

**Testimony of Michael Horn, President and CEO of Volkswagen Group of America, Inc.  
Before the House Committee on Energy and Commerce  
Subcommittee on Oversight and Investigations  
October 8, 2015**

Chairman Upton, Chairman Murphy, Ranking Member Pallone, Ranking Member DeGette, other Members of the Committee, thank you for inviting me to testify before the Committee today.

My name is Michael Horn, and I am the President and CEO of Volkswagen Group of America, a subsidiary of Volkswagen AG, headquartered in Wolfsburg, Germany. I have volunteered to come before this Committee at the very outset of these inquiries in an effort to show our commitment to cooperation. We have not had the opportunity to review all aspects of this matter, indeed the investigation is just beginning. Therefore, my testimony and my answers to your questions will, by necessity, have to be considered preliminary and based on my best current recollection and information.

On behalf of our company, and my colleagues in Germany, I would like to offer a sincere apology for Volkswagen's use of a software program that served to defeat the regular emissions testing regime.

In the spring of 2014 when the West Virginia University study was published, I was told that there was a possible emissions non-compliance that could be remedied. I was informed that EPA regulations included various penalties for non-compliance with the emissions standards and that the agencies can conduct engineering tests which could include "defeat device" testing or analysis. I was also informed that the company engineers would work with the agencies to resolve the issue. Later in 2014, I was informed that the technical teams had a specific plan for remedies to bring the vehicles into compliance and that they were engaged with the agencies about the process.

On September 3, 2015, Volkswagen AG disclosed at a meeting with the California Air Resources Board ("CARB") and the U.S. Environmental Protection Agency ("EPA") that emissions software in four cylinder diesel vehicles from model years 2009-2015 contained a "defeat device" in the form of hidden software that could recognize whether a vehicle was being operated in a test laboratory or on the road. The software made those emit higher levels of nitrogen oxides when the vehicles were driven in actual road use than during laboratory testing.

In Volkswagen's recent ongoing discussions with the regulators, we described to the EPA and CARB that our emissions control strategy also included a software feature that should be disclosed to and approved by them as an auxiliary emissions control device ("AECD") in connection with the certification process. As a result, we have withdrawn the application for

certification of our model year 2016 vehicles. We are working with the agencies to continue the certification process.

These events are deeply troubling. I did not think that something like this was possible at the Volkswagen Group. We have broken the trust of our customers, dealerships, and employees, as well as the public and regulators.

Let me be clear, we at Volkswagen take full responsibility for our actions and we are working with all relevant authorities in a cooperative way. I am here to offer the commitment of Volkswagen AG to work with this Committee to understand what happened, and how we will move forward. EPA, CARB, the U.S. Department of Justice, State Attorneys General, as well as other authorities, are fulfilling their duties to investigate this matter.

We are determined to make things right. This includes accepting the consequences of our acts, providing a remedy, and beginning to restore the trust of our customers, dealerships, employees, the regulators, and the American public. We will rebuild the reputation of a company that more than two million people worldwide, including dealers and suppliers, rely upon for their livelihoods.

Our immediate goal is to develop a remedy for our customers. While much work is still to be done, I'd like to talk today about how we get from where we are now to that goal.

**First**, we are conducting investigations on a world-wide scale into how these matters happened. Responsible parties will be identified and held accountable. Thorough investigations have already begun, but any information developed at this stage is preliminary. We ask for your understanding as we complete this work.

**Second**, it is important for the public to know that, as the EPA has said, these vehicles do not present a safety hazard and remain safe and legal to drive.

**Third**, technical teams are working tirelessly to develop remedies for each of the affected groups of vehicles. These solutions will be tested and validated, and then shared with the responsible authorities for approval. There are three groups of vehicles involved, each containing one of the three generations of the 2.0L diesel engine. Each will require a different remedy, but these remedies can only be our first step for our customers.

**Fourth**, we will examine our compliance, processes, and standards at Volkswagen and adopt measures to make certain that something like this cannot happen again.

**Fifth**, we commit to regular and open communication with our customers, dealers, employees, and the public as we move forward. As first steps, we have set up a designated service line and website to be a channel for this communication, and I have sent a letter to every affected customer.

I can offer today this outline of a path forward toward the goal of making things right. Nevertheless, Volkswagen knows that we will be judged not by words but by our actions over the coming weeks and months.

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These events are fundamentally contrary to Volkswagen's core principles of providing value to our customers, innovation, and responsibility to our communities and the environment. They do not reflect the company that I know and to which I have dedicated 25 years of my life. It is inconsistent that the company involved in this emissions issue is also a company that has invested in environmental efforts to reduce the carbon footprint in our factories around the world.

Volkswagen Group has a deep commitment to preserving our environment. As one of the world's largest automobile manufacturers, our commitment to the environment extends throughout every aspect of our business in the more than 150 countries in which we operate. For example, here in the United States, Volkswagen's manufacturing facility in Chattanooga, Tennessee serves as a model for Volkswagen plants around the world for increasing energy efficiency and reducing emissions, water, and materials usage and waste. In recognition of the plant's efficiency, Volkswagen Chattanooga received a platinum certification from the U.S. Green Building Council's Leadership in Energy and Environmental Design ("LEED") program. The facility is the first and only automotive manufacturing plant in the world to receive the Platinum Certification. As environmental protection and sustainability are central to Volkswagen's core values, these events have been particularly troubling. Our conduct in the events that bring us here today belittle the efforts of Volkswagen to lead in environmental responsibility.

Over the 60 years Volkswagen has been in the United States, it has become part of the American culture. There are more than 6,000 Americans employed directly by Volkswagen Group of America in its 60 facilities across the United States: from a customer relations center in Auburn Hills, Michigan and a testing lab in Golden, Colorado, to a parts distribution center in Haslet, Texas, and our state-of-the-art manufacturing facility in Chattanooga, Tennessee. That factory, alone, employs more than 2,200 people and is expanding. We are part of communities all across the country. Thousands more hardworking men and women are employed at our parts suppliers and the network of about 1,000 dealerships across the United States.

In closing, I again apologize on behalf of everyone at Volkswagen. We will fully cooperate with all responsible authorities. We will find remedies for our customers, and we will work to ensure that this will never happen again.

Thank you again for allowing me to testify today, and I look forward to your questions.

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