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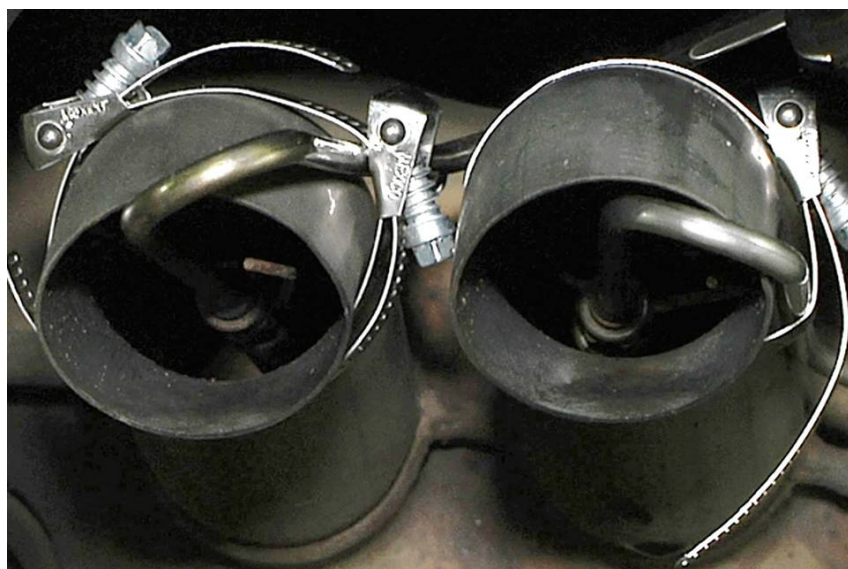
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VW Memo Warned of Emission Issues in 2014

A memo refers to a defeat device in discussing the results of emissions tests from U.S. environmental authorities



Probes placed on the tailpipes of a Jetta during tests in January. *PHOTO: ALLEN G. BREED/ASSOCIATED PRESS*

By **WILLIAM BOSTON**

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BERLIN—A senior Volkswagen AG executive commissioned with troubleshooting and known internally as “the fireman” warned the company’s top management in May 2014 about an impending investigation by U.S. environmental authorities into whether the German car maker was using “test recognition” on some of its diesel engines.

The warning, communicated in a note to then-Chief Executive Martin Winterkorn, came from Bernd Gottweis, a quality-control executive who ran a team of product sleuths that Volkswagen management dispatched around the world to put out quality flare-ups before they grew into a full-fledged blaze.

The memo makes the first known reference to a defeat device in the investigation into Volkswagen's emissions-cheating scandal and might suggest that the company's top executives knew more than they are saying now. It isn't known whether Mr. Winterkorn saw the memo.

"There was a short memo from Mr. Gottweis about this issue, but it would be a mistake to assume that it was clear back then that we knew it was cheating software. That was not clear," a person familiar with the situation said. "We don't know if Winterkorn read the memo or not."

Mr. Winterkorn couldn't be reached through his attorney for comment.

The existence of Mr. Gottweis's memo was reported by the weekly Bild am Sonntag newspaper on Sunday. The newspaper claims to have internal Volkswagen documents that turned up during the investigation led by U.S. law firm Jones Day, and quotes from the memo, which it says Mr. Winterkorn received on May 23, 2014. Bild said the memo was part of a package of documents that Mr. Winterkorn took home over that weekend.

Volkswagen became aware in April 2014 that a study conducted by emissions experts at West Virginia University discovered that Volkswagen diesel-powered Passat and Jetta models spewed more than 30 times the allowable levels of nitrogen oxide, or NOx, emissions during normal driving, even though the vehicles passed laboratory tests.

The academics shared their data with the California Air Resources Board, which began trying to figure out why the NOx emissions were so high.

In the memo, Mr. Gottweis discussed the emissions tests from U.S. environmental authorities and said Volkswagen engineers in the U.S. were at a loss to explain the problem.

"No plausible explanation for the dramatically increased NOx emissions can be given to the authorities," Mr. Gottweis wrote, according to Bild, which claims to have copies of the documents. "It is to be assumed that the authorities will subsequently examine VW systems to determine if Volkswagen has installed test recognition into the engine control software (a so-called defeat device)."

The German car maker admitted in August that the NOx emissions were masked by software that shut down emissions control when the cars were on the road.

In September, after the Environmental Protection Agency disclosed the emissions

fraud, Volkswagen admitted installing the software on nearly 11 million vehicles worldwide.

The company faces regulatory and criminal investigations and civil litigation in the U.S. and Europe, and up to \$46 billion in potential fines.

In the 1980s, Mr. Gottweis and his team were responsible for containing the damage from Audi AG's sudden unintended acceleration defect, which was believed to be the cause of hundreds of accidents and half a dozen deaths.

When Volkswagen got wind of the increased NOx emissions, the company sent Mr. Gottweis in to investigate. In May, he sent the note to VW headquarters in Wolfsburg.

Volkswagen declined to make Mr. Gottweis available for comment. Mr. Gottweis was called out of retirement briefly last October to assist the company's internal investigation into its emissions-cheating scandal. He is retired now.

During his years of service, he was in charge of a group called the Committee for Product Security, a team known within Volkswagen as the "Fire Department" that included engineers, lawyers and other specialists who were called into action to put out product fires.

Write to William Boston at william.boston@wsj.com

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