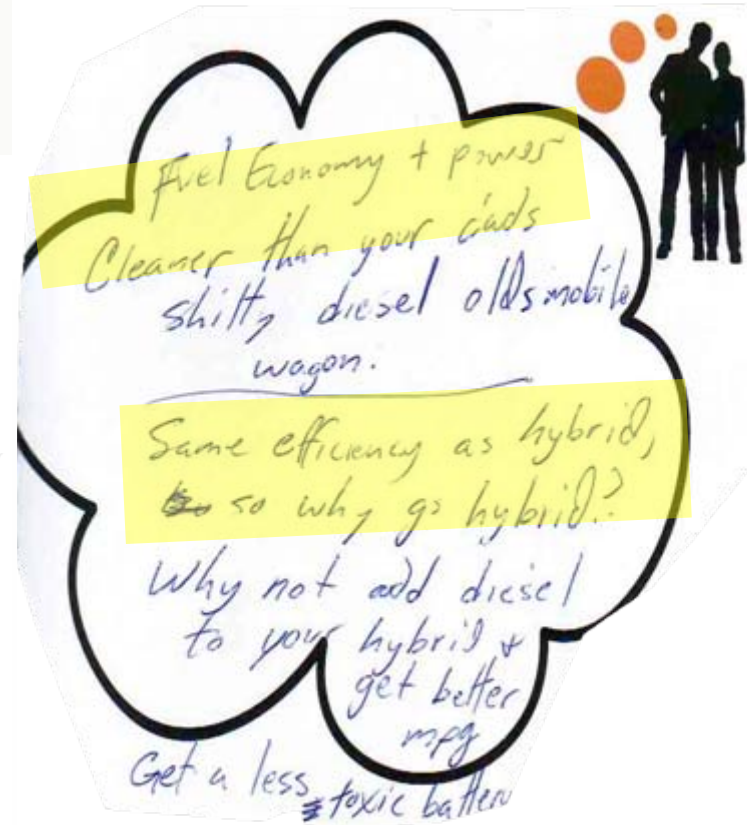
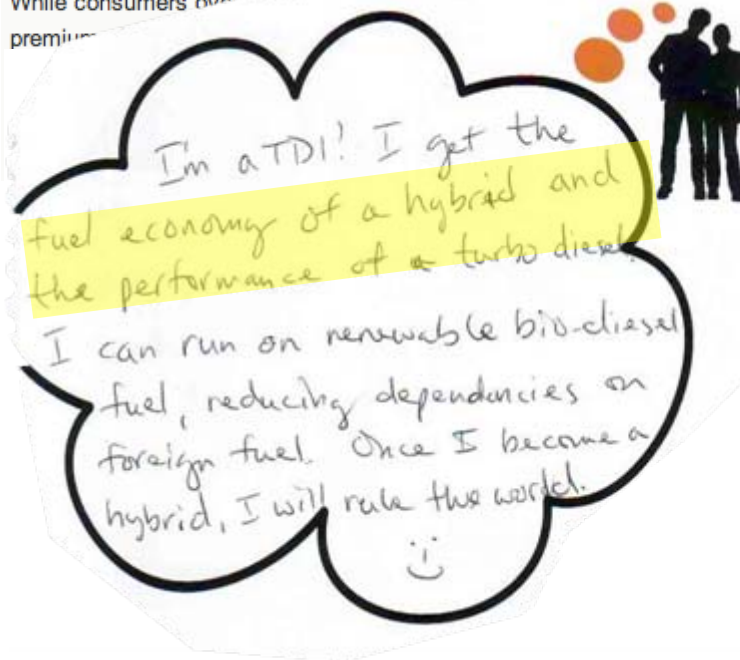
2008 North American International Auto Show: Third in a series

Buyers want cleaner cars, without sacrifices

Eric Morath / The Detroit News

If actions speak louder than words, some might wonder what all the environmental fuss is about in the auto industry.

While consumers over the past few years have paid a premium



TDI Clean Diesel enters a consumer culture in search of reinvention.

Live Consciously

Feel more alive—and aligned with your values...



- Kids & Commercialism
- Get More of What Matters
- Turn the Tide
- New Dream Publications
- More...

Buy Wisely

Use your power as a consumer to make change...



- The Conscious Consumer
- Institutional Purchasing
- Back to School
- Less Can Mean More
- More...

Make a Difference

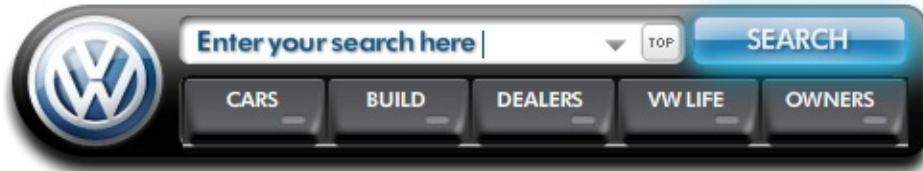
Let your actions speak for themselves—then speak up anyway...



- Take Action
- Green Cars Today
- Independence From Junk Mail
- Act Locally
- More...

**New Individualists share these values and attitudes.
They are environmentally concerned and active.**

GoodCleanDieselFun.com



[find a dealer](#) | [get a quote](#) | [schedule test drive](#) | [special offers](#) | 

Welcome to the future of diesel. Today.

Starting this year, Volkswagen's Jetta TDI® Clean Diesel and Jetta SportWagen TDI® Clean Diesel will run on high-performance, ultra-low sulfur, clean diesel fuel. Clean diesel has 97 percent less sulfur content, radically reducing vehicle emissions. And our TDI Clean Diesel engines use a "common rail" direct injection system, so they also decrease over 95 percent of all sooty emissions.

Translation:

- TDI Clean Diesel engines put out more torque than even most traditional, gas-based engines. So you don't have to sacrifice power to be environmentally conscious.
- Remember, the "T" in TDI stands for turbocharged.

[Explore Our Diesel Heritage](#) ▶

[Jetta TDI Cup Racing Series](#) ▶

[VW Carbon Neutral Project](#) ▶

[Stay in the TDI Clean Diesel loop](#) ▶



[Jetta TDI® Clean Diesel](#) ▶

[Jetta SportWagen TDI® Clean Diesel](#) ▶

[* Legal disclaimer](#)

Motorsports on vw.com



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The 2008 Jetta TDI Cup

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RACING HIGHLIGHTS



On April 26th, with screaming fans and ceremony, 29 drivers rolled up to the grid to kick off the first-ever Jetta TDI Cup race. If there was any pause to reflect on the significance of this race, it was short-lived. With only thirty precious minutes to get out front, it was an all-out sprint to grab the first checkered flag in green racing history. Josh Hurley started on pole, but it quickly fell into a free-for-all that would reward only the most patient racer. From fourth place on the final lap, Mark Pombo found himself behind a tightly wound group up ahead, who let nerves take over, and their cars tangled up. Mark found his way through turning in a drive that showed all the maturity and composure of a seasoned veteran. Congratulations Mark, on a race well done.

LEADERBOARD

RANK	DRIVER	POINTS
1	Mark Pombo	30
2	Derek Jones	24
3	Jimmy Underhill	20

FEATURED DRIVER



Mark Pombo, 1st - VIR Raceway

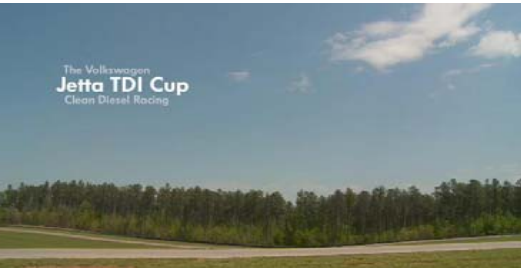
Mark has raced for 8 years on/off during his military deployments following Sept. 11th. His first race was back when he was 6 years old, racing a quarter midget car on an oval. His dad, Pepe Pombo, is his inspiration, as he was an ex-pro road racer.

MOTORSPORT



[START](#) ▶ |
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 [ROAD](#) ▶

ESPN Roadblock



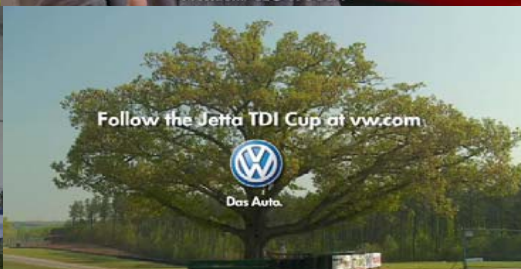
MARK MILLER
Jetta TDI Cup Coach



MARK POMBO
Corp #20 in Lt. Army Reserve



BOB WALBERGER
President/CEO of SCCA



Follow the Jetta TDI Cup at vw.com



Das Auto.

TDI Cup

Jetta TDI Cup 

VIRginia International Raceway Alton, VA April 25-27	Lime Rock Park Lakeville, CT August 15-17
Mosport International Raceway Bowmanville, ON May 16-18	Iowa Speedway Newton, IA September 19-21
Portland International Raceway Portland, OR July 25-27	New Jersey Motorsports Park Millville, NJ September 26-28
	Road Atlanta Braselton, GA October 1-4

vw.com

The Winners

- VIRginia - Mark Pombo, 25, GA
- Mosport - David Jurca, 22, WA
- Portland - Josh Hurley, 23, FL

... and the TDI Clean Diesel story



**Good, clean fun.
It's what the people want.**



Volkswagen and Audi ...

... are strongly committed marketing diesel powered vehicles also in the future, including the United States

... believe diesel will succeed by delivering

- **increased energy efficiency**
- **reduced CO2 emissions**
- **high levels of performance and convenience**
- **the best platform for renewable fuels including Biodiesel, SunFuel, and SunDiesel**

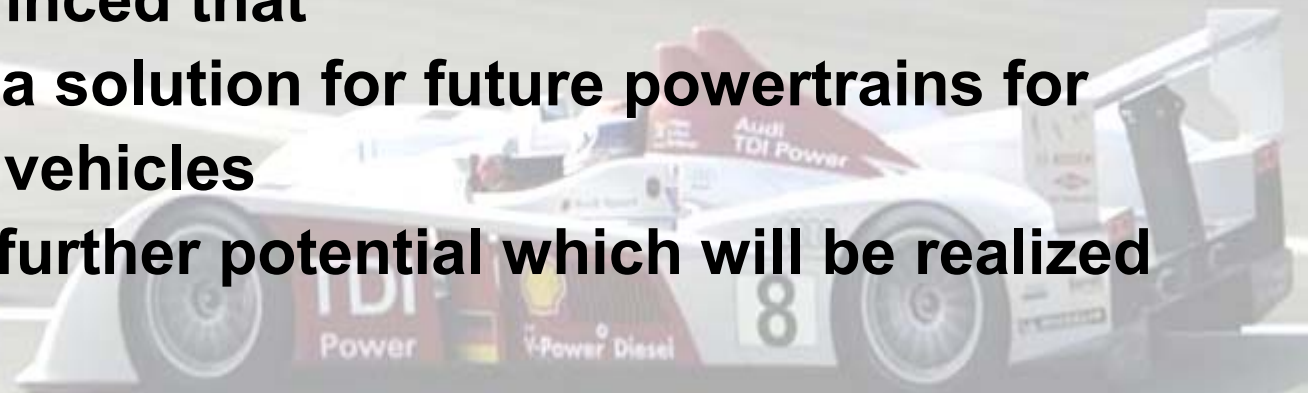
Conclusion

- **Modern TDI Diesel technology has come a long way since the old diesel engines of the past**
- **The modern TDI Diesel engine is not only powerful but also very economical**
- **A major progress in lowering the exhaust gas emission has taken place**



We are convinced that

- ✓ **the TDI is a solution for future powertrains for light duty vehicles**
- ✓ **there is a further potential which will be realized**



A light gray outline map of North America, including the United States, Canada, and Mexico, serves as a background for the text.

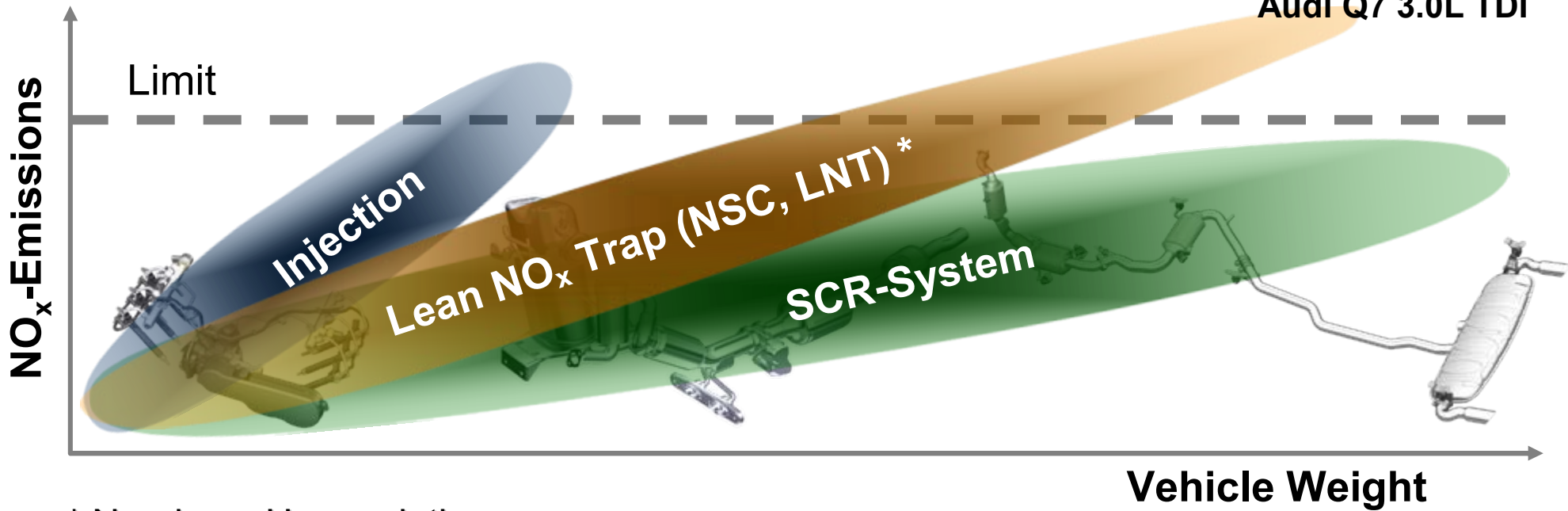
**Finally, a few words on the TDI Clean
Diesel technology**

Measures for Compliance with lowest Limits



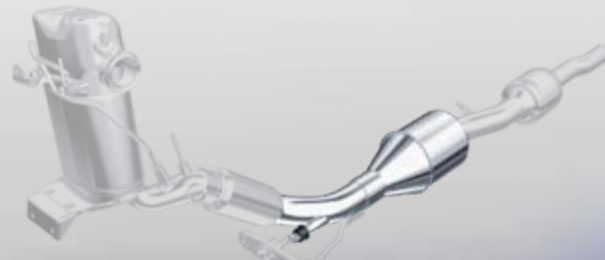
Jetta 2.0L TDI

Touareg 3.0L TDI
Audi Q7 3.0L TDI



* Needs no Urea solution

TDI Clean Diesel Technology from Volkswagen and Audi



Jetta 2.0L TDI

Touareg 3.0L TDI

Audi Q7 3.0L TDI



Rudolf Diesel: Modern Volkswagen Diesel Engines



Grandfather's Diesel is dead!

**Full Speed ahead into a
Clean Diesel Future!**

***Thank You for
Your Attention.***



Take me for a Test Drive!

August 7, 2008, 10 am – 4 pm, North Parking Lot