

DR Market Announcement

J.P.Morgan

July 13, 2018

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OTC Corporate Actions
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Security Name: Volkswagen AG Preference Share - ADR - Termination Announcement

JPMorgan Chase Bank, N.A. has received notice from Volkswagen AG (OTC: VLKPY) terminating the Deposit Agreement relating to the preference share Sponsored American Depositary Receipt (ADR) program. Such termination shall be at the close of business (NY time) on August 13, 2018 (the "Termination Date"). The facility is being terminated in accordance with, and subject to, the terms and conditions of the Deposit Agreement governing the ADRs.

<i>ADR Termination date:</i>	August 13, 2018
<i>Ratio:</i>	5 ADRs: 1 preference share
<i>CUSIP:</i>	928662402
<i>ADR ISIN:</i>	US9286624021
<i>Underlying ISIN:</i>	DE0007664039
<i>Country of Incorporation:</i>	Germany
<i>Custodian:</i>	BNP Paribas, Deutschland

After the Termination Date, neither the Depositary nor its agents shall perform any further acts under the above-referenced Deposit Agreement, except to receive and hold distributions on the securities represented by outstanding American depositary shares issued thereunder (or sell property or rights or convert such deposited securities into cash as provided in the Deposit Agreement), and to deliver said in exchange for ADRs surrendered to the Depositary. Our cancellation books, however, will remain open through February 11, 2019. In accordance with the provisions of the above-referenced Deposit Agreement, as soon as practicable after the expiration of six months from the Termination Date (i.e. after February 11, 2019), the Depositary shall sell any securities represented by outstanding American depositary shares and may thereafter (so long as it may lawfully do so) hold the net proceeds of any such sale, together with any other cash then held by it under the Deposit Agreement, without liability for interest, for the pro rata benefit of the registered holders of Receipts that have not theretofore been surrendered. After making such sale, the Depositary shall be discharged from all obligations in respect of the Receipts and the Deposit Agreement, except to account for such net proceeds and other cash. A cancellation fee will be charged for American Depositary Shares (ADSs) surrendered (U.S. \$5.00 per 100 ADSs or portion thereof, plus a \$20.00 cable fee).

Special Note: Immediately after the date of termination set forth above JPMorgan will establish a new Un-sponsored Program for Volkswagen AG Preference Shares. A registration statement setting forth the terms of such un-sponsored ADS has been filed with the U.S. Securities and Exchange Commission in respect thereof. The filing can be viewed at: <https://www.sec.gov/cgi-bin/browse-edgar?action=getcompany&CIK=0000103862&owner=include&count=40>

Each un-sponsored American depositary share will represent one-tenth of one preference share of Volkswagen AG.

Beginning August 14, 2018 through the close of business February 11, 2019, holders of Volkswagen AG Sponsored Preference Share ADSs will have the option to either exchange their Sponsored Preference Share ADSs (Cusip: 928662402) for the new Un-sponsored Preference Share ADSs (Cusip: 928662501) on the basis of two Un-sponsored ADSs for each Sponsored ADS surrendered for exchange or receive the underlying deposited securities in Germany. Issuance and cancellation fees for the exchange transaction will be waived during this period. The form necessary to effect the sponsored to un-sponsored exchange will be available on adr.com at <https://www.adr.com/Brokers/BrokerForms?tab=miscellaneous> on or after August 14, 2018.

If delivery of the related deposited securities cannot be completed within 72 hours of the first presentment of each cancellation request by reason of improper delivery instructions, local market requirements or reason other than the gross negligence or willful misconduct of the depository, the presenter of such ADSs for cancellation will be deemed to have not presented such ADSs for cancellation and such ADRs will be returned accordingly. As no cancellation will be deemed to have been presented, a portion of any cancellation fees theretofore paid may be retained by the depository to cover any costs of the depository in connection with the attempted delivery of deposited securities. As a result, it is recommended that any party surrendering ADSs for cancellation consult with their local market agent to ensure that delivery instructions are properly provided and that any and all local market requirements have been satisfied to allow for timely delivery of deposited securities. For further information regarding the cancellation and/or cancellation and exchange process, please contact the ADR Settlements Department at 302-552-0230.

Investor Disclosures

J.P. Morgan collects fees from holders of depository receipts. JPMorgan may (i) reimburse the issuer for certain expenses incurred by the issuer in connection with the depository receipts program or (ii) share with the issuer revenue derived by JPMorgan from the program. JPMorgan may use brokers, dealers or other service providers that are affiliates or other divisions of JPMorgan and may earn or share fees and commissions.

From time to time, J.P. Morgan may pay a rebate to brokers in connection with the deposit of shares for the issuance of unsponsored depository receipts. J.P. Morgan disclaims all liability arising out of, or relating to, such rebates. In particular, J.P. Morgan disclaims all responsibility regarding whether such broker passes all or a portion of such rebate to beneficial holders of such depository receipts.

JPMorgan Chase Bank, N.A. and other J.P. Morgan entities ("JPMorgan") as depository (each a "Depository") for sponsored and unsponsored depository receipt ("DR") programs may enter into foreign exchange transactions ("FX Transactions") to facilitate the administration of various depository receipt transactions, including, disbursement of dividends or other cash disbursements and other corporate actions.

FX Transactions are entered with JPMorgan acting in a principal capacity through the relevant JPMorgan FX desk. The foreign exchange rate (the "FX Rate") applied to an FX Transaction, is determined by JPMorgan in its sole discretion, and shall be either (a) the WMR Rate, or (b) the JPMorgan Rate plus, in either case up to 20 basis points.

The "WMR Rate" means the spot rate published by WM Reuters Company ("WMR") for the currencies that JPMorgan classifies as freely convertible, and shall be the rate published by WMR at 11:00 a.m. or 2:00 p.m., New York time, or at such other time as JPMorgan may determine from time to time (or the weighted average of the rates). As of 12 June 2014, currencies for which WMR publishes the WMR Rate and which JPMorgan classifies as freely convertible for DR FX purposes are: AUD – Australian Dollar, CAD – Canadian Dollar, CHF – Swiss Franc, DKK – Danish Krone, EUR – Euro, GBP – British Pound, HKD – Hong Kong Dollar, HUF – Hungarian Forint, ILS – Israeli Shekel, JPY – Japanese Yen, MXN – Mexican Peso, NOK – Norwegian Krone, SEK – Swedish Krone, SGD – Singapore Dollar, TRY – New Turkish Lira, ZAR – South African Rand.

The "JPMorgan Rate" means the JPMorgan FX desk ("FX desk") quoted rate for currencies that are not classified by JPMorgan as freely convertible. The JPMorgan Rate is determined by JPMorgan in its sole discretion and may be based on a third party or internal rate source, a published spot rate, the FX desk's view of the market risk, the actual rate at which the FX desk executed a cover trade, or otherwise as deemed appropriate by the FX desk. The JPMorgan Rate may include a profit earned by JPMorgan in converting the currency.

Notwithstanding the foregoing, with respect to currencies determined by JPMorgan to be freely convertible, if (a) WMR stops publishing the WMR Rate for a particular currency or (b) the FX desk deems, in its sole discretion, that a WMR Rate is not a reasonable reflection of the market, then, without prior notice, the FX Rate will be the JPMorgan Rate.

In connection with FX Transactions involving certain non-freely convertible currencies, or cases when it is not commercially practicable for JPMorgan to enter into an FX Transaction through its FX desk, as the case may be, the FX Transaction is managed and executed by JPMorgan's local sub-custodian or other agent in the relevant jurisdiction. For such FX Transactions, the foreign exchange rate applied by the local sub-custodian is the FX Rate. JPMorgan may hedge its exposure in respect of any FX Transaction in a principal capacity and may incur a gain or loss in doing so.

Additionally, notwithstanding the capabilities of JPMorgan or its agents to enter into a foreign exchange transaction, from time to time in the discretion of the Issuer: (a) foreign currency is converted by the Issuer acting as principal, independent of the Depository and/or its agents; and/or (b) dividends or cash are provided by the Issuer to the Depository in US dollars at a foreign exchange rate determined by the Issuer.

Depository Receipt Sale and Purchase of Security

Background

JPMorgan Chase Bank, N.A. and other J.P. Morgan entities acting as depository (each a "Depository") for depository receipt ("DR") programs may facilitate the sale and purchase of securities in accordance with the terms and conditions of the applicable deposit agreement ("DA") governing a DR facility or in accordance with the terms and condition of an unsponsored DR program. JPMorgan Chase Bank, N.A. also acts as Registrar and Dividend Disbursing Agent for certain New York Registered Share ("NYRS") programs of issuers incorporated in the Netherlands. The procedures set forth below apply to any sales/purchases required under sponsored or unsponsored DR programs or a NYRS appointment to the extent such sales/purchases are contemplated in the terms of such appointment. For purposes of NYRS programs, the term "Depository" herein shall refer to JPMorgan Chase Bank N.A. acting in the role as NYRS Registrar and Dividend Disbursing Agent. Sales or purchases may be executed in the jurisdiction of incorporation of a DR issuer or in the market where the DRs or NYRS are listed and/or traded. Examples include but are not limited to:

- a sale in the local market of rights to subscribe to underlying equity shares of an Issuer, where such rights are not registered in the US (or other jurisdiction if registration is required);
- a sale of shares issued as a result of the acquisition of a DR issuer;
- a sale of corporate action-related entitlements that are not distributed to DR holders;
- the purchase of local shares with a foreign currency cash remittance that cannot be converted to US dollars; and
- a sale of securities underlying DRs that remain outstanding subsequent to the termination of a DR program.

Exceptions to the procedures set forth in this document will only be made in accordance with the policies of the Depository.

Execution of sale or purchase of securities

If the Depository is required to endeavor to sell or purchase securities for the benefit of DR or NYRS holders, it may instruct the J.P. Morgan Equity Trading Desk ("JPM trading desk") acting as principal or agent to execute the transaction. The Depository and the JPM trading desk have agreed to a fixed commission currently 10 bps, calculated on the execution price (subject to rounding). If the JPM trading desk does not have the capability to buy or sell securities in the relevant market or is unable to perform the trade for any reason, the Depository may instruct its appointed local market custodian or a local broker to execute the sale or purchase, as the case may be. Any such local market custodian or local broker may charge a commission in relation to the execution of any such sale or purchase transaction. Sales or purchases executed through agents other than a JPM trading desk or the Depository's local market custodian will only be made in accordance with the policies of the Depository.

Execution Period

The Depository will endeavor to execute the full sale/purchase during the applicable trading period and in the applicable markets of the security to the best of its ability. Sales transactions will only commence subsequent to confirmation by the Depository of receipt of the security to be sold.

Absent a specific trading period, the Depository will instruct the JPM Equity Trading Desk, the local custodian or the local broker, as the case may be to execute a sale or purchase as soon as reasonably practicable as market conditions will permit, endeavoring to complete such sale or purchase within five (5) business days. The execution price for the securities bought or sold will depend on market conditions, including but not limited to:

- a. volume of securities subject to the trade;
- b. influence of the trade on market value of securities;
- c. historic trading volumes of the securities; and
- d. number of counterparties interested in the trade.

The Depository does not guarantee that the securities will be purchased or sold at any particular price.

Final Price

The Depository will base the final price ("Final Price") on the actual execution price for the sale or purchase as adjusted for costs and commissions as described below.

The Final Price for executions of trades over a trading period of more than one day will be determined based on the weighted average of the final prices of all the sales/purchases of securities carried out on behalf of the Depository and on its instructions that occurred over each day of the trading period taking into account the highest and lowest price traded on all days of the trading period during normal trading hours of the exchange or market where the security trades. Any conversion of foreign currency into US dollars that may be required will be undertaken in accordance with the foreign exchange policies of the Depository in place at that time.

The Final Price will be determined net of certain incurred costs or commissions, including but not limited to: (i) commission paid to a JPM Equity Trading Desk, local custodian, local broker or other agent; (ii) stock exchange fees; (iii) applicable taxes and governmental charges; and (iv) a fee of the Depository of up to 20bps, with such fee to be assessed only in accordance with the terms and conditions of the applicable DA or the unsponsored DR program, and not to the extent it would cause the Final Price to fall outside of the range of prices for the security on that day during normal trading hours of the exchange or market where the security trades.

Disclaimer:

JPMorgan Chase Bank, N.A. and other J.P. Morgan entities reserve the right to change any of the above execution policies at any time as deemed necessary or appropriate and it may cease to offer any of the services referenced herein or add new services over time. This document is provided solely for informational purposes and provides a summary of the information contained therein. It is not a complete description of the transactions, processes and procedures referred to herein. Processes and procedures described in, and any other content of, this document are subject to change without notice. JPMorgan Chase Bank, N.A. and other J.P. Morgan entities do not accept any obligation to update this document on time or at all whether such processes and procedures have changed or otherwise.