OFFERING MEMORANDUM **CONFIDENTIAL**

VOLKSWAGEN

Volkswagen Group of America Finance, LLC

U.S.$3,500,000,000
consisting of
U.S.$1,450,000,000 1.250% Guaranteed Notes due 2017,
U.S.$1,000,000,000 2.125% Guaranteed Notes due 2019,
U.S.$500,000,000 Floating Rate Guaranteed Notes due 2017,
U.S.$250,000,000 Floating Rate Guaranteed Notes due 2016 and
U.S.$300,000,000 Floating Rate Guaranteed Notes due 2015

With an unconditional and irrevocable guarantee as to payment of principal and interest from

VOLKSWAGEN AKTIENGESELLSCHAFT

The Notes will be issued by Volkswagen Group of America Finance, LLC (the "**Issuer**") and will be unconditionally and irrevocably guaranteed (the "**Guarantee**") by VOLKSWAGEN AKTIENGESELLSCHAFT (the "**Company"** or "**Guarantor**") (the "**Offering**"). See "*Form of Guarantee of the Notes*". The Issuer is offering U.S.$1,450,000,000 Guaranteed Notes due 2017 (the "**A Notes**") that will bear interest at a rate of 1.250% per year, U.S.$1,000,000,000 Guaranteed Notes due 2019 (the "**B Notes**") that will bear interest at a rate of 2.125% per year, U.S.$500,000,000 Floating Rate Guaranteed Notes due 2017 (the "**C Notes**"), U.S.$250,000,000 Floating Rate Guaranteed Notes due 2016 (the "**D Notes**") and U.S.$300,000,000 Floating Rate Guaranteed Notes due 2015 (the "**E Notes**" and, together with the A Notes, the B Notes, the C Notes and the D Notes, the "**Notes**"). Interest on the A Notes and the B Notes will be payable semi-annually in arrears on May 23 and November 23 of each year, commencing on November 23, 2014. Interest on the C Notes will be payable at a floating interest rate of U.S.$ LIBOR plus 0.37% per annum, interest on the D Notes will be payable at a floating interest rate of U.S.$ LIBOR plus 0.22% per annum and interest on the E Notes will be payable at a floating interest rate of U.S.$ LIBOR plus 0.17% per annum, in each case quarterly in arrears on February 23, May 23, August 23 and November 23 of each year, commencing on August 23, 2014, as described in this offering memorandum (the "**Offering Memorandum**"). The A Notes will mature on May 23, 2017, the B Notes will mature on May 23, 2019, the C Notes will mature on May 23, 2017, the D Notes will mature on May 23, 2016 and the E Notes will mature on November 23, 2015.

The Issuer may, at its option, redeem the A Notes or the B Notes in whole or in part, on a pro rata basis across such series, at any time as further provided in "*Terms and Conditions of the Notes — Redemption, Purchase and Cancellation — Redemption at the Option of the Issuer*". The Issuer may also redeem the A Notes, the B Notes, the C Notes, the D Notes, the E Notes or all the Notes at the Issuer's option, in whole but not in part, at 100% of their principal amount then outstanding plus accrued interest if certain tax events occur as described in this Offering Memorandum.

The Issuer does not intend to apply to list the Notes on any securities exchange.

Investing in the Notes involves risks. See "*Risk Factors*" beginning on page 11.

The Notes and the Guarantee have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), or the securities laws of any other place. The Issuer has not been and will not be registered under the U.S. Investment Company Act of 1940, as amended (the "**Investment Company Act**"), in reliance on the exemption set forth in Section 3(c)(7) thereof. Accordingly, the Notes may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as such term is defined under the Securities Act) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in a transaction that does not cause the Issuer to be required to register under the Investment Company Act. The Notes may be offered and sold only (1) to a person who is both a qualified institutional buyer (a "**Qualified Institutional Buyer**") (as defined in Rule 144A under the Securities Act ("**Rule 144A**")) and a qualified purchaser (a "**Qualified Purchaser**") (as defined in Section 2(a)(51) of the Investment Company Act and related rules), in each case purchasing for its own account or the account of a Qualified Institutional Buyer who is also a Qualified Purchaser as to which the purchaser exercises sole investment discretion, in reliance on the exemption from the registration requirements of the Securities Act provided by Rule 144A; or (2) to a non-U.S. person (as defined in the Securities Act) in offshore transactions in reliance on Regulation S under the Securities Act ("**Regulation S**"), and in each case, in accordance with any other applicable law. Prospective purchasers are hereby notified that the seller of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.

Each purchaser and transferee of the Notes, in making its purchase, will be subject to certain restrictions and must be able to make and will be deemed to have made certain acknowledgements, representations and agreements, for itself and for each account for which it is purchasing, as set forth under "*Purchase and Transfer Restrictions*". The Notes are not transferable except in accordance with the restrictions described under "*Purchase and Transfer Restrictions*".

Issue Price: 99.938% of the principal amount of the A Notes, 99.953% of the principal amount of the B Notes, 100% of the principal amount of the C Notes, 100% of the principal amount of the D Notes and 100% of the principal amount of the E Notes

The Notes sold in the United States to Qualified Institutional Buyers that are also Qualified Purchasers will initially be represented by beneficial interests in one or more global notes in registered form without interest coupons (the "**Rule 144A Global Notes**"), which will be deposited with a custodian for, and registered in the name of a nominee of, The Depository Trust Company ("**DTC**"). Beneficial interests in a Rule 144A Global Note will be shown on, and transfers thereof will be effected only through, records maintained by DTC and its participants. Notes sold in reliance on Regulation S will initially be represented by beneficial interests in one or more global notes in registered form without interest coupons (the "**Regulation S Global Notes**"), which will be deposited with, and registered in the name of a nominee for, a common depositary for Euroclear Bank SA/NV, as operator of the Euroclear System ("**Euroclear**") and Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**"). Beneficial interests in a Regulation S Global Note will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear or Clearstream, Luxembourg. See "*Book-Entry, Delivery and Form*".

The Initial Subscribers (as defined below in the section entitled "*Plan of Distribution*") expect to deliver the Notes against payment in immediately available funds on or about May 23, 2014.

Joint Book-Running Managers

BNP PARIBAS **BofA Merrill Lynch** **Citigroup** **RBS**

The date of this Offering Memorandum is May 15, 2014

Unless otherwise indicated or the context otherwise requires, references in this Offering Memorandum to the ''**Issuer**'' are to Volkswagen Group of America Finance, LLC, references to the ''**Company**'', the ''**Guarantor**'' or ''**Volkswagen AG**'' are to VOLKSWAGEN AKTIENGESELLSCHAFT, and references to ''**Volkswagen**'', the ''**Volkswagen Group**'', ''**we**'', ''**us**'' and ''**our**'' are to VOLKSWAGEN AKTIENGESELLSCHAFT together with its consolidated subsidiaries, including the Issuer.

For the definition of other terms used throughout this Offering Memorandum, see ''*Presentation of Financial and Other Information*''.

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IMPORTANT NOTICE

You should rely only on the information contained in this Offering Memorandum. Neither the Issuer nor Volkswagen Aktiengesellschaft nor any other person has authorized anyone to provide you with different information. None of the Issuer, Volkswagen Aktiengesellschaft or the Initial Subscribers is making an offer of these securities in any jurisdiction where the offer is not permitted. You should not assume that the information contained in this Offering Memorandum is accurate as of any date other than the date on the front of this Offering Memorandum.

This Offering Memorandum has been prepared by Volkswagen solely for use in connection with the proposed offering of the securities described in this Offering Memorandum. This Offering Memorandum is personal to each offeree and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire securities. Distribution of this Offering Memorandum to any person other than the prospective investor and any person retained to advise such prospective investor with respect to its purchase is unauthorized, and any disclosure of any of its contents, without Volkswagen's prior written consent, is prohibited. Each prospective investor, by accepting delivery of this Offering Memorandum, agrees to the foregoing and to make no photocopies of this Offering Memorandum or any of the documents referred to in this Offering Memorandum. The Initial Subscribers make no representation or warranty, express or implied, as to the accuracy, verification or completeness of the information contained in this Offering Memorandum. Nothing contained in this Offering Memorandum is, or shall be relied upon as, a promise or representation by the Initial Subscribers as to the past or future. The Initial Subscribers assume no responsibility for its accuracy, completeness or verification and accordingly disclaim, to the fullest extent permitted by applicable law, any and all liability whether arising in tort, contract or otherwise which they might otherwise be found to have in respect of this Offering Memorandum. Volkswagen has furnished the information contained in this Offering Memorandum.

Neither the U.S. Securities and Exchange Commission (the ''**SEC**''), any state securities commission nor any other regulatory authority has approved or disapproved the securities, nor have any of the foregoing authorities passed upon or endorsed the merits of this Offering or the accuracy or adequacy of this Offering Memorandum. Any representation to the contrary is a criminal offense. The Issuer has not been and will not be registered under the Investment Company Act in reliance on Section 3(c)(7) of the Investment Company Act, which in general excludes from the definition of an investment company any issuer whose outstanding securities are purchased only by Qualified Purchasers. Each purchaser and transferee of the Notes in making its purchase will be deemed to have made certain acknowledgments, representations, warranties and agreements as set forth under ''*Purchase and Transfer Restrictions*''. In addition, each purchaser and transferee of the Notes will agree that, other than in compliance with the purchase and transfer restrictions described under such caption, it will not offer, sell, pledge or otherwise transfer the Notes. Each purchaser and transferee of the Notes may be required to bear the financial risks of investing in the Notes for an indefinite period of time.

In making an investment decision, prospective investors must rely on their own examination of the Issuer and Guarantor and the terms of this Offering, including the merits and risks involved. None of the Issuer, the Guarantor or the Initial Subscribers, or any of their respective representatives, is making any representation to any offeree or purchaser of the Notes regarding the legality of an investment in the Notes by such offeree or purchaser under the laws applicable to such offeree or purchaser. Prospective investors should not construe anything in this Offering Memorandum as legal, business or tax advice. Each prospective investor should consult its own advisers as needed to make its investment decision and to determine whether it is legally permitted to purchase the securities under applicable legal investment or similar laws or regulations.

Investors also acknowledge that: (i) they have not relied on the Initial Subscribers or any person affiliated with the Initial Subscribers in connection with any investigation of the accuracy of any information contained in this Offering Memorandum or their investment decision; and (ii) they have relied only on the information contained in this document, and that no person has been authorized to give any information or to make any representation concerning the Issuer, the Guarantor or its subsidiaries or the Notes (other than as contained in this document) and, if given or made, any such other information or representation should not be relied upon as having been authorized by the Issuer, the Guarantor or the Initial Subscribers.

In this Offering Memorandum, Volkswagen relies on and refers to information and statistics regarding its industry. Volkswagen obtained this market data from independent industry publications or other publicly available information. Although Volkswagen believes that these sources are reliable, it has not independently verified and does not guarantee the accuracy and completeness of this information. See ''*Presentation of Financial and Other Information*''.

This Offering Memorandum contains summaries believed to be accurate with respect to certain documents, but reference is made to the actual documents for complete information. All such summaries are qualified in their entirety by such reference. Copies of documents referred to herein will be made available to prospective investors upon request to Volkswagen or the Initial Subscribers.

The Initial Subscribers are acting exclusively for the Issuer and the Guarantor and no one else in connection with the Offering. They will not regard any other person (whether or not a recipient of this document) as their respective clients in relation to the Offering and will not be responsible to anyone other than the Issuer and the Guarantor for providing the protections afforded to their respective clients nor for giving advice in relation to the Offering or any transaction or arrangement referred to herein.

Neither the delivery of this Offering Memorandum nor any sale made hereunder shall under any circumstances imply that there has been no change in the Issuer's or the Guarantor's affairs or that the information set forth in this Offering Memorandum is correct as of any date subsequent to the date hereof.

In connection with the Offering, the Initial Subscribers may engage in over-allotment, stabilizing transactions and syndicate covering transactions. Over-allotment involves sales in excess of the offering size, which creates a short position for the Initial Subscribers. Stabilizing transactions involve bids to purchase the Notes in the open market for the purpose of pegging, fixing or maintaining the prices of the Notes. Syndicate covering transactions involve purchasers of the Notes in the open market after the distribution has been completed in order to cover short positions. Any of these activities may prevent a decline in the market prices of the Notes, and may also cause the prices of the Notes to be higher than they would otherwise be in the absence of these transactions. The Initial Subscribers may conduct these transactions in the over-the-counter market or otherwise. If the Initial Subscribers commence any of these transactions, they may discontinue them at any time.

In connection with the issue and offering of the Notes, each Initial Subscriber and any of their respective affiliates each acting as an investor for its own account may take up Notes and in that capacity may retain, purchase or sell Notes for their own account and any other securities of the Issuer or related investments and may offer or sell such securities or other investments otherwise than in connection with the issue and offering of the Notes. Accordingly, references in this document to the Notes being offered or placed and the Offering should be read as including any offering or placement of securities and Offering to each Initial Subscriber and any of its respective affiliates acting in such capacity. In addition, certain of the Initial Subscribers or their respective affiliates may enter into financing arrangements with investors. The Initial Subscribers do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE UNIFORM SECURITIES ACT ("RSA 421-B") WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY

DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE OF NEW HAMPSHIRE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, SUBSCRIBER OR CLIENT, ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

NOTICE TO PROSPECTIVE INVESTORS IN THE EUROPEAN ECONOMIC AREA

In any member state of the European Economic Area (the "**EEA**") that has implemented the Prospectus Directive (as defined below) (each, a "**Relevant Member State**"), this communication is only addressed to and is only directed at qualified investors in that Relevant Member State within the meaning of the Prospectus Directive.

This Offering Memorandum has been prepared on the basis that all offers of Notes will be made pursuant to an exemption under the Prospectus Directive, as implemented in each Relevant Member State from the requirement to produce a prospectus for offers of Notes. Accordingly, any person making or intending to make any offer within the EEA of Notes which are the subject of the placement contemplated in this Offering Memorandum should only do so in circumstances in which no obligation arises for Volkswagen or any of the Initial Subscribers to produce a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive for such offer. Neither Volkswagen nor the Initial Subscribers have authorized, nor do they authorize, the making of any offer of Notes through any financial intermediary, other than offers made by Initial Subscribers which constitute the final placement of Notes contemplated in this Offering Memorandum.

Each person in a Relevant Member State who receives any communication in respect of, or who acquires any Notes under, the offers contemplated in this Offering Memorandum will be deemed to have represented, warranted and agreed to with each Initial Subscriber and Volkswagen that:

- it is a qualified investor within the meaning of the law in that Relevant Member State implementing Article 2(1)(e) of the Prospectus Directive; and
- in the case of any Notes acquired by it as a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive, (i) the Notes acquired by it in the offer have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant Member State other than qualified investors, as that term is defined in the Prospectus Directive, or in circumstances in which the prior consent of BNP Paribas Securities Corp., Citigroup Global Markets Inc., Merrill Lynch, Pierce, Fenner & Smith Incorporated or RBS Securities Inc. has been given to the offer or resale; or (ii) where Notes have been acquired by it on behalf of persons in any Relevant Member State other than qualified investors, the offer of those Notes to it is not treated under the Prospectus Directive as having been made to such persons.

For the purposes of this "*Notice to Prospective Investors in the European Economic Area*" the expression an "offer" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State, and the expression "**Prospectus Directive**" means Directive 2003/71/EC (and amendments thereto, including Directive 2010/73/EU, to the extent implemented in the Relevant Member State) and includes any relevant implementing measure in the Relevant Member State.

NOTICE TO PROSPECTIVE INVESTORS IN THE UNITED KINGDOM

This Offering Memorandum is only being distributed to and is only directed at (i) persons who are outside the United Kingdom, (ii) investment professionals falling within Article 19(5) of the Financial Services and

Markets Act 2000 (Financial Promotion) Order 2005 (the ''**Order**'') or (iii) otherwise high net worth entities falling within Article 49 of the Order, and other persons to whom it may lawfully be communicated under the Order (all such persons together being referred to as ''relevant persons''). The Notes are only available to, and any invitation, offer or agreement to subscribe for, purchase or otherwise acquire such Notes will be engaged only with, relevant persons. Any person who is not a relevant person should not act or rely on this Offering Memorandum or any of its contents.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Offering Memorandum contains various forward-looking statements, as such term is defined in Section 21E of the U.S. Securities Exchange Act of 1934, as amended (the ''**Exchange Act**''). Forward-looking statements relate to future, not past, events and often contain words such as ''aim'', ''anticipate'', ''believe'', ''could'', ''estimate'', ''expect'', ''forecast'', ''intend'', ''may'', ''plan'', ''predict'', ''project'', ''should'', ''seek'' or ''will'' or, in each case, their negative, or similar expressions. Other forward-looking statements can be identified in the context in which the statements are made. Forward-looking statements appear in a number of places in this Offering Memorandum, including the sections entitled ''*Risk Factors'', ''Developments since January 1, 2014 and Outlook'', ''Management's Discussion and Analysis of Financial Condition and Results of Operations*'' and ''*Business of the Volkswagen Group*'' and include, among other things, statements relating to:

- the Volkswagen Group's strategy, outlook and growth prospects;
- the Volkswagen Group's operational and financial targets and its dividend policy;
- the Volkswagen Group's planned investments;
- general economic trends and trends in the Volkswagen Group's industry; and
- the competitive environment in which the Volkswagen Group operates.

Although Volkswagen believes that the expectations reflected in these forward-looking statements are reasonable, it can give no assurance that they will materialize or prove to be correct. Because these statements involve risks and uncertainties, the actual result or outcome could differ materially from those set out in the forward-looking statements as a result of, among other things:

- the Volkswagen Group's ability to successfully develop, introduce and expand its products;
- competition in the Volkswagen Group's market segments;
- the Volkswagen Group's ability to manage its operations and integrate its recent and future acquisitions;
- the financial crisis and changes in international and local economic, business and industry conditions;
- consolidation in certain of the Volkswagen Group's customers' industries;
- the Volkswagen Group's ability to retain key personnel or skilled employees;
- the Volkswagen Group's ability to manage the legal and regulatory aspects of its operations, including protecting its intellectual property rights and environmental compliance;
- the Volkswagen Group's ability to reduce its costs; and
- the Volkswagen Group's credit risk management.

Additional factors that could cause the Volkswagen Group's actual results, performance or achievements to differ materially include those discussed under ''*Risk Factors*''.

These forward-looking statements speak only as of the date of this Offering Memorandum. Volkswagen undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, other than as required by law or regulation. Accordingly, prospective investors are cautioned not to place undue reliance on any of the forward-looking statements herein.

ENFORCEABILITY OF LIABILITIES AND SERVICE OF PROCESS

The Company is a stock corporation (*Aktiengesellschaft*) established under German law with its registered office in Wolfsburg, Germany. The majority of the Company's executive officers and directors reside in Germany or other jurisdictions outside the United States, and all or a substantial portion of the assets of such persons and of the Company are located outside the United States. As a result, it may not be possible for investors to effect service of process in the United States upon the Company, or upon the Company's executive officers and directors, or to enforce against the Company, or the Company's executive officers and directors, judgments obtained in U.S. courts predicated upon civil liability provisions of the federal securities law or other laws of the United States. In general, the enforcement of a final judgment of a United States court requires a declaration of enforceability by a German court in a special proceeding.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Information presented in this Offering Memorandum is qualified in its entirety by the description of recent developments relating to the Volkswagen Group set forth in "*Developments since January 1, 2014 and Outlook*", which reflects among other things information disclosed in the unaudited interim report of Volkswagen AG and its consolidated subsidiaries for the period from January 2014 to March 2014, including the unaudited condensed consolidated interim financial statements of Volkswagen AG as of and for the three-month period ended March 31, 2014 (the "**Company Interim Financial Statements**").

The Company publishes its financial statements expressed in euro. References to "**€**", "**EUR**" or "**euro**" are to the single currency of the participating Member States in the third stage of the European and Economic Monetary Union pursuant to the Treaty establishing the European Community, as amended from time to time, and references to "**$**", "**USD**", "**U.S.$**" or "**U.S. dollars**" are to United States currency. For certain information regarding rates of exchange between the euro and the U.S. dollar, please see "*Exchange Rates*".

Solely for convenience, the euro market bid price (the "**euro market bid price**") at noon New York time on May 14, 2014, as indicated by Bloomberg Finance L.P. ("**Bloomberg**") was EUR 0.7290 per U.S.$1.00, which equates to U.S.$1.3717 per EUR 1.00.

Consolidated Financial Information

The Company Interim Financial Statements, the audited consolidated financial statements of the Company as of and for the years ended December 31, 2013 and 2012 (the "**Company Annual Financial Statements**" and, together with the Company Interim Financial Statements, the "**Company Financial Statements**") and the Issuer's opening balance sheet as of April 30, 2014 were prepared on the basis of International Financial Reporting Standards, as adopted by the European Union ("**IFRS**").

The auditor's reports for the Company Annual Financial Statements each make reference to group management reports (*Konzernlageberichte*) that have not been included in this Offering Memorandum. Additionally, the review report on the Company Interim Financial Statements refers to the interim group management report (*Konzernzwischenlagebericht*), which is also not included in this Offering Memorandum.

The examination of and auditor's reports upon such group management report / review report upon such interim group management report are required under German generally accepted auditing standards and German standards for the review of financial statements. Those examinations and reports were not made in accordance with generally accepted auditing or attestation standards in the United States. Accordingly, PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft does not express any opinion in accordance with U.S. generally accepted auditing standards or U.S. attestation standards on this information or on the Company Financial Statements, which were prepared in accordance with IFRS as adopted by the European Union, included in this Offering Memorandum.

IFRS differs in various material respects from generally accepted accounting principles in the United States of America ("**U.S. GAAP**").

No financial statements or financial information included herein have been prepared or presented in accordance with U.S. GAAP or the accounting rules and regulations adopted by the SEC ("**SEC Rules and Regulations**"). As a result, the financial information included herein may differ substantially from financial information prepared in accordance with U.S. GAAP and those rules and regulations. It is not practicable for the Volkswagen Group to prepare its financial statements in accordance with U.S. GAAP and the SEC Rules and Regulations or to prepare any reconciliation of the Volkswagen Group's consolidated financial statements and related notes. In making an investment decision, investors must rely upon their own examination of the Volkswagen Group's financial position, operation and cash flows, the terms of the Offering and the financial information presented herein. Volkswagen urges potential investors to consult their own professional advisers for an understanding of the differences between IFRS and U.S. GAAP, and of how those differences might affect the financial information presented herein.

The Issuer was capitalized on April 15, 2014 and therefore has presented a balance sheet and footnotes only, as of April 30, 2014. Statements of profit and loss, equity, and cash flows were not considered relevant to the users of the financial statements as of the balance sheet date.

Industry Information

Certain market data used in this Offering Memorandum, including under the captions ''*Summary*'' and ''*Business of the Volkswagen Group*'' have been extracted from official and industry sources and other sources the Volkswagen Group believes to be reliable, but have not been independently verified. Throughout this Offering Memorandum, the Volkswagen Group has also set forth certain statistics, including statistics in respect of product sales volumes and market shares, from industry sources and other sources that it believes to be reliable, but have not been independently verified.

Unit sales, delivery and production information provided by Volkswagen

This Offering Memorandum contains definitions used by Volkswagen in respect of ''deliveries'' and ''unit sales''. According to these definitions, a vehicle is delivered once it has been handed over to the customer and the term ''unit sales'' describes those vehicles that have been sold to external wholesalers or to independent authorized dealers. Operational data such as unit sales, delivery and production information appearing in this Offering Memorandum are unaudited.

Rounding

Certain figures included in this Offering Memorandum have been subject to rounding adjustments; accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

Other Information

All references in this Offering Memorandum to:

- ''**EU**'' are to the European Union;
- ''**Notes**'' are to the Notes issued in this Offering;
- ''**Holder**'' or ''**Noteholder**'' are to each holder of Notes;
- ''**Germany**'' are to the Federal Republic of Germany; and
- ''**you**'' are to investors or potential investors in the Notes.

ADDITIONAL INFORMATION AND REPORTING

The Volkswagen Group currently furnishes, and intends to continue to furnish, to holders of its shares an annual report, which includes its audited consolidated financial statements prepared in accordance with IFRS. The financial statements included in the annual reports will be audited and reported upon, with an auditor's report by the Volkswagen Group's independent auditors. As a listed company, Volkswagen Aktiengesellschaft publishes quarterly reports to its shareholders, which include unaudited condensed consolidated interim financial information prepared in accordance with IFRS.

Volkswagen Aktiengesellschaft is not subject to the periodic reporting requirements of the Exchange Act. Volkswagen Aktiengesellschaft is currently claiming an exemption from the reporting requirements of the Exchange Act pursuant to Rule 12g3-2(b) under the Exchange Act and publishes, in English, on its internet website www.volkswagenag.com certain information required under such Rule. If, at any time, Volkswagen Aktiengesellschaft is neither subject to Section 13 or 15(d) of the Exchange Act, as amended, nor exempt from the reporting requirements of the Exchange Act under Rule 12g3-2(b) thereunder, it will provide to the holder or beneficial owner of such restricted securities or to any prospective purchaser of such restricted securities designated by such holder or beneficial owner, in each case upon the written request of such holder, beneficial owner or purchaser, the information required to be provided by Rule 144A(d)(4) under the Securities Act for as long as the Notes are outstanding.

In addition, this document contains inactive textual references to Internet websites operated by the Volkswagen Group and third parties. Reference to such websites is made for informational purposes only, and information found at such websites is not incorporated herein by reference.

Volkswagen Aktiengesellschaft's registered office is located at Berliner Ring 2, 38440 Wolfsburg, Germany.

1. SUMMARY

1.1 Overview

Volkswagen Group is one of the world's leading multibrand companies in the automotive industry. In 2013, Volkswagen Group achieved sales revenue of EUR 197,007 million (EUR 192,676 million in 2012 and EUR 159,337 million in 2011), operating profit of EUR 11,671 million (EUR 11,498 million in 2012 and EUR 11,271 million in 2011) and profit after tax of EUR 9,145 million (EUR 21,881 million in 2012 and EUR 15,799 million in 2011). In the first three months of 2014, Volkswagen Group achieved sales revenue of EUR 47,831 million (EUR 46,565 million in the comparable period of 2013), operating profit of EUR 2,855 million (EUR 2,344 million in the comparable period of 2013) and profit after tax of EUR 2,468 million (EUR 1,946 million in the comparable period of 2013).

Volkswagen's business operations are divided into the Automotive Division and the Financial Services Division. The Automotive Division develops vehicles and engines, produces and distributes passenger cars, motorcycles, light commercial vehicles, trucks and buses and operates Volkswagen's business comprising genuine parts, large-bore diesel engines, turbomachinery, special gear units, propulsion components and testing systems. During the year ended December 31, 2013, Volkswagen delivered 9,730,680 vehicles to its customers worldwide and 2,442,275 vehicles in the first three months of 2014.

The Financial Services Division combines customer and dealer financing, leasing, banking and insurance activities, fleet management and mobility offerings. The primary purpose of the Financial Services Division is to promote Volkswagen's sales and strengthen customer loyalty. The activities of the Financial Services Division correspond to the Financial Services segment.

Since January 1, 2013, Volkswagen Group's financial reporting has been based on four reportable segments: Passenger Cars, Commercial Vehicles, Power Engineering and Financial Services.

The following table presents an overview of Volkswagen's sales revenue by segments for the year ended December 31, 2013:

	Passenger Cars	Commercial Vehicles	Power Engineering	Financial Services	Total segments	Reconciliation	Volkswagen Group
				(EUR million)			
Sales revenue	157,048	31,076	3,851	22,004	213,979	−16,972	197,007
Segment profit or loss (operating profit or loss)	11,053	1,044	−250	1,863	13,711	−2,040	11,671
as a percentage of sales revenue	7.0	3.4	−6.5	8.5			5.9

Volkswagen's product range includes approximately 315 passenger car and commercial vehicle models, motorcycles and their derivatives (as of December 31, 2013). With the products of its group brands, Volkswagen Passenger Cars, Audi, Porsche, ŠKODA, SEAT and Volkswagen Commercial Vehicles, Volkswagen addresses business and private customers from a wide range of customer segments and in multiple regional markets in what is referred to as the high-volume business (i.e. production and unit sales of vehicles with a large number of units per model). Volkswagen is represented in the sports car segment with the brand Porsche. The brand diversity of Volkswagen is represented by group brands Lamborghini, Bentley and Bugatti in the luxury class. With Ducati Motor Holding S.p.A., Bologna (''**Ducati**''), the Volkswagen Group extended its activities to also include motorcycles. In the heavy commercial vehicle sector (trucks with a gross vehicle weight in excess of 6 tonnes, buses and special vehicles), Volkswagen conducts business under the Scania and MAN brands.

The Company indirectly held 49.9% of the share capital of Dr. Ing. h.c. F. Porsche AG (''**Porsche AG**'') as of December 31, 2011 and took over the remaining 50.1% of Porsche AG on August 1, 2012. Effective as of July 19, 2012, the Company acquired 100% of the voting rights of Ducati. As of December 31, 2013, Volkswagen held 75.23% of the voting rights and 73.98% of the share capital of MAN SE (''**MAN**'').

In line with its multibrand strategy, each of Volkswagen's brands is managed by its own board of management.

Until December 31, 2012, the Automotive Division comprised two business areas: "Passenger Cars and Light Commercial Vehicles" and "Trucks and Buses, Power Engineering". The Passenger Cars and Light Commercial Vehicles segment and the reconciliation were combined to form the Passenger Cars and Light Commercial Vehicles Business Area. The Volkswagen Group reported on the segments "Trucks and Buses" and "Power Engineering" under the Trucks and Buses, Power Engineering Business Area.

Since January 1, 2013, Volkswagen Group has bundled the light commercial vehicles, trucks and buses, and power engineering businesses in a new Commercial Vehicles/Power Engineering Business Area within the Automotive Division. Therefore, light commercial vehicles are no longer allocated to the Passenger Cars and Light Commercial Vehicles segment, but are reported together with trucks and buses in the new Commercial Vehicles segment. The new segment reporting comprises the four reportable segments of Passenger Cars, Commercial Vehicles, Power Engineering and Financial Services.

Volkswagen sells vehicles in more than 150 countries. Volkswagen's primary markets for its automobiles are Europe, Asia-Pacific and the Americas. Volkswagen had an average of 563,066 employees worldwide (including the Chinese joint ventures) in 2013.

The regional markets for Volkswagen's products and services consist of Germany at 19.1% of the Volkswagen Group's sales revenue from third parties in 2013 (2012: 19.6%; 2011: 21.7%), Europe and Other Regions (not including Germany) at 40.3% (2012: 40.3%; 2011: 43.5%), North America at 13.9% (2012: 13.0%; 2011: 11.0%), South America 8.9% (2012: 9.5%; 2011: 9.4%) and Asia-Pacific at 17.8% (2012: 17.6%; 2011: 14.4%) (in each case not including the Chinese joint ventures).

1.2 The Offering

The summary below describes the principal terms of the Notes and the Guarantee. Certain of the terms and conditions described below are subject to important limitations and exceptions. The "Terms and Conditions of the Notes" and "Form of Guarantee of the Notes" sections of this Offering Memorandum contain more detailed descriptions of the terms and conditions of the Notes and the Guarantee.

Issuer	Volkswagen Group of America Finance, LLC
Guarantor	Volkswagen AG
Offered Securities	U.S.$1,450,000,000 aggregate principal amount of 1.250% Guaranteed Notes due 2017 (the "**A Notes**"), U.S.$1,000,000,000 aggregate principal amount of 2.125% Guaranteed Notes due 2019 (the "**B Notes**"), U.S.$500,000,000 aggregate principal amount of Floating Rate Guaranteed Notes due 2017 (the "**C Notes**"), U.S.$250,000,000 aggregate principal amount of Floating Rate Guaranteed Notes due 2016 (the "**D Notes**") and U.S.$300,000,000 aggregate principal amount of Floating Rate Guaranteed Notes due 2015 (the "**E Notes**" and, together with the A Notes, the B Notes, the C Notes and the D Notes, the "**Notes**")
Guarantee	The Guarantor will unconditionally and irrevocably guarantee the payment of principal, premium, if any, interest and Additional Amounts, if any, payable in respect of the Notes.
Issue Date	May 23, 2014

Maturity Date	The A Notes will mature on May 23, 2017, the B Notes will mature on May 23, 2019, the C Notes will mature on May 23, 2017, the D Notes will mature on May 23, 2016 and the E Notes will mature on November 23, 2015.
Interest Rate	The A Notes and the B Notes will bear interest at the rate of 1.250% and 2.125% per annum, respectively. The C Notes, the D Notes and the E Notes will bear interest at a floating interest rate of U.S.$ LIBOR plus 0.37% per annum, U.S.$ LIBOR plus 0.22% per annum and U.S.$ LIBOR plus 0.17% per annum, respectively.
Interest Payment Days	Interest on the A Notes and the B Notes will be payable semi-annually in arrears on May 23 and November 23 of each year, commencing on November 23, 2014. Interest on the C Notes, the D Notes and the E Notes will be payable quarterly in arrears on February 23, May 23, August 23, and November 23 of each year, commencing on August 23, 2014.
Regular Record Dates for Interest	The close of business on the business day prior to the Interest Payment Date.
Business Day	Any day which is a day on which (a) the Trans-European Automated Real-time Gross settlement Express Transfer system (TARGET2) is open for business and (b) commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in New York City.
Day Count Fraction	30/360 in respect of the A Notes and the B Notes, and Actual/360 in respect of the C Notes, the D Notes and the E Notes.
Day Count Convention	Following unadjusted in respect of the A Notes and the B Notes, and adjusted modified following business day in respect of the C Notes, the D Notes and the E Notes.
Optional Redemption	The A Notes or the B Notes may be redeemed, in whole or in part, at any time or from time to time, at the Issuer's option, at the redemption price described in "*Terms and Conditions of the Notes — Redemption, Purchase and Cancellation — Redemption at the Option of the Issuer*" in this Offering Memorandum plus in each case accrued and unpaid interest to the redemption date.
Tax Redemption	The A Notes, the B Notes, the C Notes, the D Notes, the E Notes or all of the Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 14 (which notice shall be irrevocable), if: (i) the Issuer or the Guarantor (or any successor to the Issuer or the Guarantor) has or will become obliged to pay Additional Amounts (as defined in Condition 8) as a result of any change in, or amendment to, the laws or regulations of any Tax Jurisdiction (as defined in Condition 8), or any change in the application or official interpretation of such laws or regulations,

	which change or amendment becomes effective on or after the date of the Offering Memorandum (or, in the case of a successor to the Issuer or the Guarantor that is organized in or a resident for tax purposes of a jurisdiction other than the United States or Germany, the date of such succession), and (ii) such obligation cannot be avoided by the Issuer (or the Guarantor, as the case may be) taking reasonable measures available to it; provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer (or the Guarantor, as the case may be) would be obliged to pay such Additional Amounts were a payment in respect of the Notes to be redeemed (or the Guarantee, as the case may be) then due. Before the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Fiscal Agent a certificate signed by a duly authorized officer of the Issuer (or the Guarantor, as the case may be) stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal advisers of recognized standing to the effect that the Issuer (or the Guarantor, as the case may be) has or will become obliged to pay such Additional Amounts as a result of such change or amendment. Notes redeemed pursuant to Condition 6(b) will be redeemed at a price equal to 100% of the principal amount of the Notes to be redeemed then outstanding plus accrued and unpaid interest on the principal amount being redeemed (and all Additional Amounts, if any) to (but excluding) the date of redemption.
Payment of Additional Amounts . .	Subject to certain exceptions, if the Issuer or the Guarantor is required to withhold or deduct certain taxes imposed by the jurisdiction in which it is incorporated or resident for tax purposes or through which it makes payments, from payments made on the Notes or under the Guarantee, the Issuer or the Guarantor, as the case may be, will pay such Additional Amounts on those payments so that the amount received by the Holders will equal the amount that would have been received if no such taxes had been applicable.
Certain Covenants	The Notes will contain covenants: • limiting the Issuer's and the Guarantor's ability to incur liens; and • restricting the Issuer's and the Guarantor's ability to pledge its assets, secure certain borrowings and create or incur liens on its property. These covenants will be subject to a number of important qualifications and limitations.
Cross Default	None

Ranking	The Notes will be unsecured senior obligations of the Issuer and will: • rank equally in right of payment with all of the Issuer's existing and future unsecured senior indebtedness; • rank senior in right of payment to all of the Issuer's existing and future subordinated indebtedness; • be effectively subordinated in right of payment to all of the Issuer's secured indebtedness, to the extent of the value of the assets securing such indebtedness; and • be effectively subordinated in right of payment to all existing and future indebtedness and other liabilities of each of the Issuer's subsidiaries. The Guarantee will be senior unsecured debt obligations of the Guarantor and will rank equally in right of payment with all of its other senior and unsecured debt obligations.
Use of Proceeds	The net proceeds from the Notes, less commissions but before expenses payable by the Volkswagen Group in connection with the Notes, will be approximately U.S.$3,490,981,000 and will be used by the Volkswagen Group for general corporate purposes, including working capital requirements.
Purchase and Transfer Restrictions	Volkswagen has not registered the offer or sale of the Notes under the Securities Act or any state or other securities laws. The Issuer has not been and will not be registered under the Investment Company Act in reliance on the exemption set forth in Section 3(c)(7) thereof. Accordingly, the securities may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as such term is defined under the Securities Act) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in a transaction that does not cause the Issuer to be required to register under the Investment Company Act. The securities may be offered and sold only (1) to a person who is both a Qualified Institutional Buyer and a Qualified Purchaser, in each case purchasing for its own account or the account of a Qualified Institutional Buyer who is also a Qualified Purchaser as to which the purchaser exercises sole investment discretion, in reliance on the exemption from the registration requirements of the Securities Act provided by Rule 144A or (2) to a non-U.S. person (as defined in the Securities Act) in offshore transactions in reliance on Regulation S under the Securities Act, and in each case, in accordance with any other applicable law. Prospective purchasers are hereby notified that the seller of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. Each purchaser and transferee of the Notes, in making its purchase, will be subject to certain restrictions and must be able to make and will be deemed to have made certain

acknowledgements, representations and agreements, for itself and for each account for which it is purchasing, as set forth under "*Purchase and Transfer Restrictions*". For a description of important restrictions on resales, see "*Purchase and Transfer Restrictions*".

Volkswagen will not register the Notes for resale under the Securities Act or the securities laws of any other jurisdiction or offer to exchange the Notes for registered Notes under the Securities Act or the securities laws of any other jurisdiction.

No Prior Market . . . . The Notes are new issues of securities for which there currently is no market. The Initial Subscribers have advised Volkswagen that they intend to make a market in the Notes. The Initial Subscribers are not obligated, however, to make a market in the Notes, and any such market-making may be discontinued by the Initial Subscribers in their discretion at any time without notice. Accordingly, Volkswagen cannot assure you that a liquid market for the Notes will develop or be maintained.

Listing . . . . The Notes will not be listed on any securities exchange.

Further Issuances . . . . The Issuer may from time to time without the consent of the Noteholders create and issue further notes having in each such case the same terms and conditions as either the A Notes, the B Notes, the C Notes, the D Notes or the E Notes other than the issue price and, if applicable, the first interest payment date (so that, for the avoidance of doubt, references in the conditions of such Notes to "Issue Date" shall be to the first issue date of the Notes) and so that the same shall be consolidated and form a single series with the A Notes, the B Notes, the C Notes, the D Notes or the E Notes, as the case may be, and references in these Conditions to the "A Notes", the "B Notes", the "C Notes", the "D Notes" or the "E Notes" as the case may be, shall be construed accordingly.

Denominations . . . . The Notes will be issued only in book-entry form, in minimum denominations of U.S.$200,000, and integral multiples of U.S.$1,000 in excess thereof.

Fiscal and Paying Agent . . . . Citibank, N.A., London Branch
Agency & Trust
Citigroup Centre
Canada Square
London E14 5LB
United Kingdom

Registrar . . . . Citigroup Global Markets Deutschland AG
Agency & Trust Department
5th Floor
Reuterweg 16
60323 Frankfurt am Main
Germany

Governing Law . . . . The Terms and Conditions of the Notes, the Fiscal and Paying Agency Agreement and the Deed of Covenant will be governed by, and construed in accordance with, the laws of England. The Guarantee will be governed by, and construed in accordance with, the laws of Germany.

Risk Factors . . . . Potential investors should carefully consider the information set forth in the section entitled "*Risk Factors*" and the other information included in this Offering Memorandum in deciding whether to purchase the Notes. See "*Risk Factors*".

Notes due 2017 (A Notes) . . . .

Rule 144A		**Regulation S**	
CUSIP	928668 AA0	ISIN	XS1070074312
ISIN	US928668AA03	Common Code	107007431
Common Code	107003355		

Notes due 2019 (B Notes) . . . .

Rule 144A		**Regulation S**	
CUSIP	928668 AB8	ISIN	XS1070074668
ISIN	US928668AB85	Common Code	107007466
Common Code	107003363		

Notes due 2017 (C Notes) . . . .

Rule 144A		**Regulation S**	
CUSIP	928668 AC6	ISIN	XS1070075392
ISIN	US928668AC68	Common Code	107007539
Common Code	107003703		

Notes due 2016 (D Notes) . . . .

Rule 144A		**Regulation S**	
CUSIP	928668 AD4	ISIN	XS1070082687
ISIN	US928668AD42	Common Code	107008268
Common Code	107003720		

Notes due 2015 (E Notes) . . . .

Rule 144A		**Regulation S**	
CUSIP	928668 AE2	ISIN	XS1070709826
ISIN	US928668AE25	Common Code	107070982
Common Code	107071644		

1.3 Overview of Consolidated Financial Information of the Volkswagen Group

The audited consolidated financial information of the Volkswagen Group set forth below as of and for the years ended December 31, 2013, 2012 and 2011 and the unaudited condensed consolidated interim financial information of the Volkswagen Group as of and for the three-month periods ended March 31, 2014 and 2013 have been derived from, should be read in conjunction with, and are qualified in their entirety by, the Company Financial Statements, including the notes thereto, prepared in accordance with IFRS, contained elsewhere in this Offering Memorandum.

Prospective investors should read the selected financial and other information in conjunction with the information contained in sections "Presentation of Financial and Other Information", "Risk Factors", "Capitalization", "Developments since January 1, 2014 and Outlook", "Management's Discussion and Analysis of Financial Condition and Results of Operations", "Business of the Volkswagen Group" and the Company Financial Statements, including the notes thereto, and other financial data appearing elsewhere in this Offering Memorandum.

Income Statement Information

	For the three months ended March 31,		For the year ended December 31,			
	2014	2013	2013	2012[1]	2012	2011
			(in EUR million)			
	(unaudited)					
Sales revenue	**47,831**	**46,565**	**197,007**	**192,676**	**192,676**	**159,337**
Cost of sales	−38,869	−38,287	−161,407	−157,522	−157,518	−131,371
Gross profit	**8,962**	**8,278**	**35,600**	**35,154**	**35,158**	**27,965**
Distribution expenses	−4,765	−4,619	−19,655	−18,850	−18,850	−14,582
Administrative expenses	−1,653	−1,619	−6,888	−6,220	−6,223	−4,384
Net other operating income/expense[2]	311	303	2,613	1,414	1,426	2,271
Operating profit	**2,855**	**2,344**	**11,671**	**11,498**	**11,510**	**11,271**
Share of profits and losses of equity-accounted investments	994	892	3,588	13,568	13,568	2,174
Other financial result[3]	−492	−548	−2,831	421	414	5,481
Financial result	**502**	**344**	**757**	**13,989**	**13,982**	**7,655**
Profit before tax	**3,357**	**2,688**	**12,428**	**25,487**	**25,492**	**18,926**
Income tax expense	−890	−742	−3,283	−3,606	−3,608	−3,126
Profit after tax	**2,468**	**1,946**	**9,145**	**21,881**	**21,884**	**15,799**
Noncontrolling interests	51	−80	52	169	168	391
Profit attributable to Volkswagen AG hybrid capital investors	21	–	27	–	–	–
Profit attributable to shareholders of Volkswagen AG	**2,395**	**2,026**	**9,066**	**21,712**	**21,717**	**15,409**

1 Figures adjusted to reflect application of IAS 19R, which changes the way employee benefits are accounted for. In particular, this led to changes to bonus payments for partial retirement agreements. Figures derived from audited consolidated financial statements of the Company as of and for the year ended December 31, 2013.

2 Total of: other operating income and other operating expenses.

3 Total of: finance costs and other financial result.

Balance Sheet Information

	As of March 31,	As of December 31,			
	2014	**2013**	**2012[1]**	**2012**	**2011**
		(in EUR million)			
	(unaudited)				
Assets					
Noncurrent assets[2]	**202,505**	**202,141**	**196,457**	**196,582**	**148,129**
Intangible assets[2]	59,517	59,243	59,112	59,158	22,176
Property, plant and equipment[2]	42,107	42,389	39,424	39,424	31,876
Leasing and rental assets	22,931	22,259	20,034	20,034	16,626
Financial services receivables	51,897	51,198	49,785	49,785	42,450
Noncurrent receivables and other financial assets[3]	26,053	27,053	28,101	28,181	35,002
Current assets	**131,404**	**122,192**	**113,061**	**113,061**	**105,640**
Inventories	30,533	28,653	28,674	28,674	27,551
Financial services receivables	39,010	38,386	36,911	36,911	33,754
Other receivables and financial assets[4]	27,540	23,483	21,555	21,555	19,897
Marketable securities	8,631	8,492	7,433	7,433	6,146
Cash, cash equivalents and time deposits	25,690	23,178	18,488	18,488	18,291
Total assets[2]	**333,909**	**324,333**	**309,518**	**309,644**	**253,769**
Equity and Liabilities					
Equity	**87,341**	**90,037**	**81,995**	**81,825**	**63,354**
Equity attributable to shareholders of Volkswagen Aktiengesellschaft[5]	80,031	85,730	77,682	77,515	57,539
Equity attributable to Volkswagen AG hybrid capital investors	4,990	2,004	–	–	–
Equity attributable to Volkswagen AG shareholders and hybrid capital investors	85,021	87,733	77,682	77,515	57,539
Noncontrolling interests[6]	2,320	2,304	4,313	4,310	5,815
Noncurrent liabilities[2]	**115,468**	**115,672**	**121,996**	**122,306**	**89,179**
Noncurrent financial liabilities[2]	60,315	61,517	63,603	63,603	44,442
Provisions for pensions	23,131	21,774	23,939	23,969	16,787
Other noncurrent liabilities[2,7]	32,022	32,380	34,454	34,733	27,951
Current liabilities[2]	**131,100**	**118,625**	**105,526**	**105,513**	**101,237**
Put options and compensation rights granted to noncontrolling interest shareholders[6]	10,249	3,638	–	–	–
Current financial liabilities	62,233	59,987	54,060	54,060	49,090
Trade payables	19,337	18,024	17,268	17,268	16,325
Other current liabilities[2,8]	39,281	36,976	34,198	34,185	35,821
Total equity and liabilities[2]	**333,909**	**324,333**	**309,518**	**309,644**	**253,769**

1 Figures adjusted to reflect application of IAS 19R, which changes the way employee benefits are accounted for. In particular, this led to changes to bonus payments for partial retirement agreements. Figures derived from audited consolidated financial statements of the Company as of and for the year ended December 31, 2013.

2 Figures as of December 31, 2011 were adjusted because of the updated purchase price allocation in conjunction with the acquisition of MAN.

3 Total of: investment property, equity-accounted investments, other equity investments, noncurrent other receivables and financial assets, noncurrent tax receivables, deferred tax assets.

4 Total of: trade receivables, current other receivables and financial assets, current tax receivables.

5 When the tender offer to acquire all shares of Scania was published, the present value of the amount of the offer was derecognized from Group equity and a corresponding liability was recognized at the same time.

6 Following the approval by the annual general meeting of MAN SE of the conclusion of a control and profit and loss transfer agreement on June 6, 2013, the noncontrolling interests in the equity of MAN SE were derecognized from Volkswagen Group equity as a capital transaction involving a change in ownership interest. At the same time, a liability was recognized as a separate item of current liabilities in accordance with the cash settlement offer.

7 Total of: other noncurrent liabilities, deferred tax liabilities, noncurrent provisions for taxes, other noncurrent provisions, other noncurrent financial liabilities.

8 Total of: current tax payables, other current liabilities, current provisions for taxes, other current provisions, other current financial liabilities.

Cash Flow Statement Information

	For the three months ended March 31,		For the year ended December 31,			
	2014	2013	2013	2012[1]	2012	2011
	(unaudited)		(in EUR million)			
Cash and cash equivalents at beginning of period	**22,009**	**17,794**	**17,794**	**16,495**	**16,495**	**18,228**
Cash flows from operating activities	**1,498**	**2,549**	**12,595**	**7,209**	**7,209**	**8,500**
Cash flows from investing activities	**−2,333**	**−2,573**	**−16,890**	**−19,482**	**−19,482**	**−18,631**
Cash flows from financing activities	**4,028**	**4,545**	**8,973**	**13,712**	**13,712**	**8,316**
Effect of exchange rate changes on cash and cash equivalents	−40	176	−462	−141	−141	82
Net change in cash and cash equivalents	**3,153**	**4,697**	**4,216**	**1,298**	**1,298**	**−1,733**
Cash and cash equivalents at end of period	**25,162**	**22,490**	**22,009**	**17,794**	**17,794**	**16,495**
Securities, loans and time deposits	16,505	14,533	17,177	14,352	14,352	12,163

1 Figures adjusted to reflect application of IAS 19R, which changes the way employee benefits are accounted for. In particular, this led to changes to bonus payments for partial retirement agreements. Figures derived from audited consolidated financial statements of the Company as of and for the year ended December 31, 2013.

2. RISK FACTORS

Each of the Issuer and the Company believes that the following factors may affect its ability to fulfill its obligations under the Notes and the Guarantee, as applicable. Some of these factors are contingencies which may or may not occur and neither the Issuer nor the Company is in a position to express a view on the likelihood of any such contingency occurring or not occurring.

In addition, factors which are material for the purpose of assessing the market risks associated with the Notes are also described below. If any of the risks described below actually materializes, the Volkswagen Group's business, prospects, financial condition, cash flows or results of operations may be materially adversely affected. If that were to happen, the trading price of the Notes may decline, or the Issuer may be unable to pay interest, principal or other amounts on or in connection with any Notes and the Guarantor may be unable to honor the Guarantee and investors may lose all or part of their investment. Furthermore, the Notes will have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes easily, or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market.

Each of the Issuer and the Company believes that the factors described below represent the principal risks inherent in investing in the Notes, but the inability of the Issuer or the Company to pay interest, principal or other amounts on or in connection with any Notes, or otherwise perform their respective obligations under the Notes and the Guarantee, may occur for other reasons which the Issuer and the Company may not consider to be significant risks based on information currently available to them or for reasons which they may not currently be able to anticipate. Prospective investors should also read the detailed information set out elsewhere in this Offering Memorandum and reach their own views prior to making any investment decision.

The order in which the risk factors are presented does not necessarily reflect the likelihood of their occurrence or the magnitude of their potential impact on the Volkswagen Group's business, prospects, financial condition, cash flows or results of operations.

2.1 Market-related risks

2.1.1 Demand for our products and services depends upon overall economic developments.

The sales volume of our products and services depends upon the general global economic situation. The global financial and economic crisis of 2008 and 2009 as well as the still difficult economic situation in the Eurozone have caused the macroeconomic environment in all of our relevant markets to be characterized by a high level of uncertainty and volatility. In particular, the scarcity of financing in some markets, tensions and dislocations in the capital markets, large-scale government austerity measures and tax increases, the recent economic downturn in some markets as well as a continued lack of consumer confidence in some markets and the resulting decline in consumption negatively affected the macroeconomic environment which may recover more slowly than expected or even deteriorate further.

Additionally, various geopolitical conflicts in the recent past have resulted in unexpected market volatility, most notably the Arab Spring with civil wars and civil unrest in a multitude of countries or the geopolitical crisis in the Ukraine. Higher market volatility can in turn result in a lack of consumer confidence, especially in these markets that are affected by such unrest and such market volatility as well as in a decline in consumption that can negatively impact the economic environment at a global level.

Automobile manufacturers generally responded to the declines in demand associated with a deteriorating macroeconomic environment by cutting back production in affected major regions and by reducing working hours and implementing sales promotions. Excess capacities in worldwide automobile production could still occur, which may lead to increased inventories. Excess capacities and higher inventories, as well as a decrease in demand for vehicles and genuine parts, could cause automobile manufacturers to scale down their capacities or intensify sales promotions, resulting in additional costs and increased price pressures among competing firms in the automotive industry.

However, if demand for vehicles and optional equipment recovers more quickly, reduced production capacities may lead to supply constraints, which may mean that we will not be able to process orders within a reasonable period of time. This may reduce our sales volume compared to competitors who can match their production capacities to market demand more quickly and accordingly would have a material adverse effect on our general business activities, net assets, financial position and results of operations.

2.1.2 A decline in retail customers' purchasing power or in corporate customers' financial situation and willingness to invest could significantly adversely affect our business.

Demand for vehicles for personal use generally depends on consumers' net purchasing power and their confidence in future economic developments, while demand for vehicles for commercial use by corporate customers (including fleet customers) primarily depends on the customers' financial condition, their willingness to invest (motivated by expected future business prospects) and available financing. A decrease in potential customers' disposable income or their financial flexibility will generally have a negative impact on demand for our products.

A weak macroeconomic environment, combined with restrictive lending and a low level of consumer sentiment generally, may reduce consumers' net purchasing power and lead existing and potential customers to refrain from purchasing a new vehicle, defer a purchase further or purchase a smaller model with less equipment at a lower price. A deteriorating macroeconomic environment may disproportionately reduce demand for luxury vehicles. It also leads to reluctance by corporate customers to invest in vehicles for commercial use and leased vehicles and thereby leads to a postponement of fleet renewal contracts.

To stimulate demand, the automotive industry has offered customers and dealers price reductions on vehicles and services, which has led to increased price pressures and sharpened competition within the automotive industry. As a provider of numerous high-volume models, our profitability and cash flows are significantly affected by the risk of rising competitive and price pressures.

Special sales incentives and increased price pressures in the new car business also influence price levels in the used car market, with a negative effect on vehicle resale values. This may have a negative impact on the profitability of the used car business in our dealer organization.

2.1.3 Our large market share in Western Europe, particularly in Germany, exposes us to this region's overall economic development and competitive pressures. A renewed decline in consumer demand and investment activity could significantly adversely affect our business. We also depend on the Audi brand, which contributes significantly to our profitability and results of operations.

In 2013, we delivered approximately 31.6% of our passenger cars and light commercial vehicles to customers in Western Europe and approximately 12.2% to customers in Germany. A decrease in demand for our products and services in Western Europe, especially in Germany, would have a material adverse effect on our general business activity and on our net assets, financial position and results of operations. This also applies to the commercial vehicle market, in which demand is particularly dependent on economic developments in the relevant region.

In particular, continuing uncertainty regarding economic conditions, including a potential return of the strained debt situation in many European countries, large-scale government austerity measures and tax increases, could lead to significant long-term economic weakness and low economic growth, particularly in Europe. The recent uptick in consumer demand may prove to be fragile. Specifically, recent geopolitical conflicts, including in the Ukraine and in countries affected by the Arab Spring, have resulted in market volatility. Similar conflicts and resulting market volatility could damage consumer demand. A renewed decline in consumer demand in Western Europe would have a material adverse effect on our business, financial position and results of operations.

Our competitors, including vendors in Asia and Eastern Europe that have gained access to comparable technologies through acquisitions of or partnerships with Western European automobile manufacturers, may increasingly attempt to serve the Western European market with their spare production capacity. A further increase in competitive pressures in Western European markets could result in falling prices and decreased demand for our vehicles, which could adversely affect our operating margins and cause us to lose market share.

AUDI AG and its subsidiaries contributed EUR 5,030 million to our consolidated operating profit of EUR 11,671 million in 2013. Therefore, a significant impairment of the Audi brand or Audi's business activities would also have a material adverse effect on our general business activities and on our net assets, financial position and results of operations.

2.1.4 We face strong competition in all markets, which may lead to a significant decline in unit sales or price deterioration.

The markets in which we conduct business are marked by intense competition, and we expect competition in the international automotive market to intensify further in the coming years. In previous years, this led to declines in unit sales for individual automobile manufacturers and thus to considerable price cuts for various products.

Competitive pressure, particularly in the automotive markets in Western Europe, the United States, China, Brazil, India and Russia may further intensify due to cooperation between existing vendors or the market entry of new vendors, particularly from China, India or Russia, or an expansion of production by existing vendors, for example by shifting production to countries with low unit labor costs.

Intensified competition could reduce the number of our marketable products and services, as well as the prices and margins we can obtain, which would negatively affect our market position and could materially affect our general business activities and our net assets, financial position and results of operations.

2.1.5 Changing consumer preferences with respect to modes of transportation could limit our ability to sell our traditional product lines at current volume levels.

Recent studies in several geographic markets have indicated that consumer preference may be changing towards smaller, more fuel efficient and environmentally friendly vehicles, including hybrid and electric vehicles. The size, performance and accessories features of the passenger cars and light commercial vehicles we sell have an impact on our profitability. As a general rule, larger vehicles in higher vehicle categories with higher engine power contribute more to our earnings than smaller vehicles in lower vehicle categories with lower engine power. It is technically demanding and cost intensive for us to develop engines that are smaller and more efficient but which maintain the same performance. For competitive reasons we may be able to pass these costs on to customers only to a limited extent, if at all, which could affect our profitability.

Private and commercial users of transportation increasingly use modes of transportation other than the automobile, especially in connection with increasing urbanization. The reasons for this could include the rising costs for automotive transport of people and goods, increasing traffic density in major cities and environmental awareness. Furthermore, the increased use of car sharing concepts and new city-based car rental concepts facilitates access to shared or rental cars, thereby reducing dependency on the private automobile altogether.

A change in consumer preferences away from transport by automobile, as well as a trend towards smaller vehicles or vehicles equipped with smaller engines or reduced dependency on private automobiles, would have a material adverse effect on our general business activity and on our net assets, financial position and results of operations.

2.1.6 Our commercial success depends on our own and our competitors' expansion efforts in Asia, the United States, South America and Central and Eastern Europe.

We believe that our future growth will, to a considerable extent, depend on demand from China, India, Brazil, Russia, the United States and the ASEAN region (Association of Southeast Asian Nations). Accordingly, we have increased our investments in these regions and plan to make significant investments there in the future. This also applies to our Financial Services Division.

A number of our competitors, in particular major Asian manufacturers, have also considerably expanded their production capacity or are in the process of doing so in relevant growth regions. These facilities primarily serve the respective local markets, where demand for automobiles strongly depends on local economic growth.

If local economic growth does not increase as we expect or if it weakens, we may sell fewer products in these markets or obtain lower prices than we expect. Lack of economic growth in local markets could also lead to significantly intensified price competition among automobile manufacturers in these regions. This could significantly decrease our sales revenue and income.

Furthermore, due to a lack of economic growth and resulting price competition, we may realize a return on our investments in these markets later than planned, which may have a material adverse effect on our general business activities, net assets, financial position and results of operations.

An accelerated tapering of the Federal Reserve's quantitative easing policy in the United States could have a negative impact on economic developments not only in the United States, but also in emerging markets, which have profited recently from capital inflows. This could result in increased currency pressures on many markets, which may also have a material adverse effect on our general business activities, net assets, financial position and results of operations.

In particular, our future growth plans significantly depend on the market development in China. However, higher raw material prices, stricter emission standards, or other unfavorable government policies may affect the demand for automobiles. In addition, restrictions on vehicle registrations in metropolitan areas — such as have been in force in Beijing since 2011 or in Shanghai, Guiyang and Guangzhou — may be extended to other major cities in China. This could have a material adverse effect on our sales in China.

2.2 Company-Related Risks

Strategic risks

2.2.1 We may be unable to implement our strategic plans and objectives or we may be able to do so only at a higher cost than planned and we may not reach our medium-and long-term financial goals.

With our ''Strategy 2018'', we are pursuing a strategic policy consisting of four key elements: customer satisfaction and quality, a pre-tax profit margin of at least 8%, annual sales (including Chinese joint ventures) of more than 10 million vehicles, and Volkswagen as an outstanding employer. We have linked the policy to specific quantitative and qualitative goals to assess our actual progress in pursuing this strategy. Our goal is to become the world's leading automotive group by 2018, from both an economic and an ecological perspective. Numerous factors, some of which are beyond our control, such as a slow recovery or a deterioration in the business climate in our core markets, weaker development in emerging markets or the occurrence of one or more risks described in this Offering Memorandum, can frustrate implementation of the basic strategic policy and the attainment of these goals. If we are unable to achieve the strategic goals we have announced, in whole or in part, or if the costs associated with the basic strategic policy exceed our expectations, this could have a material adverse effect on our reputation, general business activities, and on our net assets, financial position and results of operations.

Research and development risks

2.2.2 Our future business success depends on our ability to develop new, attractive and energy-efficient products that are tailored to our customers' needs and to offer these products on competitive terms and conditions.

In their purchasing decisions, customers are increasingly emphasizing lower fuel consumption and exhaust emissions. Alternative drive technologies (for example, electric powertrains or hybrid engines) are increasingly important to customers. A significant factor in our future success is our ability to recognize trends in customer requirements in sufficient time to react to these changes and thus strengthen our position in our existing product range and the market segments we already serve, as well as to expand into new market segments. We are under continual pressure to develop new products and improve existing products in increasingly shorter time periods.

We encounter research and development challenges as our products become more complex and as we introduce new, more environmentally friendly technologies. We have entered into a variety of cooperative arrangements to research and develop new technologies, particularly for propulsion and energy source technologies, such as researching high-performance lithium ion batteries for electric cars. These research and development activities may not achieve their planned objectives. Additionally, our competitors or their joint ventures may develop better solutions and may be able to manufacture the resulting products more rapidly, in larger quantities, with a higher quality or at a lower cost. This could lead to increased demand for our competitors' products and result in a loss of our market share.

If we misjudge, delay recognition of, or fail to adapt our products and services to trends and customer requirements in individual markets or other changes in demand, our unit sales could drop in the short term. We cannot eliminate this risk, even with extensive market research. If we make fundamental or repeated misjudgments over the long term, we could lose customers and the reputation of our affected brand could suffer. Such misjudgments may also lead to significantly unprofitable investments and associated costs.

If any of the factors described above occurs, or if:

- we encounter potential delays in bringing new vehicle models to market,
- we have difficulties in attaining stated efficiency targets without loss of quality,
- our customers do not accept the new models we introduce,
- we encounter temporary bottlenecks in the delivery of parts, components and materials for the manufacture of new car models,

this may have a material adverse effect on our general business activities, net assets, financial position and results of operations.

Procurement risks

2.2.3 If we encounter a shortage of raw materials, or are unable to obtain automotive parts and components, or if our suppliers face increasing economic pressure, our procurement, production, transport and service chains could be interrupted or impaired.

Our business depends, among other things, on the timely availability of raw materials, automotive parts and components, commodities and other materials. In addition, the smooth flow of our production depends on the quality of the parts, components, commodities and other materials, as well as reliable and timely delivery by suppliers.

We generally source materials, automotive parts and components from several suppliers, however, in some cases, we rely on one or a few suppliers for the delivery of certain parts, components and other materials. In these cases, we face the risk of a production downtime if one or more suppliers is unable to fulfill its delivery obligations. This effect may be exacerbated by our increasingly local production, in particular in countries such as Brazil, Russia, India and China, where we use regionally-based suppliers whose ability to deliver may be adversely affected by regional conditions and events.

During the difficult economic situation in Europe, vehicle sales declined significantly in some car markets, especially in southern Europe. This decline was intensified by strong competition in the automotive industry and had a significant adverse effect on the financial position of some of our suppliers. As a result, some of our suppliers experienced financial distress or declared bankruptcy. This could result in a loss of quality, price increases or delivery bottlenecks.

Prices of certain raw materials, such as steel, aluminum, copper, lead, coking coal, crude oil, precious metals and rare earth elements have remained highly volatile. A future economic recovery in key markets and the associated rise in demand could create a shortage of the raw materials that are important for our production and further price increases, resulting in higher manufacturing costs for end products, parts and components.

In addition, a shortage of raw materials and energy sources could arise from decreases in extraction and production due to natural disasters, political instability or unrest or production limits imposed in extracting and producing countries. For example, China, which is currently the predominant producer of rare earth elements, has limited the export of such elements from time to time.

If the prices for these or other raw materials, including energy, increase and if we are not able to pass such increases on to our customers, or if we are unable to ensure our supply of scarce raw materials, we may face higher component and production costs that could in turn negatively affect our future profitability and cash flows.

Production risks

2.2.4 In the event of a strong increase in demand, our production capacity may be insufficient.

Due to the increasing global demand for passenger cars and light commercial vehicles, as demonstrated by a 4.9% increase in global sales of passenger cars and light commercial vehicles from 2012 to 2013, we adjusted our production capacity and took organizational measures such as changes to the shift model, additional shifts and overtime to adjust our production capacity. Furthermore, we will increase our production capacity in certain regions to meet the increase in global demand for passenger cars that we expect based on external market forecasts. We or our important suppliers may not be able to adjust production capacity sufficiently and timely if demand continues to grow significantly. In addition, we may not be able to expand our production capacity as planned for political, regulatory or legal reasons. As a result, if our competitors are able to react more quickly, they could gain market share, which may have a material adverse effect on our reputation, business activities, net assets, financial position and results of operations.

2.2.5 Our future business success depends on our ability to maintain the high quality of our vehicles.

We may be able to maintain our internal quality standards only if we incur substantial costs for monitoring and quality assurance, particularly in emerging markets where we rely on local suppliers.

We may be required to implement service or recall our vehicles if there are defects in parts or components that we buy or manufacture in-house. We may need to develop new technical solutions that require governmental authorization. These measures could be costly and time-consuming, which may lead to higher warranty-related provisions and expenses than our existing provisions. Since we apply the modular component concept in vehicle production, our risk is increased because we use individual components in a number of different models and brands.

Product quality significantly influences consumers' decision to purchase vehicles. A decline in our product quality or customer perception of such decline could harm the image of our selected brands or our image as a prime manufacturer, which in turn could have a material adverse effect on our general business activities, net assets, financial position and results of operations.

2.2.6 Unforeseen business interruptions to our production facilities may lead to production bottlenecks or production downtime, and deviations from planning in connection with large projects may hinder their realization.

We have numerous production facilities worldwide. Our production facilities may be disrupted or interrupted. These interruptions or disruptions can occur for reasons beyond our control (such as airplane crashes, terrorism, epidemics or natural catastrophes) or for other reasons (such as fire, explosion, release of substances harmful to the environment or health, or strikes). Operational disruptions and interruptions may lead to significant production downtimes. We believe that we maintain a suitable level of insurance with respect to these risks based on a cost benefit analysis. However, insurance may not fully cover the aforementioned scenarios. Special risks may arise during large projects. These result in particular from contracting deficiencies, miscosting, post-contracting changes in economic and technical conditions, and poor performance on the part of subcontractors. Any production downtime or stoppage, or deviation from planning in connection with a large project, can have a material adverse effect on our reputation and general business operations. In the case of insufficient insurance coverage, any of these can also have a material adverse effect on our net assets, financial position and results of operations.

Sales and distribution risks

2.2.7 We are dependent on the sale of vehicles to corporate customers (including fleet customers) and are therefore dependent on their economic situation.

As a rule, corporate customers, including fleet customers, generate more stable incoming orders than retail customers. Although we do not depend on any individual corporate customer, corporate customers, in aggregate, are an important customer group for us.

Fleet customers need vehicles to travel, distribute their goods and services and visit their customers. They rely on cars and LCVs for their daily work and in most cases they provide a specific budget for the acquisition of the vehicles, generating stable incoming orders.

In the first three months of 2014, sales to fleet customers have been higher than during the same period in the previous year. The share of fleet registrations on total registrations in Europe increased to 26.5% in the first three months of 2014 (first three months of 2013: 25.6%). The importance of fleet customers for the Volkswagen Group has slightly increased compared to 2013.

Additionally, due to the higher number of vehicles purchased by corporate customers compared to individual customers, large corporate customers are generally granted larger discounts. There is a risk that we may be able to offset discounts to corporate customers only partially or not at all. Moreover, if we sell fewer vehicles to corporate customers, the Financial Services Division may conclude a lower number of leasing agreements, which would have a negative effect on our general business activity and on our net assets, financial position and results of operations.

2.2.8 The effects of the global financial and economic crisis, along with regulatory changes, may have a significant negative impact on the economic situation of our dealers and importers.

The economic situation of many of our dealers and importers, especially in Europe, was significantly impaired in the recent past due to declining demand for vehicles and the associated deterioration of residual values in the leasing business. The decline in demand, which was mainly caused by the global financial and economic crisis, is characterized by a significant decline in the range of products offered by banks and leasing companies for vehicle financing. If dealers or importers encounter financial difficulties and our products and services cannot be sold or sold only in limited numbers, this would have direct effects on our sales in the region covered by the dealer or importer. Additionally, if we cannot replace the affected dealers or importers with other comparable companies, the affected dealers' financial difficulties could have an indirect effect on our vehicle deliveries.

In addition, regulatory changes may have a significant negative effect on dealers' and importers' economic situation, by for example eliminating design protection for ''must-match'' genuine parts or the expansion of access to technical information for independent market participants, thereby leading to an increase in competition.

Consequently, we could be compelled to provide additional support for dealers and importers and even take over their obligations to customers, which would adversely affect our financial position and results of operations.

2.2.9 There is a risk that our multiple brand strategy may result in overlap in the sales approach, which could lead to weakening of the brands.

In the Automotive Division, we have a number of brands, some of which serve similar customer segments. Additionally, the trend of increasing number of body styles (cross-over) based on customer expectations and competitive actions increases the risk of an overlap in the sales approach. An overlap in the sales approach can weaken the position and the market share of the individual brands. This risk can be intensified by our modular strategy, which provides the same platforms and components for certain segments.

A shift in demand in the volume market in which we simultaneously offer many brands and models, for example, in the compact vehicle class, further necessitates a strong definition of the brands and requires additional work in positioning.

These risks may lead to internal cannibalization, loss of external sales or additional expenses associated with repositioning of affected models or brands, which could have a material adverse effect on our general business activities and our net assets, financial position and results of operations.

Financial risks

2.2.10 We may not succeed in refinancing our capital requirements in due time and to the extent necessary. There is also a risk that we may refinance on unfavorable terms and conditions.

We depend on our ability to cover adequately our capital requirements. As of December 31, 2013, our noncurrent and current financial liabilities amounted to EUR 121,504 million.

Our Automotive Division and Financial Services Division carry out refinancing separately, but follow the same refinancing strategy and, therefore, in principle are subject to the same financing risks. Our Automotive Division finances itself primarily through retained, undistributed earnings as well as through borrowings in the form of bonds and other instruments. Our Financial Services Division's refinancing primarily uses money market and capital market note issuance programs, securitization of loan receivables and lease receivables (asset-backed securitization programs), deposits from the direct banking business of Volkswagen Bank GmbH, Braunschweig, Germany (''**Volkswagen Bank**''), and bank loans.

Our refinancing opportunities may be adversely affected by a deterioration in general market conditions as well as by a rating downgrade or withdrawal. For example, if our credit rating decreases, the demand from capital market participants for securities issued by our Company may decrease, which may adversely impact the rates of interest we have to pay and result in lower capacity to access the capital markets.

If general market conditions deteriorate, credit spreads and/or the general level of interest rates could increase, either of which would result in higher interest expenses for the refinancing. If we do not limit our exposure to changes in interest rates accordingly, we could have materially higher financing costs which in turn would have a material effect on our profitability.

2.2.11 We are exposed to the risk that a contract party will default or that the credit quality of our contract partners or customers will deteriorate.

We are exposed to the risk that the credit quality of our retail customers and business partners (such as dealers and corporate customers) may deteriorate or that they may default (so-called risk of counterparty default). This includes the risk of default on interest and lease payments as well as on financing repayments (credit risk). Due to the relative size of the financing arrangements for dealers or corporate customers, a default by these customers could have material adverse effects on us.

We are exposed to the risk of default or deterioration of the credit quality of our contract partners in the money markets and the capital markets. In both our Automotive and Financial Services Divisions, we maintain extensive business relationships with banks and financial institutions, in particular, to control liquidity through call money and fixed term deposits and to hedge against such risks as currency exchange rate and commodity price risks using derivatives. We incur default risks with respect to the repayment of and interest on the deposits and the fulfillment of obligations under such derivatives. The default of a counterparty can have an adverse effect on us. We invest surplus liquidity in bonds and similar financial instruments, among others. If the credit quality of an issuer of these financial instruments deteriorates, or if such an issuer becomes insolvent, this may result in losses if we sell the financial instrument before its maturity. This can even result in the issuer's default on the receivable.

The risks described above increased in some markets and/or portfolios in Europe during the sovereign debt crisis. In other markets, almost no negative effects were recorded and the overall risk situation is currently stable. However, if the macroeconomic environment were to deteriorate again in the future, we may have to increase our risk provisioning.

2.2.12 Changes in exchange rates and interest rates as well as hedging transactions may have a negative impact on us.

Our businesses, operations and financial results and cash flows are exposed to a variety of market risks, including in particular the effects of changes in the exchange rates of the U.S. dollar, British pound sterling, Chinese renminbi, Russian ruble, Swiss franc, Swedish krona, Australian dollar, South Korean won, Brazilian real, South African rand, Polish zloty, Japanese yen, Canadian dollar and Mexican peso against the euro. When business and economic conditions are favorable, we are normally able to obtain the equivalent of euro-denominated prices for our products and services. However, this is usually not possible during weak economic periods, with the result that a strong euro may have an intensified negative impact. We enter into hedging transactions to lower currency risks. However, it is possible that our exchange rate risks have not been fully hedged. Moreover, hedging transactions reflect the market trends we predict at the time the respective contracts were concluded. Hence we may incur losses if the actual exchange rate fluctuations deviate from our predictions. Losses arising from unsuccessful hedging strategies, together with the expenses of hedging transactions, may result in significant costs.

In addition, in order to manage the liquidity and cash needs of our day-to-day operations, we hold a variety of interest rate sensitive assets and liabilities. We also hold a substantial volume of interest rate sensitive assets and liabilities in connection with our lease and sales financing business. Changes in interest rates may have substantial adverse effects on our operating results and cash flows.

For more information on how changes in exchange rates and interest rates may impact our operating results and cash flows, please refer to the section ''*Management's Discussion and Analysis of Financial Conditions and Results of Operations*''.

2.2.13 Our Financial Services Division is dependent, among other things, on the development of our Automotive Division and therefore is also exposed to the same risks. It also depends on its ability to offer products and services that will meet customer demands.

The primary objective of our Financial Services Division is to promote the sales of the vehicles we produce and to strengthen customer loyalty to our brands. Our Financial Services Division offers financing and leasing services, as well as other products that we offer in the financial services business, in close coordination and cooperation with the Automotive Division. In the areas of customer acquisition and customer care, our Financial Services Division works closely with our dealer organization.

The Financial Services Division generally operates in the markets where we sell vehicles. The development of our Financial Services Division depends directly on the number of vehicles sold to customers. This dependency is particularly evident in markets such as the United States, where a high percentage of the vehicles we deliver to customers is financed by our Financial Services Division. A significant decline of the number of vehicles sold in these markets would have an adverse impact on the earnings of the Financial Services Division. Therefore those factors which influence the sale of our vehicles would have a direct impact on our Financial Services Division.

We must continually adapt the financial services offered by our Financial Services Division to the needs and expectations of our customers to promote sales of our vehicles. If we are unable to meet customer demands or our competitors offer more attractive products and services, this could have a material adverse effect on our general business activities, net assets, financial position and results of operations.

2.2.14 We are subject to liquidity risks.

We depend on the issuance of debt to manage our liquidity. If our operating performance declines or if demand for related debt instruments falls, this could increase our borrowing costs or otherwise limit our ability to fund operations, which would negatively affect our operating results and cash flows. In particular, we may not be able to obtain sufficient capital to meet our financing needs or we may not be able to finance on reasonable terms and conditions, which in turn may have a material adverse effect on our business and on our net assets, financial position and results of operations.

2.2.15 In connection with our leasing business, we are exposed to the risk that the market value of the leased vehicles will fall below the calculated residual values.

As lessor under operating leases, our Financial Services Division generally bears the risk that the market value of vehicles sold at the end of the lease term may be lower than the calculated residual value at the time the contract was entered into (so-called residual value risk). Our Financial Services Division takes such differences into account in its determination of residual values.

We distinguish between direct and indirect residual value risks. If our Financial Services Division carries the residual value risk, as is generally the case in the operating lease area, it is referred to as a direct residual value risk. For finance leases, a residual value risk is indirect when that risk has been transferred to a third party (such as a dealer) based on a residual value guarantee. In Germany, our Financial Services Division frequently enters into agreements that require dealers to repurchase vehicles, so dealers, as residual value guarantors, would bear the economic residual value risk. When dealers act as the residual value guarantors, our Financial Services Division is exposed to counterparty credit risk. If the residual value guarantor defaults, the leased asset and also the residual value risk pass to our Financial Services Division.

The residual value risk may be influenced by external factors such as the selection of used cars being offered, consumer confidence and consumer preferences, exchange rates, incentive programs offered by governments and automobile manufacturers and general economic circumstances, which are beyond the control of our Financial Services Division. Uncertainties may also exist with respect to the internal methods for calculating residual values, for example owing to assumptions that prove to have been incorrect. The residual value risk is, in relative terms, higher in markets with a large share of operating lease agreements such as the United States, Canada and the United Kingdom. Our Financial Services Division continuously monitors used car price trends and makes adjustments to our risk valuation.

In addition, initiatives to promote sales of new vehicles may lead to a decline in the resale value of used cars. This was evident during the global financial and economic crisis. Among other things, our Financial Services Division was required to increase existing loss provisioning for residual value risks. Residual value risks may also increase in the future due to the aforementioned government and private sales-promotion measures and a renewed deterioration of the macroeconomic environment. Estimates of provisions for residual values may be less than the amounts actually required to be paid due to misjudgments of initial residual value forecasts or changes in market conditions. The potential shortfall may have a material adverse effect on our business and on our net assets, financial position and results of operations.

2.3 Other Risks (Impairment Tests, Personnel, IT, etc.)

2.3.1 The value of goodwill or the brand names we reported in our consolidated financial statements may need to be partially or fully depreciated as a result of revaluations.

As of December 31, 2013, goodwill reported in our balance sheet amounted to EUR 23,730 million and the reported value of brand names amounted to EUR 17,029 million.

At least once a year, we review whether the value of intangible assets may be impaired based on the underlying cash-generating units. If there is objective evidence that the carrying amount is higher than the recoverable amount for the asset concerned, we incur an impairment loss. An impairment loss may be triggered, among other things, by an increase in interest rates. As a consequence, we may need to take an impairment loss as of a future balance sheet date.

2.3.2 Our future success depends on our ability to attract, retain and provide further training to qualified managers and employees.

Our success depends substantially on the quality of our senior managers and employees as well as employees in key functions. If we lose important employees due to turnover, targeted recruiting or age-related departures, this may lead to a significant drain on our know-how. Competition for qualified personnel is increasing, particularly in the area of automotive research and development. If we fail to retain qualified personnel to the necessary extent, or if we fail to add additional qualified personnel or to continue to train existing personnel, we may not reach our strategic and economic objectives.

2.3.3 We are dependent on good relationships with our employees and their unions.

Personnel expenses are a major cost factor for us. Employees at our German locations and at a number of foreign subsidiaries have traditionally been heavily unionized. When the current collective agreements and collective wage agreements expire, we may not be able to conclude new agreements on terms and conditions that we consider to be reasonable. Furthermore, we may be able to conclude such agreements only after industrial actions such as strikes or similar measures. If our production or other areas of our business are affected by industrial actions for an extended period, this may have material adverse effects on our business and on our net assets, financial position and results of operations. In addition, our competitors may obtain competitive advantages if they succeed in negotiating collective wage agreements on better terms and conditions than we. Foreign competitors, in particular, may also obtain competitive advantages due to more flexible legal environments.

In particular, we face risks from the collective wage agreement for long-term plant and job security entered into with the German Metalworkers Union (*Industriegewerkschaft Metall*) and the Christian Metalworkers Union (*Christliche Gewerkschaft Metall*). This agreement became effective on January 1, 2009 and, in the normal course of events, may not be terminated before December 31, 2014. The agreement, which is generally applicable to all employees of Volkswagen AG, rules out compulsory redundancies during its term. In addition, we agreed to keep the number of employees at our six west German locations stable, subject to additional structural measures agreed among management and the employees and their representatives. The agreement may limit our ability to react in a timely manner to a change in underlying economic conditions.

2.3.4 *Risks arising from our pension obligations could affect us adversely.*

We provide retirement benefits to our employees. To determine our pension obligations, we make certain assumptions. If these assumptions prove to be inaccurate, our balance sheet or actual pension obligations could increase substantially and we would have to raise our pension provisions.

Since January 1, 2001, we have invested the annual remuneration-linked pension expenses of Volkswagen AG in plan assets that qualify to offset our pension provisions. Existing pension obligations, however, are not fully covered by plan assets. If the market value of plan assets falls, we may have to substantially increase our pension provisions.

Currency, interest rate and price fluctuations may adversely affect the value of the plan assets. Although we monitor these risks and take countermeasures by entering into hedging transactions, our countermeasures may prove to be insufficient. As a result, the value of the special securities fund would fall short of the aggregate pension claims and we must provide the difference, which could materially adversely affect our net assets, financial position and results of operations.

2.3.5 *We are exposed to IT risks, IT security risks and data protection risks.*

We operate comprehensive and complex IT systems. A group-wide harmonization of our various IT systems, and the third-party IT systems connected thereto, with a view to creating a uniform IT architecture, represents a special challenge for us due to, among other things, the size, complexity and international nature of Volkswagen Group. Failure to create a uniform IT architecture across Volkswagen Group subjects us to risks inherent in a non-uniform IT system, such as compatibility issues for both hardware and software or the necessity to train personnel for different systems.

Additionally, numerous essential functional processes in the development, production and sales of vehicles and components depend on computer-controlled applications and cannot be carried out without properly functioning IT systems and IT infrastructure. Malfunctions or errors in our internal or external IT systems and networks, including potential outside intrusions by hackers or computer viruses, software or hardware errors, and violations of data integrity could have adverse effects on our operational business. We face the further risks of modern industrial espionage and targeted attacks as well as the possibility of insider attacks, which challenge us to protect the availability, integrity and traceability of our systems and data.

Furthermore, regular or event-driven updates are required for many of our IT systems in order to meet increasingly complex business and regulatory requirements. The software and hardware of some of our established IT systems are no longer supported by their vendors, which increases the difficulty of ensuring that they continue to operate properly. IT system downtime, interruptions or security flaws may significantly adversely affect customer relationships, accounting, management or credit administration and may result in significant expenses for data restoration and verification. IT service failures involving mobile online services and connected cars directly affect customers and may attract negative media attention.

We collect, process and use employee and customer data which are confidential, for example in the areas of human resources and in our Financial Services Division. In this regard, we must comply with applicable data protection laws. Violations of such laws may damage our reputation, constitute administrative offenses or criminal acts and provide grounds for damages claims and fines against us and our subsidiaries.

2.4 Risks from Joint Ventures, Acquisitions and Equity Interests in Companies

2.4.1 Our cooperation with joint venture partners may entail risks that could endanger our market position and cause us to incur financial losses.

At times we enter into joint ventures with strategic partners for research and development, market launches and large projects. In the related agreements, we undertake certain obligations. If we fail to fulfill our obligations, in whole or in part, we may be subject to claims for damages and contractual penalties or the joint venture agreement may be terminated. In addition, a breach of contract by our partners or unforeseen events may impair the successful implementation of a project. Moreover, the success of our joint ventures requires that the partners constructively pursue the same goals. If we decide to divest our shareholdings or withdraw from the joint venture, we may not be able to find a buyer for our shares, or we may not be able to sell the shares for other reasons, or our joint venture partner may claim damages. Additionally, it is possible that our partners may use, outside of the scope of the joint venture project, technologies acquired in the course of the joint venture.

We are particularly exposed to these risks in relation to our joint ventures in China, due to their strategic importance in terms of our growth strategy in Asia. Any impairment of the business activities of these joint ventures, irrespective of any associated claims for damages arising from them, may have a material adverse effect on the functioning of these joint ventures. This could result from a number of factors within the respective partnership or due to the partners' differing strategic goals.

If any of these factors were to occur, we may lose orders and customers and endanger our strategic market position in the relevant markets, which may result in a time-consuming and costly search for alternative partners and the loss of costs already incurred.

2.4.2 We may be exposed to risks in relation to corporate acquisitions and equity interests in companies as well as with regard to the rights of minority shareholders.

We have made significant acquisitions in the recent past and may continue to acquire companies and equity interests in companies in the future. Corporate acquisitions are typically associated with significant investments and risks. Often we cannot completely review the target company before the acquisition or investment, or can do so only after incurring disproportionately high costs. Therefore, we may not recognize all risks related to such a transaction in advance and may not adequately protect ourselves against such risks. Target companies may also be located in countries in which the underlying legal, economic, political and cultural conditions do not correspond to those customary in the European Union, or have other national peculiarities with which we are not familiar. In addition, preparing for the acquisition and integration of companies generally ties up significant management resources. There is also a danger that acquired or licensed technologies or other assets may not be legally valid or intrinsically valuable. Furthermore, we may not succeed in retaining, maintaining and integrating the employees and business relationships of companies or portions of companies that we acquire.

We may not realize the targets for growth, economies of scale, cost savings, development, production and distribution targets, or other strategic goals that we seek from the acquisition. Alternately, given time and budget constraints we may not fully realize our strategic goals. Moreover, anticipated synergies may not materialize, the purchase price may prove to have been too high or unforeseen restructuring expenses may become necessary. Thus, our corporate acquisitions or purchases of equity interests in companies may not be successful. Moreover, in many countries and regions, planned acquisitions are subject to a review by the competition authorities, which may impede a planned transaction. It is also possible that the flow of information to us may be restricted for legal reasons in the case of equity interests in companies with minority shareholders.

Furthermore, we may not be able to recover guarantees and indemnities provided to us by third parties in the context of our acquisitions or investments. There is also a possibility that the acquired entities' contractual partners may be entitled to cancel contracts or make other claims which are disadvantageous to us.

If any of these risks occurs, or if we incorrectly assess the risks or if there are other failures in relation to our acquisitions and investments, this may have a material adverse effect on our general business activities and on our net assets, financial position and results of operations.

For more information on Volkswagen's significant equity interests, please refer to "*Business of the Volkswagen Group — Volkswagen's Divisions and their Products and Services — Automotive Division — Significant equity interests*".

2.5 Regulatory, Legal and Tax-Related Risks

2.5.1 We are subject to a range of different global regulatory and legal requirements that are constantly changing.

Our business operations worldwide are subject to comprehensive and constantly changing government regulations. This includes automobile design, manufacture, marketing and after-sales services (i.e. measures undertaken to encourage customer loyalty to the vehicle and brand following sale), including vehicle recycling, and activities in the financial services sector.

We must comply with various regulatory requirements that are not always homogeneous. This applies in particular to regulatory requirements for the protection of the environment, health and safety. Vehicles are particularly affected by regulatory requirements concerning levels of harmful emission and CO_2 emission limits, as well as tax regulations in relation to CO_2 or consumption-based motor vehicle tax models. Due to different limits in various countries, we may not be able to market a vehicle with the same specifications worldwide. In addition, the operation of our products may be prohibited in a particular country by a lowering of limits after the vehicle's sale. For example, the European Commission has imposed regulations regarding the CO_2 emissions of all passenger cars (the average of fleet) offered for sale in the European Union since 2012. Future legislative measures at the level of the European Union or its Member States or in other countries may also pose risks for us, such as risks from the obligation to take back end-of-life vehicles or risks arising from an integrated energy and climate protection program.

The costs of compliance with regulatory requirements are considerable, and such costs are likely to increase further in the future. A violation of applicable regulations could lead to the imposition of penalties, fines, damages, restrictions on or revocations of our permits and licenses, restrictions on or prohibitions of business operations and other adverse consequences.

2.5.2 We are exposed to political, economic, tax and legal risks in numerous countries.

We manufacture products in various countries, such as Germany, Sweden, Spain, the Czech Republic and the United States, in countries at the threshold of becoming industrialized nations, as well as those that only recently crossed such threshold, such as China, Brazil, Russia, India and Mexico. We offer our products and services globally. In certain countries in which we manufacture and sell products and services, the underlying conditions differ significantly from those in Western Europe, and there is less economic, political and legal stability. In a number of countries, there is a history of recurring political or economic crises and changes. This presents us with risks over which we have no control and which could have material adverse effects on our business activities and growth opportunities in these countries.

Demand for vehicles and production conditions in certain countries may be influenced by regulatory, foreign trade policy and other government market interventions. For example, restrictions on the granting or retention of approvals for vehicles or production facilities, international trade disputes, revocation of existing tax privileges, demand for the repayment of subsidies and the maintenance or introduction of new customs duties or other trade barriers such as import restrictions, may negatively affect our sales, procurement activities, production costs and expansion plans in the affected regions.

The expansion of bilateral and multilateral free-trade agreements between countries could also negatively affect our market position. This is particularly the case in Southeast Asia, where increasing numbers of Japanese companies are obtaining preferential market access based on free-trade agreements. Our inability to gain access to markets or ability to do so only on restrictive terms could have a material adverse effect on our general business activities and net assets, financial position and results of operations.

2.5.3 Our compliance and risk management systems may prove to be inadequate to prevent and discover breaches of laws and regulations and to identify measure and take appropriate countermeasures against all relevant risks.

In connection with our worldwide business operations, we must comply with a range of legislative requirements in a number of countries. We have a compliance management system that supports our operational business processes, helps to ensure compliance with legislative provisions and, where necessary, initiates appropriate countermeasures.

Members of our governing bodies, employees, authorized representatives or agents may violate applicable laws and our internal standards and procedures. We may not be able to identify such violations, evaluate them correctly or take appropriate countermeasures. Furthermore, our compliance and risk management systems may not be appropriate to our size, complexity and geographical diversification and may fail for various reasons. In addition, on the basis of experience, we cannot rule out that, for example in contract negotiations connected with business initiation, the members of our governing bodies, employees, authorized representatives or agents have accepted, granted or promised advantages for themselves, our Group or third parties, have applied comparable unfair business practices, or continue to do so. Our compliance system may not be sufficient to prevent such actions.

The occurrence of these risks may result in a reputational loss and adverse legal consequences such as the imposition of fines and penalties on us or the members of our governing bodies or employees, and may lead to the assertion of damages claims by third parties or to other detrimental legal consequences. We are particularly exposed to these risks with respect to our minority interests and joint ventures, as well as its listed subsidiaries, where it is difficult and in some cases possible only to a limited extent to integrate fully these entities into the Volkswagen Group's compliance and risk management system.

2.5.4 We are exposed to environmental and security-related liability risks.

We operate complex industrial plants and rely on the manufacture, storage and use of various substances that may constitute a hazard to human life and health as well as to the environment. In the past or in the future, environmentally hazardous substances may have entered or may enter the air, watercourses, especially groundwater, or the ground, and the environment, human health, life and safety of persons and property may have been or may be affected or endangered otherwise. We may be liable, possibly regardless of fault and in an unlimited amount, to remove or clean up such harm and to pay damages. These risks could have a material adverse effect on our general business activities and our net assets, financial position and results of operations.

2.5.5 We may not adequately protect our intellectual property and know-how or may be liable for infringement of third-party intellectual property.

We own a large number of patents and other industrial property rights, a number of which are of essential importance to our business success. Despite ownership of these rights, we may not enforce claims against third parties to the extent we require or desire. Our intellectual property rights may be challenged and we may not be able to secure such rights in the future. Furthermore, third parties may violate our patents and other intellectual property rights and we may not be able to prevent such violations for legal or factual reasons. This applies particularly to product piracy where our vehicles and components are copied, possibly with poor quality, resulting in additional reputational and warranty risks. Trade secrets and know-how that cannot be safeguarded through intellectual property rights are also important for our business success. We may be unable to prevent disclosure of trade secrets.

We may also infringe patents, trademarks or other third-party rights or may not have validly acquired service inventions. Furthermore, we may not obtain the licenses necessary for our business success on reasonable terms in the future. If we are alleged or determined to have violated third-party intellectual property rights, we may have to pay damages, modify manufacturing processes, redesign products or may be barred from marketing certain products. We could also face costly litigation. These risks could lead to delivery and production restrictions or interruptions and materially adversely affect our general business activities and our net assets, financial position and results of operations.

2.5.6 We are exposed to risks in connection with product-related guarantees and warranties as well as the provision of voluntary services, in particular in relation to recall campaigns.

As a result of contractual and legal provisions, we are obliged to provide an extensive warranty to our dealers, importers and national distributors (quality defect liability) as well as, in certain countries, to our customers. We may face additional liability depending on the applicable laws and contractual obligations.

As a rule, we form provisions for these obligations on an ongoing basis. Nevertheless, relative to the guarantees and warranties that we grant, we may have set the calculated product prices and the provisions for our guarantee and warranty risks too low or may do so in the future. Our suppliers have also provided guarantees and warranties but, when claims are made against them, our suppliers may not be able to fulfill their obligations.

Responsible supervisory authorities may request that we perform recall campaigns and could compel us to perform a recall. Frequently, such recalls concern a smaller number of vehicles. However, substantial numbers of vehicles could also be affected. The risk of a recall of a substantial number of vehicles could be exacerbated due to our application of modular vehicle components that are used for the production of vehicles across brands and classes.

We may not have claims against third parties (for example suppliers) for expenses and costs associated with such recalls or part exchanges. We may have designed products with product defects or may manufacture faulty products. Moreover, we may provide services as a courtesy or for reputational reasons although we are not legally obligated to do so.

2.5.7 Our existing insurance coverage may be not sufficient and our insurance premiums may increase.

We have obtained insurance coverage in relation to a number of risks associated with our business activities that are subject to standard exclusions, such as willful misconduct. However, we may suffer losses or claimants may bring claims against us that exceed the type and scope of our existing insurance coverage. Significant losses could lead to higher insurance premium payments. In addition, there are risks left intentionally uninsured based on our cost benefit analysis (such as, but not limited to, business interruption, interruptions following marine cargo damage, supplier insolvency, industrial disputes, specific natural hazards or comprehensive car cover), and we therefore have no insurance against these events.

If we sustain damages for which there is no or not sufficient insurance coverage, or if we have to pay higher insurance premiums or encounter restrictions on insurance coverage, this may materially adversely affect our general business operations and our net assets, financial position and results of operations.

2.5.8 In certain markets in the European Union, our distribution system for new vehicles could face increased testing expenses and may need to be modified. Amendment of the Euro 5/Euro 6 legislation may also lead to higher testing expenses and modifications in the aftermarkets.

We maintain a European-wide distribution network with selected dealers and workshops based on standardized contracts that are adapted to European and local laws. For the distribution of new motor vehicles, we use quantitative and qualitative selection criteria. Generally, we can limit the number of those dealers who fulfill the qualitative criteria. However, under Regulation (EU) No 330/2010 we may be required to self-assess our situation and be required to change our distribution contracts and admit further dealers into our network in markets where our market share will exceed 40%.

Additionally, access to technical information for independent market participants has been expanded due to amendments of the Euro 5/Euro 6 legislation (Regulation (EU) No 566/2011, Regulation (EC) No 715/2007 and Regulation (EC) No 692/2008). Therefore, we may be required to grant independent market participants access to technical information that goes beyond the current requirements, in particular to technical information on our genuine parts. The expansion of independent market participants' access to such information could give rise to additional expenses in connection with a review of existing arrangements and other costs that we would have to bear in order to adapt to the new regulation. It could also expose us to greater competition in the aftermarkets.

2.5.9 We are exposed to tax risks, which could arise in particular as a result of tax audits or as a result of past measures.

We and our subsidiaries based in Germany are subject to regular tax audits. The most recent tax audit of the major Volkswagen Group companies based in Germany covered 1996 up to and including 2000. The tax assessment notices regarding this audit are available to us and the back taxes have been paid. Our foreign companies are subject to the audit requirements of their respective national tax authorities.

Ongoing or future tax audits may lead to demands for back taxes, tax penalties and similar payments. Such payments may arise, for example, from the full or partial non-recognition of intra-group transfer prices. In countries where there are no limitation periods for tax payments (such as China), we may also face demands for back taxes relating to earlier periods.

Considerable tax risks could arise from the restructuring measures implemented at Porsche SE in 2007 and 2009 (the merger of the former Dr. Ing. h.c. F. Porsche Aktiengesellschaft with Porsche Holding Stuttgart GmbH (formerly: Porsche Zweite Zwischenholding GmbH)) and the subsequent spin-off to Dr. Ing. h.c. F. Porsche AG (''**Porsche AG**''), and from the indirect interest of Volkswagen AG in Porsche AG and the transfer of funds from Volkswagen AG's cash contribution to Porsche SE in the form of a loan. These measures could be viewed as tainted transactions during the blocking periods running until 2014 or 2016, and consequently lead to subsequent taxation of the spin-offs. The internal reorganization and most of the other measures were discussed with the tax authorities and made the subject of binding rulings prior to their implementation. However, the binding rulings could cease to be valid if the actual circumstances differ from their presentation in the applications for the binding rulings. In addition, other measures could be implemented during the blocking periods running until 2014 or 2016 that could give rise to subsequent taxation of the spin-offs implemented in 2007 and 2009.

Our provisions for tax risks may be insufficient to cover any actual settlement amount. Risks may also arise due to changes in tax laws or accounting principles. The occurrence of these risks could have a material adverse effect on our net assets, financial position and results of operations.

2.5.10 Volkswagen Financial Services AG, Volkswagen AG and Porsche SE are liable to the Bundesverband deutscher Banken e.V. (Association of German Banks) if the latter incurs losses as a result of having provided assistance to Volkswagen Bank.

Volkswagen Bank is a member of the Deposit Protection Fund of the Association of German Banks. Under the by-laws of the Association's Deposit Protection Fund, Volkswagen Financial Services AG, Volkswagen AG and Porsche SE have provided a declaration of indemnity for Volkswagen Bank. Under this declaration, they have agreed to hold the Association of German Banks harmless from any losses it incurs resulting from assistance provided to Volkswagen Bank. The Deposit Protection Fund in principle protects all non-bank deposits, that is, deposits of private individuals, commercial enterprises and public-sector entities. These circumstances may have a material adverse effect on our general business activities and our net assets, financial position and results of operations. Moreover, any rescue measures taken by the Deposit Protection Fund may cause us reputational damage.

2.5.11 In Germany, investors have brought conciliation and legal proceedings against Volkswagen AG, claiming significant damages for alleged breaches of capital markets laws.

Since 2010, several institutional and private investors in Germany initiated conciliation proceedings (*Güteverfahren*) against Volkswagen AG, as well as Porsche SE and Volkswagen AG jointly together with regard to the assertion of claims based on alleged violations of provisions of capital market laws in connection with Porsche SE's acquisition of a shareholding in Volkswagen AG. The alleged claims concern alleged losses of approximately EUR 5 billion incurred by investors as a result of their sale of or other transactions with respect to shares in Volkswagen AG and derivatives in 2008. Volkswagen rejected the claims and refused to participate in the conciliation proceedings.

In October 2011, some of these investors, together with other investors not involved in the conciliation proceedings, commenced joint legal proceedings against Porsche SE and Volkswagen AG alleging violations of provisions of capital market laws in connection with Porsche SE's acquisition of a shareholding of Volkswagen AG. At the end of December 2011, Volkswagen AG was served with an extension of the plaintiff's claim based on the same allegations, increasing the amount of claimed damages from EUR 1.1 billion to EUR 1.8 billion. Volkswagen AG considers the alleged claims to be without merit.

In the future, Volkswagen could be subject to further lawsuits or conciliation proceedings in Europe or elsewhere arising from these facts. In the event of a settlement or an unfavorable decision in the conciliation or legal proceedings, Volkswagen AG could sustain considerable losses.

2.5.12 An unfavorable outcome of investigations of Scania AB and MAN SE may require us to pay large amounts of money.

In January 2011, the European Commission commenced investigations of several commercial vehicle manufacturers, including Volkswagen's subsidiaries, Scania AB (''**Scania**'') and MAN SE (''**MAN**''), for an alleged violation of EU competition law. An investigation initiated by the United Kingdom Office of Fair Trading (OFT) in September 2010 was subsequently terminated and referred to the European Commission's investigation in June 2012. The European Commission's investigation is still ongoing. In addition, in April 2011 the South Korean antitrust authorities conducted a search at MAN Truck & Bus (Korea) Limited, and at Scania's wholly owned importer Scania Korea Limited, both Seoul, South Korea. In December 2013, the South Korean Free Trade Commission (''**KFTC**'') terminated its investigation and imposed fines on, among other truck manufacturers and importers, MAN and Scania (Korea) of EUR 14 million in total for engaging in anticompetitive behavior. Both MAN and Scania (Korea) appealed the decision of the KFTC at the beginning of 2014.

In the light of indications of irregularities in the course of the handover of four-stroke diesel engines produced by MAN Diesel & Turbo SE, MAN Diesel & Turbo SE's supervisory board initiated an investigation by MAN SE's compliance function and external advisers in 2011. The investigation showed that it was possible to externally influence the technically calculated fuel consumption figures of four stroke diesel engines on test beds operated by MAN Diesel & Turbo SE in an improper manner such that the figures displayed differed from the actual test results. MAN informed the public prosecutor in Germany in 2011. Following an investigation by the public prosecutor, the Augsburg Local Court imposed an administrative fine on MAN Diesel & Turbo SE in the single-digit millions in early 2013. Upon payment of this amount, the public prosecutor's investigation was discontinued. In connection with the public prosecutor's investigation, MAN has made accruals amounting to EUR 65 million for possible customer solutions including on-board retrofit solutions and for expenditure for specialists engaged in this investigation.

Such proceedings normally take several years. At this time, we cannot assess to what extent these proceedings will be detrimental to Scania or MAN, nor can we foresee the extent and duration of the proceedings. If the suspicions are confirmed, the participating companies will likely be subject to heavy payment obligations.

2.5.13 We are subject to risks relating to the squeeze-out of the remaining minority shareholders of Scania

On February 21, 2014, we announced a cash tender offer for all remaining shares of Scania not held by Volkswagen directly or indirectly. The consideration per share of Scania was set at 200 Swedish Krona. The tender offer was subject to various conditions, among them the condition that we hold more than 90% of the shares of Scania after the completion of the tender offer. The offer period commenced on March 17, 2014 and was extended to May 16, 2014. On May 13, 2014 we announced that the shares tendered in the offer, together with the shares already held or otherwise controlled by Volkswagen, corresponded to 90.47% of the shares and 96.26% of the voting rights in Scania. We also announced that all conditions for completion of the offer had been fulfilled and declared the offer unconditional in all respects.

We have initiated squeeze-out proceedings in order to acquire all remaining shares of Scania not tendered in the tender offer. As a result, we are at risk that the remaining minority shareholders try to block the squeeze-out or challenge the price paid to them as part of the squeeze-out. Any legal proceedings connected with the squeeze-out could be costly and could delay the full take-over of Scania. If minority shareholders are successful in challenging either the squeeze-out or the determined price for the squeeze-out, we could incur significant additional costs in connection with the takeover of Scania. This could have an adverse effect on our general business activities and net assets, financial position and results of operations.

2.5.14 We are subject to risks arising from legal disputes and government investigations.

In connection with its general business activities, our Company, as well as entities in which we hold a direct or indirect interest, are currently the subject of legal disputes and government investigations in Germany as well as abroad, and may continue to be so in the future. Such disputes and investigations may, in particular, arise from our relationships with authorities, suppliers, dealers, customers, employees or investors. We may be required to pay fines, or take or refrain from taking certain actions. To the extent customers, particularly in the United States assert claims for existing or alleged vehicle defects individually or in a class-action lawsuit, we may have to undertake costly defense measures, reimburse plaintiffs' legal fees and pay significant damages, including punitive damages. Complaints brought by suppliers, dealers, investors or other third parties (such as governmental authorities or patent exploitation companies) in the United States and elsewhere may also result in significant costs, risks or damages. This particularly relates to current and future class-action lawsuits, actions relating to patent rights and antitrust disputes among others. There may be investigations by governmental authorities into circumstances of which we currently are not aware, or which have already arisen or will arise in the future, including supervisory and environmental law, competition law, state aid or criminal proceedings.

Where the risks arising from legal disputes and investigations can be assessed and insurance coverage is economically sensible, we have purchased customary insurance coverage or made provisions for these risks. However, as a number of risks cannot be estimated or can be estimated only with difficulty, we may incur losses that are not covered by insurance or provisions. As a result, the above-described risks may have a material adverse effect on our reputation, general business activities and net assets, financial position and results of operations.

2.6 Risks Related to the Notes

2.6.1 The Issuer will partially depend on payments from other members of the Volkswagen Group to make payments on the Notes.

The Issuer's cash flow and ability to service debt depend upon its own business operations, which consist principally of the receipt of payments from the other operating subsidiaries within the Volkswagen Group for amounts lent to such subsidiaries. Applicable laws and regulations and the terms of other agreements to which the Issuer or other Volkswagen Group operating subsidiaries may be or may become subject, could restrict their ability to provide the Issuer with adequate funds.

2.6.2 The Notes do not contain any financial covenants.

Neither Volkswagen nor any of its subsidiaries (including the Issuer) will be restricted from incurring additional unsecured debt or other liabilities, including senior debt under the terms of the Notes or the Fiscal and Paying Agency Agreement. If Volkswagen incurs additional debt or liabilities, the Issuer and/or Volkswagen's ability to pay its obligations on the Notes could be adversely affected. In addition, under the Notes or the Fiscal and Paying Agency Agreement, neither the Issuer nor Volkswagen Aktiengesellschaft will be restricted from paying dividends or issuing or repurchasing their other securities.

Noteholders will not be protected under the terms of the Notes or the Fiscal and Paying Agency Agreement in the event of a highly leveraged transaction, a reorganization or a restructuring, merger or similar transaction that may adversely affect Noteholders.

2.6.3 The Notes and the Guarantee are unsecured obligations of the Issuer and the Guarantor and are subordinated to secured obligations on insolvency.

Holders of secured obligations of the Issuer and the Guarantor will have claims that are prior to the claims of holders of the Notes to the extent of the value of the assets securing those other obligations. The Notes are effectively subordinated to secured indebtedness to the extent of the value of the assets securing those other obligations. In the event of any distribution of assets or payment in any foreclosure, dissolution, winding up, liquidation, reorganization, or other bankruptcy proceeding, the assets securing the claims of secured creditors will be available to satisfy the claims of those creditors, if any, before they are available to unsecured creditors, including the holders of the Notes. In any of the foregoing events, there is no assurance to holders of the Notes that there will be sufficient assets to pay amounts due on the Notes.

2.6.4 The Volkswagen Group may incur substantially more debt in the future.

The Volkswagen Group may incur substantial additional indebtedness in the future, some of which may be secured by some or all of its assets. The terms of the Notes will not limit the amount of indebtedness Volkswagen may incur. Any such incurrence of additional indebtedness could exacerbate the related risks described in this Offering Memorandum or pose new risks not described in this Offering Memorandum.

2.6.5 Concerns regarding sovereign debt of certain member states of the European Union may disrupt credit and capital markets, which could affect the liquidity and pricing of the Notes.

Concerns about sovereign debt, in particular sovereign debt of certain member states of the European Union, continue to affect the global credit markets. Certain member states that are participants in the European monetary union have had their ability to refinance their debt called into question, amidst fears of governmental default or ratings downgrades. This resulted in widening credit spreads, reduced liquidity and reduced access to funding in the global financial markets. Concerns remain regarding rising sovereign debt burdens, contagious effects of rating downgrades, possible sovereign defaults and the future of the euro, which in turn could affect economic growth rates, interest rates and inflation. As a result of risk aversion by investors following these developments, demand for, and values of, some securities have decreased and may continue to decrease further in the future.

Disruption in the global credit markets has had a negative impact on investor confidence and has negatively affected the interbank markets and debt issuance in terms of volume, maturity and credit spreads. Renewed or intensified turmoil in global credit markets may adversely affect Volkswagen Group's business, financial condition, results of operations and prospects, which in turn may affect its ability to meet its payment obligations under the Notes.

2.6.6 Transfer of the Notes will be restricted, which may adversely affect the value of the Notes.

The Notes have not been and will not be registered under the Securities Act or the securities laws of any other jurisdiction. Purchasers may not offer the Notes in the United States except pursuant to an exemption from, or a transaction not subject to, the registration requirements of the Securities Act and applicable U.S. state securities laws, or pursuant to an effective registration statement. The Notes and the Fiscal and Paying Agency Agreement under which the Notes are issued will contain provisions that will restrict the Notes from being offered, sold or otherwise transferred except pursuant to the exemptions available pursuant to Rule 144A or other exceptions under the Securities Act. It is the Noteholder's obligation to ensure that any offers and sales of the Notes within the United States and other countries comply with applicable securities laws. See ''*Purchase and Transfer Restrictions*''.

2.6.7 An active trading market may not develop for the Notes, in which case the Noteholder's ability to transfer the Notes will be more limited.

The Notes are new securities for which there currently is no market. The Notes will not be listed on any stock exchange and the Issuer cannot assure you as to the liquidity of any market that may develop for the Notes, the ability of holders of the Notes to sell them or the price at which holders of the Notes may be able to sell them. The liquidity of any market for the Notes will depend on a number of factors, including general economic conditions and the Volkswagen Group's own financial condition, performance and prospects, as well as recommendations of securities analysts. The Issuer cannot assure prospective purchasers that an active trading market for the Notes will develop or, if one does develop, that it will be maintained.

The liquidity of, and trading market for, the Notes may also be hurt by general declines in the market for similar securities. Such a decline may adversely affect any liquidity and trading of the Notes independent of the Volkswagen Group's financial performance and prospects.

2.6.8 The Notes will initially be held in book-entry form and therefore holders of the Notes must rely on the procedures of the relevant clearing systems to exercise any rights and remedies.

Unless and until notes in definitive registered form, or definitive registered notes, are issued in exchange for book-entry interests, owners of book-entry interests will not be considered owners or holders of notes. DTC, or its nominee, will be the registered holder of the Rule 144A Global Notes and Euroclear or Clearstream, Luxembourg, or their nominee, will be the registered holder of the Regulation S Global Notes for the benefit of their respective participants. After payment to the registered holder, the Issuer will have no responsibility or liability for the payment of interest, principal or other amounts to the owners of book-entry interests. Accordingly, if a holder owns a book-entry interest, such holder must rely on the procedures of the relevant clearing system, and if such holder is not a participant in the relevant clearing system, on the procedures of the participant through which the holder owns its interest, to exercise any rights and obligations of a holder under the Fiscal and Paying Agency Agreement. See ''*Book-Entry, Delivery and Form*''.

Unlike the holders of the Notes themselves, owners of book-entry interests will not have any direct rights to act upon the Issuer's solicitations for consents, requests for waivers or other actions from holders of the Notes. Instead, if a holder owns a book-entry interest, such holder will be permitted to act only to the extent such holders has received appropriate proxies to do so from the relevant clearing system, or if applicable, from a participant. There can be no assurance that procedures implemented for the granting of such proxies will be sufficient to enable a holder to vote on any matters on a timely basis.

Similarly, upon the occurrence of an event of default under the Fiscal and Paying Agency Agreement, unless and until definitive registered notes are issued in respect of all book-entry interests, if a holder owns a book-entry interest, such holder will be restricted to acting through the relevant clearing system. There can be no assurance that the procedures to be implemented through the relevant clearing system will be adequate to ensure the timely exercise of rights under the Notes. See ''*Book-Entry, Delivery and Form*''.

2.6.9 Interest rate risks.

Investment in fixed rate notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Notes.

A key difference between floating rate notes and fixed rate notes is that interest income on floating rate notes cannot be anticipated. Due to varying interest income, Noteholders will not be able to determine a definite yield on floating rate notes at the time of purchase. As a result, the return on investment in respect of floating rate notes cannot be compared with that of investments having fixed interest rates. Noteholders intending to reinvest the interest income paid to them under the floating rate notes may be exposed to reinvestment risk in the event that market interest rates decline, as such reinvestments may be subject to the relevant lower interest rates then prevailing.

2.6.10 Credit ratings may not reflect all risks.

One or more independent credit rating agencies may assign credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to the structure, market and additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

2.6.11 Investment Company Act of 1940.

Neither the Issuer nor the Guarantor has registered with the SEC as an investment company pursuant to the Investment Company Act, in reliance on an exemption from registration and no-action positions available for obligors (a) whose outstanding securities owned by U.S. persons are owned exclusively by Qualified Purchasers and (b) which do not make a public offering of their securities in the United States. Accordingly, investors in the securities will not be accorded the protections of the Investment Company Act. The Issuer and the Guarantor believe that neither of them is an investment company required to be registered under the Investment Company Act (assuming the accuracy and completeness of all representations and warranties made or deemed to be made by investors in the securities). No opinion or no-action position has been requested of the SEC.

If the SEC or a court of competent jurisdiction were to find that the Issuer or the Guarantor is required, but had failed, to register in violation of the Investment Company Act, possible consequences include, but are not limited to, the following: (i) the SEC could apply to a district court to enjoin the violation; (ii) investors could sue the Issuer and recover any damages caused by the violation of the registration requirement of the Investment Company Act; and (iii) any contract to which the Issuer is party that is made in, or whose performance involves a, violation of the Investment Company Act would be unenforceable by any party to the contract unless a court were to find that under the circumstances enforcement would produce a more equitable result than non-enforcement and would not be inconsistent with the purposes of the Investment Company Act. Should the Issuer be subjected to any or all of the foregoing, there would be a material adverse effect on the Issuer.

2.6.12 Issuer Right to Require Transfer of the Notes if the Holder is not a Qualified Purchaser.

If at any time the Issuer determines in good faith that a holder of the Notes (or of any beneficial interest therein) is in breach, at the time given, of any of the transfer restrictions set forth under the heading "*Purchase and Transfer Restrictions*" and in the Fiscal and Paying Agency Agreement, the Issuer may require such holder to transfer such Notes (or beneficial interest therein) to a transferee acceptable to the Issuer who is able to and who does satisfy all of the relevant requirements set forth under the heading "*Purchase and Transfer Restrictions*" and in the Fiscal and Paying Agency Agreement. Pending such transfer, such holder will be deemed not to be the holder of such Notes for any purpose, including but not limited to receipt of principal and interest payments on such Notes, and such holder will be deemed to have no interest whatsoever in such Notes except as otherwise required to sell its interest therein as described in this paragraph.

3. USE OF PROCEEDS

The net proceeds from the Notes, less commissions but before expenses payable by the Volkswagen Group in connection with the Notes, will be approximately U.S.$3,490,981,000 and will be used by the Volkswagen Group for general corporate purposes, including working capital requirements.

4. CAPITALIZATION

The following table sets forth the Volkswagen Group's (a) historical (i) current financial liabilities, (ii) other current liabilities, (iii) noncurrent financial liabilities, (iv) other noncurrent liabilities, (v) equity and (vi) total as of March 31, 2014 as derived from the Company Interim Financial Statements, and (b) (i) current financial liabilities, (ii) other current liabilities, (iii) noncurrent financial liabilities, (iv) other noncurrent liabilities, (v) equity and (vi) total, as adjusted to give effect to the issuance of the Notes and the application of proceeds therefrom as discussed under ''Use of Proceeds'', as if this Offering had been completed as of March 31, 2014. This table should be read in conjunction with the sections entitled ''Selected Consolidated Financial and Operating Information'', ''Developments since January 1, 2014 and Outlook'' and ''Management's Discussion and Analysis of Financial Condition and Results of Operations'' and the Company Financial Statements and the related notes thereto included elsewhere in this Offering Memorandum.

	As of March 31,2014	
	Actual	**As adjusted[1]**
	(in EUR million) (unaudited)	
Current financial liabilities	**62,233**	**62,233**
of which guaranteed by third parties	171	171
of which secured by third parties	—	—
of which secured by own assets	985	985
of which unsecured/unguaranteed	61,077	61,077
Other current liabilities[2]	**37,057**	**37,057**
of which guaranteed by third parties	—	—
of which secured by third parties	—	—
of which secured by own assets	181	181
of which unsecured/unguaranteed	36,877	36,877
Noncurrent financial liabilities	**60,315**	**62,853**
of which guaranteed by third parties	1,622	1,622
of which secured by third parties	—	—
of which secured by own assets	1,936	1,936
of which unsecured/unguaranteed	56,758	59,296[3]
Other noncurrent liabilities[4]	**14,079**	**14,079**
of which guaranteed by third parties	—	—
of which secured by third parties	—	—
of which secured by own assets	420	420
of which unguaranteed/unsecured	13,659	13,659
Equity	**87,341**	**87,341**
Subscribed capital	1,191	1,191
Capital reserves	12,658	12,658
Retained earnings	67,046	67,046
Other reserves	−864	−864
Attributable to Volkswagen AG hybrid capital investors	4,990	4,990
Noncontrolling interests	2,320	2,320
Total	**261,026**	**263,564**

1 The Euro equivalent of Notes offered hereby is based on a Euro/U.S. dollar exchange rate of U.S.$1.3788 = €1.00, which was the middle rate as of March 31, 2014 used to record foreign currency monetary items in the balance sheet.

2 Consists of: other current liabilities (excluding current provisions for taxes and other current provisions), current tax payables and trade payables.

3 Figure includes the aggregate initial principal amount of the Notes.

4 Consists of: other noncurrent liabilities (excluding noncurrent provisions for taxes and other noncurrent provisions) and deferred tax liabilities.

5. SELECTED CONSOLIDATED FINANCIAL AND OPERATING INFORMATION

The audited consolidated financial information of the Volkswagen Group set forth below as of and for the years ended December 31, 2013, 2012 and 2011 and the unaudited condensed consolidated interim financial information of the Volkswagen Group as of and for the three-month periods ended March 31, 2014 and 2013 have been derived from, should be read in conjunction with, and are qualified in their entirety by, the Company Financial Statements, including the notes thereto, prepared in accordance with IFRS, contained elsewhere in this Offering Memorandum.

Prospective investors should read the selected financial and other information in conjunction with the information contained in sections "Presentation of Financial and Other Information", "Risk Factors", "Capitalization", "Developments since January 1, 2014 and Outlook", "Management's Discussion and Analysis of Financial Condition and Results of Operations", "Business of the Volkswagen Group" and the Company Financial Statements, including the notes thereto, and other financial data appearing elsewhere in this Offering Memorandum.

Income Statement Information

	For the three months ended March 31,		For the year ended December 31,			
	2014	2013	2013	2012[1]	2012	2011
			(in EUR million)			
	(unaudited)					
Sales revenue	**47,831**	**46,565**	**197,007**	**192,676**	**192,676**	**159,337**
Cost of sales	−38,869	−38,287	−161,407	−157,522	−157,518	−131,371
Gross profit	**8,962**	**8,278**	**35,600**	**35,154**	**35,158**	**27,965**
Distribution expenses	−4,765	−4,619	−19,655	−18,850	−18,850	−14,582
Administrative expenses	−1,653	−1,619	−6,888	−6,220	−6,223	−4,384
Net other operating income/expense[2]	311	303	2,613	1,414	1,426	2,271
Operating profit	**2,855**	**2,344**	**11,671**	**11,498**	**11,510**	**11,271**
Share of profits and losses of equity-accounted investments	994	892	3,588	13,568	13,568	2,174
Other financial result[3]	−492	−548	−2,831	421	414	5,481
Financial result	**502**	**344**	**757**	**13,989**	**13,982**	**7,655**
Profit before tax	**3,357**	**2,688**	**12,428**	**25,487**	**25,492**	**18,926**
Income tax expense	−890	−742	−3,283	−3,606	−3,608	−3,126
Profit after tax	**2,468**	**1,946**	**9,145**	**21,881**	**21,884**	**15,799**
Noncontrolling interests	51	−80	52	169	168	391
Profit attributable to Volkswagen AG hybrid capital investors	21	–	27	–	–	–
Profit attributable to shareholders of Volkswagen AG	**2,395**	**2,026**	**9,066**	**21,712**	**21,717**	**15,409**

1 Figures adjusted to reflect application of IAS 19R, which changes the way employee benefits are accounted for. In particular, this led to changes to bonus payments for partial retirement agreements. Figures derived from audited consolidated financial statements of the Company as of and for the year ended December 31, 2013.

2 Total of: other operating income and other operating expenses.

3 Total of: finance costs and other financial result.

Balance Sheet Information

	As of March 31, 2014	As of December 31, 2013	2012[1]	2012	2011
	(unaudited)	(in EUR million)			
Assets					
Noncurrent assets[2]	**202,505**	**202,141**	**196,457**	**196,582**	**148,129**
Intangible assets[2]	59,517	59,243	59,112	59,158	22,176
Property, plant and equipment[2]	42,107	42,389	39,424	39,424	31,876
Leasing and rental assets	22,931	22,259	20,034	20,034	16,626
Financial services receivables	51,897	51,198	49,785	49,785	42,450
Noncurrent receivables and other financial assets[3]	26,053	27,053	28,101	28,181	35,002
Current assets	**131,404**	**122,192**	**113,061**	**113,061**	**105,640**
Inventories	30,533	28,653	28,674	28,674	27,551
Financial services receivables	39,010	38,386	36,911	36,911	33,754
Other receivables and financial assets[4]	27,540	23,483	21,555	21,555	19,897
Marketable securities	8,631	8,492	7,433	7,433	6,146
Cash, cash equivalents and time deposits	25,690	23,178	18,488	18,488	18,291
Total assets[2]	**333,909**	**324,333**	**309,518**	**309,644**	**253,769**
Equity and Liabilities					
Equity	**87,341**	**90,037**	**81,995**	**81,825**	**63,354**
Equity attributable to shareholders of Volkswagen Aktiengesellschaft[5]	80,031	85,730	77,682	77,515	57,539
Equity attributable to Volkswagen AG hybrid capital investors	4,990	2,004	–	–	–
Equity attributable to Volkswagen AG shareholders and hybrid capital investors	85,021	87,733	77,682	77,515	57,539
Noncontrolling interests[6]	2,320	2,304	4,313	4,310	5,815
Noncurrent liabilities[2]	**115,468**	**115,672**	**121,996**	**122,306**	**89,179**
Noncurrent financial liabilities[2]	60,315	61,517	63,603	63,603	44,442
Provisions for pensions	23,131	21,774	23,939	23,969	16,787
Other noncurrent liabilities[2,7]	32,022	32,380	34,454	34,733	27,951
Current liabilities[2]	**131,100**	**118,625**	**105,526**	**105,513**	**101,237**
Put options and compensation rights granted to noncontrolling interest shareholders[6]	10,249	3,638	–	–	–
Current financial liabilities	62,233	59,987	54,060	54,060	49,090
Trade payables	19,337	18,024	17,268	17,268	16,325
Other current liabilities[2,8]	39,281	36,976	34,198	34,185	35,821
Total equity and liabilities[2]	**333,909**	**324,333**	**309,518**	**309,644**	**253,769**

1 Figures adjusted to reflect application of IAS 19R, which changes the way employee benefits are accounted for. In particular, this led to changes to bonus payments for partial retirement agreements. Figures derived from audited consolidated financial statements of the Company as of and for the year ended December 31, 2013.

2 Figures as of December 31, 2011 were adjusted because of the updated purchase price allocation in conjunction with the acquisition of MAN.

3 Total of: investment property, equity-accounted investments, other equity investments, noncurrent other receivables and financial assets, noncurrent tax receivables, deferred tax assets.

4 Total of: trade receivables, current other receivables and financial assets, current tax receivables.

5 When the tender offer to acquire all shares of Scania was published, the present value of the amount of the offer was derecognized from Group equity and a corresponding liability was recognized at the same time.

6 Following the approval by the annual general meeting of MAN SE of the conclusion of a control and profit and loss transfer agreement on June 6, 2013, the noncontrolling interests in the equity of MAN SE were derecognized from Volkswagen Group equity as a capital transaction involving a change in ownership interest. At the same time, a liability was recognized as a separate item of current liabilities in accordance with the cash settlement offer.

7 Total of: other noncurrent liabilities, deferred tax liabilities, noncurrent provisions for taxes, other noncurrent provisions, other noncurrent financial liabilities.

8 Total of: current tax payables, other current liabilities, current provisions for taxes, other current provisions, other current financial liabilities.

Cash Flow Statement Information

	For the three months ended March 31,		For the year ended December 31,			
	2014	2013	2013	2012[1]	2012	2011
			(in EUR million)			
	(unaudited)					
Cash and cash equivalents at beginning of period	**22,009**	**17,794**	**17,794**	**16,495**	**16,495**	**18,228**
Cash flows from operating activities	**1,498**	**2,549**	**12,595**	**7,209**	**7,209**	**8,500**
Cash flows from investing activities	**−2,333**	**−2,573**	**−16,890**	**−19,482**	**−19,482**	**−18,631**
Cash flows from financing activities	**4,028**	**4,545**	**8,973**	**13,712**	**13,712**	**8,316**
Effect of exchange rate changes on cash and cash equivalents	−40	176	−462	−141	−141	82
Net change in cash and cash equivalents	**3,153**	**4,697**	**4,216**	**1,298**	**1,298**	**−1,733**
Cash and cash equivalents at end of period	**25,162**	**22,490**	**22,009**	**17,794**	**17,794**	**16,495**
Securities, loans and time deposits	16,505	14,533	17,177	14,352	14,352	12,163

1 Figures adjusted to reflect application of IAS 19R, which changes the way employee benefits are accounted for. In particular, this led to changes to bonus payments for partial retirement agreements. Figures derived from audited consolidated financial statements of the Company as of and for the year ended December 31, 2013.

6. DEVELOPMENTS SINCE JANUARY 1, 2014 AND OUTLOOK

The following discussion and analysis is intended to assist you in the understanding and assessment of the trends and significant changes in the Volkswagen Group's results of operations and financial condition since January 1, 2014. The unaudited interim consolidated financial information for the period from January 1, 2013 to March 31, 2014 is not indicative of the results that may be expected for any other period or for the full year. The forward-looking statements contained in this discussion are subject to a variety of factors that could cause actual results to differ materially from those contemplated by such statements. Factors that may cause such a difference include, but are not limited to, those discussed in ''Cautionary Note Regarding Forward-Looking Statements'' and ''Risk Factors''. This discussion is based on and should be read in conjunction with the Company Interim Financial Statements and the other information included elsewhere in this Offering Memorandum. Unless otherwise indicated, all of the financial data and discussions thereof are based upon financial statements prepared in accordance with IFRS.

6.1 Development of the Company's Business in the First Three Months of 2014 and Outlook

6.1.1 General economic development

The slight revival of the global economy continued in the year to date, although it was reflected differently across the individual regions. The economic situation in the industrialized nations improved despite the continued presence of structural obstacles. At the same time, the robust economic growth seen in a number of emerging economies in the past slowed due to currency fluctuations and structural deficits.

The economic recovery in Western Europe continued in the first quarter of 2014. The northern European countries returned to a moderate growth path, while the recession appears to have come to an end in most of the crisis-hit southern European countries.

The German economy reinforced its upward trend in the first quarter of 2014, benefiting in particular from the continued positive consumer sentiment and the stable situation on the labor market.

Central and Eastern Europe recorded moderately positive economic growth in the first three months of 2014, although sentiment deteriorated due to political tensions. The Russian and Ukrainian economies were particularly impacted by the crisis in Crimea. South Africa's economic situation continued to be impacted by structural deficits and social tensions in the first quarter of 2014. GDP growth only rose slightly above the low prior-year period levels.

Despite the difficult weather-induced conditions at the beginning of the year, the US economy continued its recovery in the first quarter of 2014. The easing unemployment rate and positive consumer sentiment boosted the economy. Economic development in Mexico was positive, but remained muted compared with previous years.

In the first three months of 2014, Brazil saw growth in line with the low prior-year level. Social tensions and very high inflation are still impacting the situation in Argentina.

The Chinese economy continued to record robust growth with slightly declining momentum. India's economy was curbed by considerable price increases, cautious investment spending due to regulatory and financial uncertainties, and a large number of structural deficits. Growth in Japan continued to stabilize on the back of fiscal and monetary policy measures taken to revive the economy.

6.1.2 Trends in the passenger car markets

Global demand for passenger cars continued to rise in the first quarter of 2014. However, market trends were mixed at a regional level: while the number of new registrations in the Asia-Pacific region, Western Europe and North America, and Central Europe increased year-on-year, South America and Eastern

Europe recorded lower market volumes. The weak currencies of key emerging economies pushed prices up and thus put pressure on demand.

In Western Europe, the stabilization in the passenger car markets that had begun in the second half of 2013 led to an increase in sales in the first quarter of 2014. Overall, the markets were still at a low level, however. While France and Italy recorded moderate growth, Spain's continuation of its government purchase incentives and the further increase in consumer confidence in the United Kingdom produced double-digit growth rates.

More new cars were also registered in Germany in the first three months of 2014 than in the relevant prior-year period. Higher growth rates among private customers indicated that the positive consumer sentiment also extended to the automotive market.

The overall markets for passenger cars in Central and Eastern Europe were mixed in the first quarter of 2014. There were slight declines in Russia due to the extended recycling fee for vehicles and a sharp drop in Ukraine due to the crisis in Crimea, compared with predominantly double-digit growth in the Central European EU states.

In South Africa, demand for new passenger cars was below the prior-year period's high level as a result of subdued economic development and increased borrowing costs.

In North America, the market grew only slightly in the period from January to March 2014. The decline in demand on the US market in the first two months of 2014, a result of the extreme weather conditions at the start of the year, was more than offset in March. The automotive markets in Canada and Mexico also recorded slight increases.

The number of new passenger car registrations in South America in the first quarter of 2014 was significantly below the prior-year figure. In Brazil, the price hikes due to the ABS and airbag safety technologies, which have been mandatory since the beginning of 2014, as well as the partial reversal of the tax cut on industrial products, put pressure on demand. Argentina recorded a slump that was mainly attributable to the tax increase on higher-value passenger cars that came into effect as of January 1, 2014 as well as to increased costs of vehicle ownership.

The Asia-Pacific region recorded the highest absolute market growth in the first quarter of 2014. The Chinese market generated another double-digit percentage increase in a stable macroeconomic environment. Foreign brands in particular benefited from this trend. Vehicles in the SUV segment were particularly popular. By contrast, demand for passenger cars in India remained down year-on-year in the first quarter of 2014 despite a cut in excise taxes — for vehicles, among other things — in mid-February 2014. This was due in particular to the continued weak economy and rising fuel prices. In Japan, the passenger car market saw a strong increase in the first three months of 2014. A VAT increase that was announced on April 1, 2014 led to purchases being pulled forward there.

6.1.3 Trends in the markets for commercial vehicles

Global demand for light commercial vehicles increased modestly in the first quarter of 2014 compared with the prior-year period.

Economic stabilization in Western Europe also had a significant impact on sales figures for light commercial vehicles. Between January and March 2014, the Western European vehicle market gradually picked up speed, rising slightly year-on-year. In countries such as Italy or Spain, which continue to be impacted by the debt crisis, the markets actually recorded considerable growth. By contrast, demand was flat in France.

Demand was uneven for light commercial vehicles in the Central and Eastern European markets during the first quarter of 2014. A large number of markets, including Hungary, Slovenia and the Czech Republic, saw strong recoveries year-on-year, recording double-digit growth. However, sales in Russia fell considerably due to the political tensions and their economic impact.

The North American market for light commercial vehicles rose in the first three months of 2014.

Ongoing difficult economic conditions in South America depressed the number of new registrations for light commercial vehicles in the core markets. Only the Brazilian market exceeded the 2013 figure. This is primarily attributable to rising demand for new SUVs, which are reported as light commercial vehicles in this region. Although SUVs also buoyed the Argentinian market, the tax increase on higher-value vehicles at the beginning of 2014 triggered a significant decline in demand for light commercial vehicles.

Vehicle sales in China, the dominant market for light commercial vehicles in the Asia-Pacific region, rose slightly in the first quarter of 2014. By contrast, the Indian market was hard hit by weak economic development and high fuel prices, with a double-digit decline year-on-year. In Japan, the expansionary economic policy boosted the commercial vehicle market. Sales were mixed in the ASEAN region. While a number of small markets saw strong growth, demand in Thailand among other places declined after government incentive programs expired.

In the period from January to March 2014, global demand for mid-sized and heavy trucks with a gross weight of more than six tonnes was up slightly on the previous year.

Thanks to the improved economic environment, registrations in Western Europe in the first quarter of 2014 appreciably exceeded prior-levels. Sales rose significantly year-on-year in Germany, Western Europe's largest market.

Demand in Central and Eastern Europe reached the level of the same period in 2013. Significant growth, in particular in the Eastern EU countries, compensated for the decline in demand in Russia, which was due among other things to the recycling fee being extended to locally produced vehicles at the start of 2014. In addition, a large number of investments were not made as a result of the tense political situation in Russia.

In North America, demand in the first three months of 2014 exceeded the prior-year figure. This rise was due, among other reasons, to increased industrial output, extensive construction activities and the high demand for replacement vehicles in the heavy truck segment.

The number of vehicles sold in South America was significantly below the 2013 figure between January and March 2014. Vehicle sales were down considerably year-on-year in the Brazilian truck market. Following double-digit growth in 2013, which was driven by both favorable financing conditions and high demand for transportation, a deteriorating macroeconomic environment and more restrictive financing conditions led to declining demand at the start of 2014.

New registrations in the Asia-Pacific region — excluding the Chinese market — fell short of the prior-year level. This was primarily attributable to the Indian market, where the investment climate was overshadowed by the weak domestic economy and high financing costs. Demand in China, the world's largest truck market, was up significantly year-on-year in the first three months of 2014. Higher investments in infrastructure lifted demand for trucks. New bus registrations declined slightly worldwide in January to March 2014 compared with the prior-year figure.

6.1.4 Trends in the markets for power engineering

The markets for power engineering are subject to differing regional and economic factors. Consequently, their business growth trends are generally independent of one another.

The market situation for large merchant ships — such as container and freight ships — continued to be tense due to overcapacity. Despite this, the mood improved slightly in the first three months of 2014 amid expectations of an upturn. Demand for four-stroke engines for merchant and special ships remained stable in the first quarter of 2014. Overall, the market for marine engines saw a slightly positive trend compared with the same period of the previous year.

In particular in developing countries and emerging markets, the need for energy generation facilities remained high, with a strong trend towards greater flexibility and decentralized availability. The global trend towards using natural gas as a fuel source continued. Order placements were delayed for larger projects in particular, due to exchange rate fluctuations and difficult financing conditions for customers. Compared with the first quarter of 2013, the market for power generation as a whole was stable.

The turbomachinery market is mainly dominated by contracts awarded in connection with global investment projects in oil and chemical facilities. Project volumes remained high in the oil and gas industry; however, competitive pressure rose as a result of the unfavorable trend affecting the US dollar and the yen in particular. Demand for turbomachinery in the processing industry was also unchanged at a low level between January and March 2014, increasing the existing strong competitive pressure still further due to currency-related factors. The overall market for turbomachinery declined slightly compared with the same period of the previous year.

6.1.5 Demand for financial services

Global demand for automotive-related financial services benefited from continuing strong demand in the period from January to March 2014. The positive overall performance in Germany and the signs of recovery in Western and Central Europe revived business with financial services products.

Demand for financial services in North America was stable as a whole.

The Latin and South American automotive markets were dominated by pressure on demand; however, sales volumes for financial services stabilized at the prior-year level.

The volume of vehicles sold in the Asia-Pacific region, and in China in particular, was higher than in the previous year — in some areas significantly so.

In the truck and bus business, sales in South America and Asia-Pacific (excluding China) came under pressure, while financial services volumes in North America and China exceeded the prior-year levels.

6.1.6 Volkswagen Group deliveries

At 2,442,275 vehicles, the Volkswagen Group's deliveries to customers in the first quarter of 2014 were up by 128,589 vehicles or 5.6% on the prior-year period. The delivery figures were higher in all three months of 2014 than in the same months of the previous year.

The following table provides an overview of Volkswagen Group's deliveries of passenger cars and commercial vehicles in the three-month periods ended March 31, 2014 and 2013:

	Volkswagen Group Deliveries from January 1 to March 31		
	2014	**2013[1]**	**%**
Passenger cars	2,276,178	2,142,530	+6.2
Commercial vehicles	166,097	171,156	−3.0
Total	**2,442,275**	**2,313,686**	**+5.6**

1 Deliveries for 2013 have been updated to reflect subsequent statistical trends.

6.1.7 Passenger car deliveries worldwide

The Volkswagen Group sold 2,276,178 passenger cars worldwide in the first quarter of 2014, exceeding the record level from the prior-year period by 6.2%. Since the market as a whole only grew by 5.2% in the same period, Volkswagen was able to extend its market position and gain additional market share. The Volkswagen Passenger Cars (+3.9%), Audi (+11.7%), ŠKODA (+12.1%) and Porsche (+4.5%) brands recorded new highs in the first quarter of 2014. Demand for Volkswagen Group passenger cars increased again in the Asia-Pacific region, and Volkswagen generated encouraging growth rates in Europe as well.

The following table provides an overview of passenger car deliveries to customers by market in the three-month periods ended March 31, 2014 and 2013:

	Passenger Car Deliveries to Customers by Market from January 1 to March 31[1]		
	Deliveries (Units)		Change
	2014	2013	(%)
		(unaudited)	
Europe/Other markets	**966,627**	**900,181**	**+7.4**
Western Europe	**732,484**	**677,805**	**+8.1**
of which: Germany	258,526	239,021	+8.2
United Kingdom	138,126	119,908	+15.2
France	64,035	62,856	+1.9
Spain	51,938	47,443	+9.5
Italy	50,478	46,952	+7.5
Central and Eastern Europe	**149,960**	**133,535**	**+12.3**
of which: Russia	62,649	63,849	−1.9
Poland	29,504	19,306	+52.8
Czech Republic	22,461	17,855	+25.8
Other markets	**84,183**	**88,841**	**−5.2**
of which: South Africa	25,854	27,050	−4.4
Turkey	22,091	22,822	−3.2
North America	**194,606**	**203,626**	**−4.4**
of which: USA	133,481	142,754	−6.5
Mexico	44,431	42,642	+4.2
Canada	16,694	18,230	−8.4
South America	**141,589**	**182,484**	**−22.4**
of which: Brazil	108,638	132,671	−18.1
Argentina	24,240	40,345	−39.9
Asia-Pacific	**973,356**	**856,239**	**+13.7**
of which: China	879,898	768,565	+14.5
Japan	33,413	26,520	+26.0
India	18,057	25,940	−30.4
Worldwide	**2,276,178**	**2,142,530**	**+6.2**
Volkswagen Passenger Cars	1,480,967	1,425,779	+3.9
Audi	412,846	369,494	+11.7
ŠKODA	247,184	220,433	+12.1
SEAT	93,401	87,077	+7.3
Bentley	2,580	2,212	+16.6
Lamborghini	529	519	+1.9
Porsche	38,663	37,009	+4.5
Bugatti	8	7	+14.3

1 Deliveries for 2013 have been updated to reflect subsequent statistical trends. Includes the Chinese joint ventures.

6.1.7.1 Deliveries in Europe/Other markets

In the first three months of 2014, Volkswagen Group delivered 732,484 units in Western Europe's growing passenger car market, surpassing the 2013 figure by 8.1%. Volkswagen Group's delivery figures were up year-on-year in all major markets in this region. The Polo, Golf estate, Tiguan, Audi A3, Audi Q3, ŠKODA Octavia and SEAT Leon models were in particularly high demand. The Volkswagen Group's share of the passenger car market in Western Europe was 24.0% (prior-year period: 24.0%).

In Germany, deliveries to customers in the first quarter of 2014 were 8.2% higher than in the same period of the previous year; the market as a whole grew by 5.6% in the same period. The Golf, Golf estate, Touran, Tiguan, Audi A3, ŠKODA Rapid, ŠKODA Octavia and SEAT Leon models recorded the highest growth rates. Six Volkswagen Group vehicles led the German Federal Motor Transport Authority (KBA — *Kraftfahrtbundesamt*) registration statistics in their respective segments: the up!, Polo, Golf, Passat, Touran and Tiguan. Once again, the Golf was the most popular passenger car in Germany in terms of registrations in the first three months of 2014.

Overall, Volkswagen Group sold 12.3% more vehicles in the Central and Eastern European markets in the first quarter of 2014 than in the same period of 2013. Volkswagen Group's deliveries to customers in Poland and the Czech Republic saw a strong rise, while sales declined in Russia as a result of the political tensions. The Polo notchback, Golf, Tiguan, Audi Q3 and Audi Q5 models and the ŠKODA Fabia, Rapid and Octavia models were very popular. The Group increased its share of the market to 17.1% (prior-year period: 15.6%).

The Volkswagen Group delivered 4.4% fewer vehicles to customers in the South African market than in the first quarter of 2013, although it outperformed the market as a whole. Demand for the Golf and the Audi A3 was higher than in the previous year, however.

6.1.7.2 Deliveries in North America

In the first three months of 2014, the Volkswagen Group's deliveries to customers in North America decreased by 4.4% year-on-year, and its market share was 4.5% (prior-year period: 4.8%). The Jetta was again the Group's bestselling model in North America.

In the USA, Volkswagen Group's sales were 6.5% lower in the first quarter of 2014 than in the same period of the previous year. The market as a whole grew by 1.5%, with this increase taking place mainly in the pickups area of the light commercial vehicles segment and in the heavy SUV segment, while most other segments stagnated. Demand for the Beetle Cabriolet, Jetta, Audi A6 and Audi Q7 models developed positively. The Porsche 911 Coupé and Cayenne models were also in strong demand.

In the first quarter of 2014, deliveries to customers in the Canadian market declined by 8.4% year-on-year. The Tiguan, Passat, Audi A4 and Audi Q5 models recorded increased sales figures.

In Mexico, Volkswagen Group delivered 4.2% more vehicles to customers in the first three months of 2014 than in the same period of 2013. The highest increases were recorded by the Polo, Audi A3 and SEAT Toledo models.

6.1.7.3 Deliveries in South America

In the first quarter of 2014, Volkswagen Group delivered 22.4% fewer vehicles year-on-year to customers in the South American markets, which are highly competitive and dominated by increasingly difficult conditions. The Volkswagen Group's share of the passenger car market decreased overall to 14.9% (prior-year period: 18.0%).

Volkswagen Group's sales in Brazil were 18.1% lower in the first three months of 2014 than in the same period of the previous year. However, demand for the Golf, Audi A3 and Audi Q3 models developed positively. The Gol remained the bestselling model in Brazil.

Deliveries to the Volkswagen Group's customers in the Argentinian passenger car market were 39.9% lower year-on-year in the first quarter of 2014. The Gol saw the highest demand of all Volkswagen Group models.

6.1.7.4 *Deliveries in the Asia-Pacific region*

In the Asia-Pacific region, Volkswagen Group's passenger car sales were 13.7% higher in the period from January to March 2014 than in the first quarter of 2013. As the market as a whole grew by 10.0% in the same period, the Group's market share in this region improved to 12.5% (prior-year period: 12.1%).

The Chinese market remained the growth driver in the Asia-Pacific region. Volkswagen Group delivered 14.5% more vehicles year-on-year to customers in China in the first quarter of 2014. The Jetta, Lavida, Magotan, Santana, Tiguan and Audi Q3 models recorded the highest growth rates compared with the same period in the previous year. The Porsche Panamera was also very popular.

In Japan, Volkswagen Group sold 26.0% more vehicles in the first three months of 2014 than in the same period of the previous year, while the market as a whole grew by 20.9%. The Polo, Golf, Audi A3 and Audi A4 models were particularly popular.

Volkswagen Group delivered 30.4% fewer vehicles to customers in the declining Indian passenger car market in the first quarter of 2014 than in the same period of the previous year. The bestselling model was the Polo. The Audi Q3 and ŠKODA Octavia models saw increases.

6.1.8 *Commercial vehicles deliveries*

In the first quarter of 2014, the Volkswagen Group delivered 166,097 commercial vehicles to customers worldwide, 3.0% fewer than in the prior-year period. The number of trucks sold decreased to 40,494 vehicles (−3.1%), while deliveries of buses were 16.0% lower at 4,736 units. Volkswagen Commercial Vehicles sold 120,867 vehicles, falling slightly short of the prior-year figure (−2.3%). Scania increased its deliveries by 11.3% to 18,844 units. MAN delivered 26,386 vehicles to customers in the first quarter of 2014, 13.4% fewer than in the same period of the prior year.

In the Western European market, the Volkswagen Group benefited from the recovery of the economic situation in the first quarter of 2014. Volkswagen Group brands delivered a total of 81,256 commercial vehicles from January to March 2014, exceeding the figure for the first quarter of 2013 by 7.2%. A total of 66,932 light commercial vehicles and 13,701 trucks were sold. The Caddy and the Transporter were particularly popular.

The Volkswagen Group delivered 15,045 commercial vehicles in Central and Eastern European markets, 6.9% more vehicles than the same period of the previous year. Light commercial vehicles accounted for 9,259 units and trucks accounted for 5,698. The Amarok enjoyed increasing popularity. The recycling fee, which was extended to locally produced vehicles at the start of 2014, contributed to the 3.9% decline in Volkswagen Group's sales in Russia, to 5,693 units. However, this decrease was offset by higher demand in the remaining Central and Eastern European countries.

In Other markets, demand for Volkswagen Group commercial vehicles increased by 5.0% overall to 9,652 light commercial vehicles, 5,254 trucks and 429 buses.

Volkswagen Group delivered 3,162 commercial vehicles (+24.3%) to customers in North America, of which 2,676 units were light commercial vehicles and 86 were trucks.

Total deliveries in South America amounted to 43,490 commercial vehicles (−24.3%), of which 27,011 were light commercial vehicles, 13,721 were trucks and 2,758 were buses. The Saveiro experienced the highest demand. In the Brazilian market, a deterioration in the macroeconomic environment and more restrictive financing conditions led to declining demand for vehicles at the start of 2014. Volkswagen Group delivered a total of 33,711 vehicles to customers in Brazil (−27.8%). Light commercial vehicles accounted for 19,082 units, trucks for 12,328 and buses for 2,301.

In the Asia-Pacific region, Volkswagen Group delivered 7,809 commercial vehicles to customers (+16.5%), of which 5,337 were light commercial vehicles and 2,034 were trucks.

The following table provides an overview of commercial vehicle deliveries to customers by market in the three-month periods ended March 31, 2014 and 2013:

	Commercial Vehicle Deliveries to Customers by Market from January 1 to March 31		
	Deliveries (Units)		Change
	2014	2013[1]	(%)
Europe/Other markets	**111,636**	**104,458**	**+6.9**
Western Europe	81,256	75,782	+7.2
Central and Eastern Europe	15,045	14,075	+6.9
Other markets	15,335	14,601	+5.0
North America	**3,162**	**2,544**	**+24.3**
South America	**43,490**	**57,453**	**−24.3**
of which: Brazil	33,711	46,661	−27.8
Asia-Pacific	**7,809**	**6,701**	**+16.5**
of which: China	1,229	1,132	+8.6
Worldwide	**166,097**	**171,156**	**−3.0**
Volkswagen Commercial Vehicles	120,867	123,746	−2.3
Scania	18,844	16,938	+11.3
MAN	26,386	30,472	−13.4

1 Deliveries for 2013 have been updated to reflect subsequent statistical trends.

6.1.9 Deliveries in the Power Engineering segment

Orders in the Power Engineering segment are usually part of major investment projects. Lead times typically range from just under one year to several years, and partial deliveries as construction progresses are common. Accordingly, there is a time lag between incoming orders and sales revenue from the new construction business.

In the first three months of 2014, sales revenue in the Power Engineering segment was largely driven by Engines & Marine Systems and Turbomachinery, which together generated nearly three-quarters of the overall revenue volume.

6.1.10 Group financial services

The strong demand for Volkswagen Financial Services' products and services continued during the first quarter of 2014. The financial services business of MAN Finance International GmbH has been included in this division since January 1, 2014; the prior-year figures were adjusted accordingly. The number of new financing, leasing, service and insurance contracts signed worldwide rose by 17.0% year-on-year to EUR 1.1 million. The total number of contracts as of the end of March 2014 was 11.1 million, surpassing the figure at March 31, 2013 by 12.2%.

In Europe, 774 thousand new contracts were signed in the period from January to March 2014, an increase of 23.3% on the first three months of 2013. At 7.8 million, the total number of contracts was 8.8% higher than in the previous year. The Customer Financing/Leasing area accounted for 4.4 million contracts, a rise of 5.7%.

The number of contracts in North America grew by 16.8% year-on-year to 1.9 million as of March 31, 2014. Of these, 1.4 million contracts were attributable to the Customer Financing/Leasing area (+10.2%). At 167 thousand, the number of new contracts signed was on a level with the previous year (−0.8%).

In South America, the total number of contracts was 808 thousand at March 31, 2014, 15.7% higher than at March 31, 2013. Almost all contracts were attributable to the Customer Financing/Leasing area. In the first quarter of 2014, 32 thousand new contracts were signed. The 54.8% year-on-year decline is attributable to lower deliveries as well as to the higher interest rates in Brazil, which had a negative impact on customer financing.

In the Asia-Pacific region, the number of contracts at the end of the first quarter of 2014 amounted to 694 thousand (+42.4%), of which 579 thousand were attributable to the Customer Financing/Leasing area (+45.4%). The number of new contracts rose by 84.7% to 112 thousand compared with the first quarter of 2013.

6.1.11 Sales to the dealer organization

In the first quarter of 2014, the Volkswagen Group's worldwide unit sales to the dealer organization — including the Chinese joint ventures — amounted to 2,562,152 vehicles, exceeding the prior-year figure by 7.9%. The continuing high demand for Group models in the Chinese passenger car market and the increased demand in European countries excluding Germany resulted in sales outside Germany rising by 8.5%. Within Germany, the market recovered again; the Group sold 3.7% more vehicles than in the same period in 2013. Vehicles sold in Germany accounted for 11.9% (prior-year period: 12.4%) of overall sales.

6.1.12 Production

The Volkswagen Group produced 2,565,244 vehicles worldwide in the first quarter of 2014; 7.4% more than in the same period in the prior year. At 660,443 vehicles, the number of models produced in Germany was 8.8% higher than in the same period of the previous year. As a result, the proportion of vehicles produced in Germany rose from 25.4% to 25.7%.

6.1.13 Inventories

Global inventories at Group companies and in the dealer organization were higher on March 31, 2014 than at year-end 2013 and at March 31, 2013.

6.1.14 Number of employees

The Volkswagen Group had 549,777 active employees on March 31, 2014. There were also 8,968 employees in the passive phase of their partial retirement. An additional 16,117 young people were in vocational traineeships. The Volkswagen Group had a total of 574,862 employees worldwide at March 31, 2014, 0.4% above the number as of December 31, 2013. This rise was due to increased volumes. At 259,184, the number of employees in Germany was 0.5% lower than the 2013 year-end figure. The proportion of employees in Germany decreased from 45.5% to 45.1%.

6.2 Results of Operations, Financial Position and Net Assets

6.2.1 Results of operations of the Volkswagen Group

The Volkswagen Group generated sales revenue of EUR 47.8 billion in the first three months of 2014, an increase of 2.7% over the EUR 46.6 billion in sales revenue achieved in the prior-year period. Year-on-year, sharply negative exchange rate effects were offset by positive volume and mix effects. The Volkswagen Group generated 79.2% (prior-year period: 80.1%) of its sales revenue outside of Germany.

At EUR 9.0 billion, gross profit in the first quarter of 2014 was EUR 0.7 billion or 8.3% higher than in the prior-year period. The gross margin rose to 18.7% (prior-year period: 17.8%). Higher depreciation charges resulting from significant capital expenditures and higher research and development costs were offset by improved product costs. By comparison, prior-year profit was impacted by contingency reserves.

The Volkswagen Group's operating profit in the first quarter of 2014 was EUR 2.9 billion, 21.8% higher than the figure for the same period in the previous year. The operating return on sales was higher than a year earlier at 6.0% (5.0%).

Profit before tax in the first quarter of 2014 improved to EUR 3.4 billion (prior-year period: EUR 2.7 billion). Profit after tax amounted to EUR 2.5 billion (prior-year period: EUR 1.9 billion).

6.2.2 Results of operations in the Automotive Division

At EUR 42.1 billion in the first quarter of 2014, sales revenue in the Automotive Division exceeded the figure for the same period in the previous year by 2.2%. Negative exchange rate effects were more than offset by positive volume and mix effects. As Volkswagen Group's Chinese joint ventures are accounted for using the equity method, the Volkswagen Group's positive business growth in the Chinese passenger car market is mainly reflected in the Volkswagen Group's sales revenue only by deliveries of vehicles and vehicle parts.

Gross profit in the Automotive Division rose by 8.4% in the first quarter of 2014 to EUR 7.6 billion. While optimized product costs had a positive effect, higher depreciation charges as a result of increased capital expenditures and higher upfront investments in new products, particularly for new drive concepts, had a negative impact. The same period in the prior year had been impacted by contingency reserves in the areas of passenger cars and power engineering.

Distribution expenses increased by 2.8% in the first quarter of 2014, while the ratio of distribution expenses to sales revenue remained almost unchanged. Administrative expenses and the ratio of administrative expenses to sales revenue were on a level with the prior-year quarter. Other operating income was slightly higher than the prior-year figure at EUR 0.6 billion (EUR 0.5 billion).

The Automotive Division generated an operating profit of EUR 2.4 billion in the first three months of 2014 (prior-year period: EUR 1.9 billion). The operating return on sales climbed from 4.7% to 5.8%. The extremely positive business growth of Volkswagen Group's Chinese joint ventures is mainly reflected in the Volkswagen Group's operating profit only by deliveries of vehicles and vehicle parts. The profit recorded by the joint venture companies is accounted for in the financial result using the equity method.

The financial result for the first quarter of 2014 amounted to EUR 0.5 billion (prior-year period: EUR 0.3 billion). The income contained in this figure from the equity-accounted Chinese joint ventures was above the solid prior-year figures.

The following table provides an overview of the results of operations in the Passenger Cars Business Area and the Commercial Vehicles/Power Engineering Business Area in the three-month period ended March 31, 2014 and 2013:

	Results of Operations in the Passenger Cars Business Area and Commercial Vehicles/ Power Engineering Business Area from January 1 to March 31	
	2014	**2013**
	(in EUR million, except for percentages) (unaudited)	
Passenger Cars		
Sales revenue	34,172	33,123
Gross profit	6,401	6,168
Operating profit	2,201	2,020
Operating return on sales	6.4%	6.1%
Commercial Vehicles/Power Engineering		
Sales revenue	7,881	8,006
Gross profit	1,220	861
Operating profit	224	−93
Operating return on sales	2.8%	−1.2%

6.2.3 Results of operations in the Financial Services Division

Sales revenue in the Financial Services Division amounted to EUR 5.8 billion in the period from January 1 to March 31, 2014, 6.3% more than in the first three months of 2013. The increase was mainly due to higher business volumes.

Gross profit rose by 7.3% year-on-year, to EUR 1.3 billion. Distribution and administrative expenses increased slightly in the first quarter of 2014 due to volume-related factors and compliance with regulatory requirements, while the ratio of both distribution and administrative expenses to sales revenue remained almost unchanged overall.

At EUR 0.4 billion, operating profit was 3.4% higher than in the same period of the previous year, while the operating return on sales stood at 7.5% (prior-year period: 7.7%).

6.2.4 Financial position of the Volkswagen Group

At EUR 6.2 billion, the Volkswagen Group's gross cash flow in the first quarter of 2014 exceeded the prior-year figure by 31.9%. Funds tied up in working capital increased by EUR 2.5 billion to EUR 4.7 billion. As a result, cash flows from operating activities declined to EUR 1.5 billion (prior-year period: EUR 2.5 billion).

Investing activities attributable to the Volkswagen Group's operating activities were up by EUR 0.5 billion on the prior-year figure to EUR 2.9 billion in the first three months of 2014. Capitalized development costs rose, while investments in property, plant and equipment were on a level with the first quarter of 2013.

Cash inflows from financing activities amounted to EUR 4.0 billion (prior-year period: EUR 4.5 billion). Net liquidity was increased by the hybrid notes successfully placed in March 2014 (EUR 3.0 billion).

Cash and cash equivalents in the Volkswagen Group as reported in the cash flow statement amounted to EUR 25.2 billion, 11.9% higher than at March 31, 2013.

The Group's net liquidity amounted to EUR −80.9 billion; at December 31, 2013, it was EUR −82.3 billion.

6.2.4.1 Financial position in the Automotive Division

At EUR 4.8 billion, gross cash flow in the Automotive Division was EUR 1.4 billion higher than in the same period of the previous year. This was due to earnings-related factors and to a dividend receivable from the equity-accounted Chinese joint venture FAW-Volkswagen, which had to be recognized already in the first quarter of 2014. Due to growth and the dividend receivable, among other factors, funds of EUR 2.5 billion were tied up in working capital, in contrast to a release of funds of EUR 0.2 billion from working capital in the prior-year period. As a result, cash flows from operating activities declined by EUR 1.3 billion to EUR 2.3 billion.

The cash outflow from investing activities attributable to operating activities was EUR 2.3 billion overall in the first quarter of 2014 (prior-year period: EUR 3.9 billion). Investments in property, plant and equipment remained almost unchanged year-on-year at EUR 1.6 billion (EUR 1.7 billion); the ratio of investments in property, plant and equipment (capex) to sales revenue was 3.9% (prior-year period: 4.1%). Volkswagen Group invested primarily in its production facilities and in models to be launched in 2014 and 2015, as well as in the ecological focus of its model range. Capitalized development costs rose by EUR 0.5 billion to EUR 1.2 billion. MAN Finance International GmbH was sold to Volkswagen Financial Services AG by MAN SE in the first quarter of 2014, while the previous year's investing activities were impacted by the intragroup acquisition of the interest in LeasePlan Corporation N.V.

Net cash flow in the Automotive Division improved by EUR 0.4 billion year-on-year in the first three months of 2014.

In March, the Volkswagen Group successfully placed dual-tranche hybrid notes with an aggregate principal amount of EUR 3.0 billion via Volkswagen International Finance N.V. They consist of a EUR 1.25 billion note that carries a coupon of 3.75% and has a first call date after seven years, and a EUR 1.75 billion note that carries a coupon of 4.625% and has a first call date after twelve years. Both tranches are perpetual and increase equity by the full amount, net of transaction costs. EUR 3.0 billion of the hybrid notes was classified as a capital contribution, which increased net liquidity. A capital increase of EUR 2.3 billion carried out by Volkswagen AG at Volkswagen Financial Services AG at the beginning of 2014 in order to finance the growth in business volumes and compliance with regulatory capital requirements had an offsetting effect within financing activities.

At EUR 17.7 billion on March 31, 2014, net liquidity in the Automotive Division exceeded the figure at December 31, 2013 by 5.0%.

The following table provides an overview of the financial position in the Passenger Cars Business Area and the Commercial Vehicles/Power Engineering Business Area in the three-month periods ended March 31, 2014 and 2013:

	Financial position in the Passenger Cars Business Area and the Commercial Vehicles/ Power Engineering Business Area from January 1 to March 31	
	2014	**2013**
	(in EUR million) (unaudited)	
Passenger Cars		
Gross cash flow	4,303	3,032
Change in working capital	−1,703	6
Cash flows from operating activities	2,600	3,037
Cash flows from investing activities attributable to operating activities	−2,531	−3,726
Net cash flow	69	−689
Commercial Vehicles/Power Engineering Business Area		
Gross cash flow	470	339
Change in working capital	−819	152
Cash flows from operating activities	−349	490
Cash flows from investing activities attributable to operating activities	228	−216
Net cash flow	−121	274

6.2.4.2 Financial position in the Financial Services Division

Gross cash flow in the Financial Services Division was EUR 1.4 billion at the end of the first quarter of 2014, EUR 0.1 billion higher than the figure for the same period of 2013. Funds tied up in working capital were lower than in the same period of the previous year at EUR 2.1 billion (EUR 2.3 billion). Largely due to the intragroup acquisition of MAN Finance from MAN SE, a cash outflow of EUR 0.6 billion was recorded in investing activities attributable to operating activities in the first quarter of 2014. In the previous year, there was a cash inflow of EUR 1.5 billion primarily due to the sale of the interest in LeasePlan to Volkswagen AG.

The Financial Services Division's negative net liquidity, which is common in the industry, amounted to EUR −98.6 billion at March 31, 2014, compared with EUR −99.2 billion at December 31, 2013.

6.2.5 Consolidated balance sheet structure

At EUR 333.9 billion, the Volkswagen Group's total assets as of March 31, 2014 exceeded the 2013 year-end figure by 3.0%. The equity ratio was 26.2% (December 31, 2013: 27.8%).

6.2.5.1 Automotive Division balance sheet structure

At the end of the first quarter of 2014, noncurrent assets in the Automotive Division were on a level overall with December 31, 2013. Both intangible assets and property, plant and equipment remained virtually unchanged compared with the end of 2013. The equity-accounted investments contained in the other noncurrent assets item decreased, as dividends that have already been declared had to be recognized in this item in the first quarter of 2014. Within current assets, which rose by a total of 12.8%, the growth in business resulted in a rise in inventories and trade receivables in particular. The dividend receivable is also contained in this item. Cash and cash equivalents in the Automotive Division amounted to EUR 22.7 billion at March 31, 2014 (December 31, 2013: EUR 20.5 billion).

The following table provides an overview of the balance sheet structure of the Passenger Cars Business Area and the Commercial Vehicles/Power Engineering Business Area as of March 31, 2014 and 2013:

	Balance sheet structure in the Passenger Cars Business Area and the Commercial Vehicles/Power Engineering Business Area	
	March 31, 2014	**December 31, 2013**
	(in EUR million) (unaudited)	
Passenger Cars Business Area		
Noncurrent assets	93,995	94,873
Current assets	59,474	50,146
Total assets	**153,469**	**145,019**
Equity	62,379	60,494
Noncurrent liabilities	51,458	52,900
Current liabilities	39,632	31,625
Commercial Vehicles/Power Engineering Business Area		
Noncurrent assets	26,955	27,565
Current assets	17,618	18,174
Total assets	**44,573**	**45,739**
Equity	8,579	15,490
Noncurrent liabilities	12,160	12,390
Current liabilities	23,833	17,859

In accordance with the voluntary tender offer made by Volkswagen AG starting on March 17, 2014 for all Scania A and B shares not previously held by Volkswagen either directly or indirectly, the total amount of the offer to acquire the outstanding shares of EUR 6.7 billion was recognized as a liability. This did not affect liquidity. Equity was reduced by the same amount. However, the offer is subject to the condition that Volkswagen acquires more than 90% of all Scania shares to allow it to then initiate a squeeze-out.

The Automotive Division's equity amounted to EUR 71.0 billion at March 31, 2014 and was therefore 6.6% lower than the figure at December 31, 2013. The healthy earnings growth and the hybrid notes issued had a positive impact, while negative effects came mainly from the reduction in equity as a result of the offer to acquire all outstanding Scania shares, as well as higher actuarial losses from the measurement of pension provisions. The equity increase implemented in the Financial Services Division also decreased equity in the Automotive Division, where the deduction was recognized.

Within noncurrent liabilities, which remained virtually unchanged as against December 31, 2013, pension provisions increased due to the change in the discount rate. In the first quarter of 2014, the total amount of the offer to the Scania shareholders was recognized under ''Put options and compensation rights granted to noncontrolling interest shareholders'' in current liabilities. Overall, current liabilities rose by 28.3%. Reclassifications from noncurrent to current liabilities, in particular due to shorter remaining maturities, led to an increase in current financial liabilities.

The Automotive Division's total assets amounted to EUR 198.0 billion at the end of the first quarter of 2014, an increase of 3.8% over December 31, 2013.

6.2.5.2 Financial Services Division balance sheet structure

The Financial Services Division's total assets were slightly higher at March 31, 2014 (EUR 135.9 billion) than at December 31, 2013 (EUR 133.6 billion).

Noncurrent assets rose by a total of 2.3%, as leasing and rental assets and noncurrent financial services receivables increased due to business growth. Current assets were also higher than at December 31, 2013 due to volume-related factors. As of March 31, 2014, the Financial Services Division accounted for 40.7% of the Volkswagen Group's assets.

At EUR 16.4 billion, the Financial Services Division's equity at March 31, 2014 exceeded the figure at December 31, 2013 by 16.6%. The rise was due in particular to a capital increase carried out by Volkswagen AG at the beginning of 2014 in order to finance the growth in business and meet regulatory capital requirements. The equity ratio rose from 10.5% to 12.1%. Noncurrent liabilities were 2.9% higher than at December 31, 2013 due to an increase in noncurrent financial liabilities to refinance the growth in volumes. The decline in current financial liabilities in particular meant that current liabilities declined slightly overall.

At EUR 23.1 billion, deposits from direct banking business on March 31, 2014 were almost as high as they were on December 31, 2013 (EUR 23.3 billion); of the figure at the end of the first quarter of 2014, EUR 21.6 billion was attributable to Volkswagen Bank direct.

6.3 Outlook

The global economy has continued its slight recovery in the year to date, although its strength has been mixed in the different regions. The Volkswagen Group's Board of Management expects the global economy to record slightly stronger growth in 2014 than in the previous year, despite some uncertainties. The financial markets still entail risks resulting above all from the strained debt situation of many countries. While the industrialized nations will probably record moderate rates of expansion, the Volkswagen Group continues to anticipate that growth will be strongest in the emerging economies of Asia.

Global demand for passenger cars continued to rise in the first quarter of 2014, although markets varied from region to region. Volkswagen Group expect trends in the passenger car markets in the individual regions to again be mixed in 2014. Overall, growth in global demand for new vehicles will probably be somewhat slower than in 2013. Volkswagen Group anticipates a slight recovery in demand for automobiles in Western Europe, and volumes in the German market are also likely to increase again somewhat in 2014. The passenger car markets in Central and Eastern Europe is expected to be clearly below the prior-year level. The upward trend in North America will probably weaken, while the South American passenger car markets is expected to be down significantly on the previous year. Volkswagen Group anticipates further growth in 2014 for the markets in the Asia-Pacific region that are strategically important for the Volkswagen Group, although momentum there is expected to be lower than in the previous year.

The global markets for light commercial vehicles will probably experience slight growth overall in 2014, with the individual regions recording mixed trends.

Volkswagen Group anticipates that the overall volume in the markets for trucks and buses that are relevant for the Volkswagen Group will see a slight decrease in 2014 as against the previous year due to the increasingly difficult conditions in South America and Eastern Europe.

Volkswagen Group expects demand for automotive financial services to grow worldwide again in 2014.

The Volkswagen Group is well positioned to deal with the mixed developments in the automotive markets. The Volkswagen Group's strengths include its unique brand portfolio covering almost all segments, from motorcycles through subcompact cars to heavy trucks and buses, its steadily growing presence in all major world markets and its wide range of financial services. Volkswagen Group offers an extensive range of environmentally friendly, cutting-edge, high-quality vehicles for all markets and customer groups that is unparalleled in the industry. The Volkswagen Group will press ahead with its product initiative across all brands in 2014, and will modernize and expand its offering by introducing attractive new vehicles. The Volkswagen Group is pursuing the goal of offering all customers the mobility and innovation they need, sustainably strengthening its competitive position in the process.

Volkswagen Group expects that it will moderately increase deliveries to customers year-on-year in 2014 in a still challenging market environment.

Challenges for the Volkswagen Group will come from the difficult market environment and fierce competition, as well as interest rate and exchange rate volatility and fluctuations in raw materials prices. The modular toolkit system, which the Volkswagen Group is continuously expanding, will have an increasingly positive effect on the Volkswagen Group's cost structure.

Depending on the economic conditions, Volkswagen Group expects the 2014 sales revenue of the Volkswagen Group and its business areas to move within a range of 3% around the prior-year figure.

In terms of the its operating profit, Volkswagen Group is expecting an operating return on sales of between 5.5% and 6.5% in 2014 in light of the challenging economic environment, and the same range also applies to the Passenger Cars Business Area. The Commercial Vehicles/Power Engineering Business Area is expected to moderately exceed the 2013 figure. The operating return on sales in the Financial Services Division is expected to be between 8.0% and 9.0%. Disciplined cost and investment management and the continuous optimization of the Volkswagen Group's processes remain integral elements of the Volkswagen Group's Strategy 2018.

6.4 Brands and Business Fields

6.4.1 Sales revenue and operating profit by brand and business field

The Volkswagen Group generated sales revenue of EUR 47.8 billion in the first three months of 2014, exceeding the prior-year figure of EUR 46.6 billion by 2.7%. At EUR 2.9 billion, operating profit was 21.8% higher than in the same period of the previous year.

Unit sales by the Volkswagen Passenger Cars brand in the first quarter of 2014 declined by 3.3% year-on-year to 1.1 million vehicles due to lower demand, primarily in South America. Demand increased for the Golf estate, the up!, the Golf and the Touran models. Sales revenue declined by 0.7% to EUR 24.2 billion due to volume-related and exchange rate factors. At EUR 440 million, operating profit was EUR 149 million lower than the figure for the same period in 2013. Operating profit was negatively impacted by lower volumes, negative exchange rate trends and higher upfront investments in new technologies, while lower material costs and improvements in the mix had a positive effect.

The Audi brand sold 367 thousand vehicles worldwide in the first quarter of 2014, 11.1% more than in the previous year (330 thousand). In addition, a further 115 thousand Audi vehicles were sold by the FAW-Volkswagen Chinese joint venture (prior-year period: 88 thousand) . The first quarter was lifted by high demand for the models in the new A3 family in particular, as well as strong growth in Asia and North America. Demand in Europe was also encouraging. Sales revenue amounted to EUR 13.0 billion, up 10.4% on the 2013 figure. Operating profit was on a level with the previous year at EUR 1.3 billion (+ 0.5%), impacted by high upfront investments in new products and technologies, as well as in the expansion of the international production network. The financial key performance indicators for the Audi brand also include the financial figures for the Lamborghini and Ducati brands. 13,068 Ducati motorcycles were sold in the first quarter of 2014 (+ 4.2%).

The ŠKODA brand lifted unit sales by 19.7% to 214 thousand vehicles between January and March of 2014. Demand for the Octavia family, the Rapid and the Yeti models was very encouraging. Sales revenue rose by 23.7% to EUR 3.0 billion. Volume and model mix-related factors saw operating profit increase by 65.2% year-onyear to EUR 185 million. Movements in exchange rates had a negative impact.

The SEAT brand sold 120 thousand vehicles in the first quarter of 2014, up 8.3% on the prior-year period. The sales figures include the Q3 manufactured for Audi. The Leon family, the Ibiza and the Alhambra were very popular with customers. Sales revenue rose by 8.5% year-on-year to EUR 1.8 billion. Higher volumes, improvements in the mix and cost optimization measures more than offset the increase in development costs for the new models; consequently, the operating loss narrowed by 20.7% to EUR 36 million.

The Bentley brand recorded sales of 2,857 vehicles in the first quarter of 2014, 42.0% higher than in the same period of the previous year. At EUR 451 million, sales revenue exceeded the prior-year figure by 43.8%. Operating profit rose by 65.7% year-on-year to EUR 45 million. Negative exchange rate effects and higher upfront investments in new products were more than offset by volume growth.

The Porsche brand sold 42 thousand vehicles worldwide from January to March 2014, an increase of 16.7% compared with the same period in the previous year. At EUR 3.9 billion, the sales revenue generated in the first quarter of 2014 exceeded the figure for the same period in the previous year by 20.1%. The increase in development costs and higher fixed costs from the expansion of production facilities for the Macan were offset by positive volume-related and mix effects. Consequently, operating profit rose by 21.9% year-on-year to EUR 698 million. Demand for the Panamera, the Boxster and the new Macan in particular developed extremely positively.

Volkswagen Commercial Vehicles reported sales growth of 7.9% to 110 thousand vehicles in the first quarter of 2014. Customer interest in the Multivan/Transporter and the Caddy was strong. Sales revenue amounted to EUR 2.4 billion, 6.9% higher than the prior-year figure. At EUR 136 million (prior-year period: EUR 60 million), operating profit more than doubled compared with the first quarter of 2013 thanks to higher volumes and lower material costs, while exchange rates had a negative effect.

Scania lifted sales by 11.3% to 19 thousand vehicles in the first quarter of 2014. The brand was extremely successful in the European markets in particular. Demand for services also increased. Sales revenue was up 3.9% on the prior-year period, at EUR 2.5 billion. Volume-related factors saw operating profit increase by 11.5% to EUR 254 million (prior-year period: EUR 227 million); deteriorations in exchange rates had a negative effect.

Vehicle sales by the MAN brand declined by 13.4% to 26 thousand vehicles in the first three months of 2014. Sales revenue of EUR 3.1 billion was generated, 12.7% less than in the same period of the previous year. MAN generated an operating profit of EUR 68 million compared with an operating loss of EUR 102 million in the same period of the previous year. The improvement is attributable in particular to the Power Engineering segment, which recorded a significant increase in earnings after project-specific contingency reserves negatively impacted the prior-year figure.

Between January 1 and March 31, 2014, Volkswagen Financial Services generated an operating profit of EUR 353 million, on a level with the previous year. The increase in volumes was matched by higher fixed costs and negative currency effects.

The following table provides an overview of key figures by brand and business field for the three-month periods ended March 31, 2014 and 2013:

Key Figures by Brand and Business Field from January 1 to March 31[1]

	Vehicle Sales		**Sales Revenue**		**Sales to Third Parties**		**Operating Result**	
	2014	**2013**	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**
	(thousand units)		**(in EUR million)**		**(in EUR million)**		**(in EUR million)**	
			(unaudited)					
Volkswagen Passenger Cars	1,112	1,149	24,153	24,334	16,895	17,927	440	590
Audi	367	330	12,951	11,734	8,429	7,857	1,314	1,307
ŠKODA	214	179	2,986	2,414	1,418	1,120	185	112
SEAT	120	111	1,787	1,647	764	678	−36	−46
Bentley	3	2	451	314	275	210	45	27
Porsche[2]	42	36	3,934	3,275	3,623	3,063	698	573
Volkswagen Commercial Vehicles	110	102	2,356	2,204	1,148	1,158	136	60
Scania[2]	19	17	2,467	2,375	2,467	2,375	254	227
MAN[3]	26	30	3,138	3,594	3,125	3,577	68	−102
VW China[4]	946	767	–	–	–	–	–	–
Other	−396	−348	−11,514	−10,037	4,986	4,245	−602[5]	−758[5]
Volkswagen Financial Services[3]	–	–	5,123	4,713	4,701	4,354	353	353
Volkswagen Group	**2,562**	**2,375**	**47,831**	**46,565**	**47,831**	**46,565**	**2,855**	**2,344**
Automotive Division[6]	2,562	2,375	42,054	41,129	42,533	41,538	2,425	1,927
of which: Passenger Cars Business Area	2,407	2,226	34,172	33,123	35,932	34,662	2,201	2,020
Commercial Vehicles/ Power Engineering Business Area	155	149	7,881	8,006	6,601	6,876	224	−93
Financial Services Division	–	–	5,777	5,436	5,298	5,027	430	416

1 All figures shown are rounded, so minor discrepancies may arise from addition of these amounts.

2 Including financial services.

3 MAN Finance International GmbH has been reported within Volkswagen Financial Services since its acquisition by Financial Services AG as of January 1, 2014. The prior-year figures have not been adjusted.

4 The sales revenue and operating profit of the joint venture companies in China are not included in the figures for the Group. The Chinese companies are accounted for using the equity method and recorded an operating profit (proportionate) of EUR 1,241 million (prior-year period: EUR 1,156 million).

5 Mainly intragroup items recognized in profit or loss, in particular from the elimination of intercompany profits; the figure includes depreciation and amortization of identifiable assets as part of purchase price allocation for Scania, Porsche Holding Salzburg, MAN and Porsche.

6 Including allocation of consolidation adjustments between the Automotive and Financial Services Divisions.

6.4.2 Unit sales and sales revenue by market

The Volkswagen Group increased vehicle sales in the Europe/Other markets region by 8.7% to 1.1 million vehicles in the first quarter of 2014. Sales revenue rose by 7.5% to EUR 30.3 billion due to volume-related factors; movements in exchange rates had an offsetting effect.

Sales by the Volkswagen Group in North America declined by 10.8% to 192 thousand vehicles in the period from January to March 2014. Sales revenue decreased by 9.0% to EUR 6.0 billion due to the lower volumes.

Unit sales in the highly competitive South American markets, which contracted significantly, declined by 28.2% to 168 thousand vehicles in the first quarter of 2014. As a result, sales revenue decreased by 29.8% to EUR 3.1 billion.

The Asia-Pacific region again reported positive sales figures in the first three months of 2014. Including the Chinese joint ventures, 1.1 million vehicles were sold, 20.8% more than in the prior-year period. The increase in volumes is also reflected in sales revenue, which rose by 14.0% year-on-year to EUR 8.5 billion. This figure does not include the Volkswagen Group's Chinese joint ventures as they are accounted for using the equity method.

The following table provides an overview of key figures by market for the three-month periods ended March 31, 2014 and 2013:

	Key Figures by Market from January 1 to March 31[1]			
	Vehicle Sales		Sales Revenue	
	2014	2013	2014	2013
	(thousand units)		(in EUR million)	
	(unaudited)			
Europe/Other markets	1,113	1,024	30,315	28,191
North America	192	215	5,962	6,554
South America	168	234	3,082	4,392
Asia-Pacific[2]	1,088	901	8,472	7,429
Volkswagen Group[2]	**2,562**	**2,375**	**47,831**	**46,565**

1 All figures shown are rounded, so minor discrepancies may arise from addition of these amounts.

2 The sales revenue of the joint venture companies in China is not included in the figures for the Volkswagen Group and the Asia-Pacific market.

6.4.3 Volkswagen financial services

The Volkswagen Group's strong sales performance in the first quarter of 2014 was also supported by Volkswagen Financial Services' innovative products along the automotive value chain.

Volkswagen Financial Services AG acquired MAN Finance International GmbH as of January 1, 2014, thus integrating truck and bus activities into its core business. Volkswagen Financial Services AG is continuing to grow with the Volkswagen Group's brands as a result of the acquisition of MAN SE's financial services activities. Bundling infrastructure, resources and expertise enables end-to-end transport solutions to be developed for MAN Truck & Bus's customers. The aim is to position MAN financial services as a benchmark for the truck and bus business in the medium term.

Volkswagen Financial Services AG also saw continued international growth in the first quarter of 2014. Volkswagen Financial Services South Africa — a joint venture between Volkswagen Financial Services AG and the South African WesBank — started operations in March 2014. The newly formed joint venture takes the existing cooperation to a new level and strengthens the connection between the manufacturer and the financial services provider thanks to an even closer and more intensive working relationship. It aims to promote the sale of Volkswagen Group brands and to strengthen the relationships between dealers and customers with attractive offers and services. South Africa is one of the Volkswagen Group's top 20 sales markets worldwide.

Volkswagen Bank GmbH was voted the best automotive bank for the third year in a row, winning by a clear margin in a reader poll conducted by AUTO BILD in March 2014. In January 2014, Volkswagen Finance China received the "2014 Top Employer Award" for outstanding HR management.

The main refinancing sources for Volkswagen Financial Services are unsecured bonds placed on the capital markets, ABS transactions and deposits from direct banking business. Volkswagen Financial Services made a successful start to 2014 with its ABS program. Securitized leasing contracts with a volume of approximately EUR 750 million were placed in January 2014 as part of the Volkswagen Car Lease 19 (VCL 19) transaction. At an international level, Volkswagen Financial Services AG marketed its third Japanese ABS transaction — Driver Japan Three — with a volume of approximately EUR 215 million in February 2014.

Volkswagen Leasing GmbH issued a EUR 1.25 billion ten-year bond in January 2014. Two bonds with a total volume of EUR 1.5 billion were placed on the capital markets at favorable refinancing conditions in March 2014. Volkswagen Bank GmbH successfully marketed EUR 750 million bond in February 2014.

New financing, leasing, service and insurance contracts rose by 17.4% year-on-year (excluding MAN Finance) to a total of 1.1 million contracts in the first quarter of 2014. The total number of contracts as of March 31, 2014 was 3.9% higher than at December 31, 2013. In the Customer Financing/Leasing area, the number of contracts increased by 2.8% as against year-end 2013 to 7.1 million. In the Service/Insurance area, the number of contracts rose by 5.9% to 4.0 million. The penetration rate, expressed as the ratio of leased or financed vehicles to total Group deliveries worldwide, was 28.6% (December 31, 2013: 26.6%) based on unchanged credit eligibility criteria. Compared with December 31, 2013, receivables relating to dealer financing were up 1.1% as of March 31, 2014.

Volkswagen Bank direct had approximately 1.4 million accounts at the end of the first quarter of 2014 (December 31, 2013: 1.4 million). Volkswagen Financial Services had 11,659 employees at March 31, 2014. The 6.5% increase as against year-end 2013 is primarily attributable to the acquisition of MAN Finance.

6.5 Recent Events Relating to the Tender Offer for Scania

Volkswagen made a voluntary tender offer to Scania shareholders to purchase all Scania A and B shares not previously held by Volkswagen either directly or indirectly. The offer for the 298,910,903 shares amounts to SEK 200 per share. The offer period began on March 17, 2014 and was extended to May 16, 2014. On May 13, 2014 Volkswagen announced that the shares tendered in the offer, together with the shares already held or otherwise controlled by Volkswagen, corresponded to 90.47% of the shares and 96.26% of the voting rights in Scania. Volkswagen also announced that all conditions for completion of the offer had been fulfilled and declared the offer unconditional in all respects. Volkswagen intends to complete the acquisition of the shares tendered in the offer. Once the final results become available after the end of the acceptance period, Volkswagen will communicate these results to the public. Volkswagen may further extend the acceptance period to allow the remaining Scania shareholders to accept the offer instead of resorting to the compulsory acquisition process.

The total value of the offer is approximately EUR 6.7 billion Volkswagen will use the Automotive Division's existing net liquidity to pay for the shares tendered by shareholders under the offer. Volkswagen intends to achieve partial refinancing through the issuance of new preference shares in the amount of up to EUR 2 billion using the existing authorized capital and already issued EUR 3 billion in hybrid capital in March 2014 as an initial refinancing measure.

7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis is intended to assist in the understanding and assessment of the trends and significant changes in the Volkswagen Group's results of operations and financial condition. Historical results may not indicate future performance. The forward-looking statements contained in this discussion are subject to a variety of factors that could cause actual results to differ materially from those contemplated by such statements. Factors that may cause such a difference include, but are not limited to, those discussed in ''Cautionary Note Regarding Forward-Looking Statements'' and ''Risk Factors''. This discussion is based on and should be read in conjunction with the Company Annual Financial Statements and the other information included elsewhere in this Offering Memorandum. Unless otherwise indicated, all of the financial data and discussions thereof are based upon financial statements prepared in accordance with IFRS.

Trends and significant changes in the Volkswagen Group's results of operations and financial condition as of and for the three-month period ended March 31, 2014 are described in ''Developments since January 1, 2014 and Outlook''.

7.1 Business Overview

Volkswagen Group is one of the world's leading multibrand companies in the automotive industry. In 2013, Volkswagen Group achieved sales revenue of EUR 197,007 million (EUR 192,676 million in 2012 and EUR 159,337 million in 2011), operating profit of EUR 11,671 million (EUR 11,498 million in 2012 and EUR 11,271 million in 2011) and profit after tax of EUR 9,145 million (EUR 21,881 million in 2012 and EUR 15,799 million in 2011).

Volkswagen's business operations are divided into the Automotive Division and the Financial Services Division. The Automotive Division develops vehicles and engines, produces and distributes passenger cars, motorcycles, light commercial vehicles, trucks and buses and operates Volkswagen's business comprising genuine parts, large-bore diesel engines, turbomachinery, special gear units, propulsion components and testing systems. During the year ended December 31, 2013, Volkswagen delivered 9,730,680 vehicles to its customers worldwide.

The Financial Services Division combines customer and dealer financing, leasing, banking, insurance activities, fleet management and mobility offerings. The primary purpose of the Financial Services Division is to promote Volkswagen's sales and customer retention. The activities of the Financial Services Division correspond to the Financial Services reportable segment.

Since January 1, 2013, Volkswagen Group's financial reporting has been based on four reportable segments: Passenger Cars, Commercial Vehicles, Power Engineering and Financial Services.

The following table presents an overview of Volkswagen's sales revenue by segments for the year ended December 31, 2013:

	Passenger Cars	Commercial Vehicles	Power Engineering	Financial Services	Total segments	Reconciliation	Volkswagen Group
				(EUR million)			
Sales revenue	157,048	31,076	3,851	22,004	213,979	–16,972	197,007
Segment profit or loss (operating profit or loss)	11,053	1,044	–250	1,863	13,711	–2,040	11,671
as a percentage of sales revenue	7.0	3.4	–6.5	8.5			5.9

Volkswagen's product range includes approximately 315 passenger car, commercial vehicle and motorcycle models and their derivatives (as of December 31, 2013). With the products of its group brands Volkswagen Passenger Cars, Audi, ŠKODA, SEAT and Volkswagen Commercial Vehicles, Volkswagen addresses business and private customers from a wide range of customer segments and in multiple regional markets in what is referred to as the high-volume business (i.e. production and unit sales of vehicles with a large number of units per model). Volkswagen is represented in the sports car segment with the brand Porsche. The brand diversity of Volkswagen is represented by group brands Lamborghini, Bentley and Bugatti in the luxury class. With Ducati the Volkswagen Group extended its activities to also include motorcycles. In the heavy commercial vehicle sector (trucks with a gross vehicle weight in excess of 6 tonnes, buses and special vehicles), Volkswagen conducts business under the Scania and MAN brands.

As of December 31, 2013, Volkswagen indirectly held 75.23% of the voting rights and 73.98% of the share capital of MAN SE (''**MAN**''). Volkswagen indirectly held 49.9% of the share capital of Dr. Ing. h.c. F. Porsche AG (''**Porsche AG**'') as of December 31, 2011 and took over the remaining 50.1% of Porsche AG on August 1, 2012. Effective as of July 19, 2012, Volkswagen acquired 100% of the voting rights of Ducati Motor Holding S.p.A. (''**Ducati**'').

Volkswagen sells vehicles in more than 150 countries. Volkswagen's primary markets for its automobiles are Europe, Asia-Pacific and the Americas. Volkswagen had an average of 563,066 employees worldwide (including the Chinese joint ventures) in 2013.

The regional markets for Volkswagen's products and services consist of Germany at 19.1% of the Volkswagen Group's sales revenue from third parties in 2013 (2012: 19.6%; 2011: 21.7%), Europe and other regions (not including Germany) at 40.3% (2012: 40.3%; 2011: 43.5%), North America at 13.9% (2012: 13.0%; 2011: 11.0%), South America 8.9% (2012: 9.5%; 2011: 9.4%) and Asia-Pacific at 17.8% (2012: 17.6%; 2011: 14.4%) (in each case not including the Chinese joint ventures).

The following table provides an overview of the sales volume, sales revenue and operating result for Volkswagen's Divisions during the years ended December 31, 2013, 2012 and 2011:

	Unit sales			**Sales revenue**			**Operating result**		
	2013	**2012**	**2011**	**2013**	**2012**	**2011**	**2013**	**2012[1]**	**2011**
	(Thousand vehicles)			**(EUR million)**			**(EUR million)**		
Volkswagen Group[2]	9,728	9,345	8,361	197,007	192,676	159,337	11,671	11,498	11,271
of which:									
Automotive Division[3]	9,728	9,345	8,361	175,003	172,822	142,092	9,807	9,913	9,973
Financial Services Division	–	–	–	22,004	19,854	17,244	1,863	1,585	1,298

1 Figures adjusted to reflect application of IAS 19R.

2 The sales revenue and operating profit of the joint venture companies in China are not included in Volkswagen's figures. The Chinese companies are accounted for using the equity method and recorded operating profits (proportionate) of EUR 4,296 million, EUR 3,678 million and EUR 2,616 million for the years ended December 31, 2013, 2012 and 2011, respectively.

3 Sales revenue and operating result include allocation of consolidation adjustments between the Automotive and Financial Services Divisions.

7.2 Basis of Presentation

In addition to Volkswagen AG, the audited consolidated financial statements of the Company comprise all significant companies at which the Company is able, directly or indirectly, to govern the financial and operating policies in such a way that it can obtain benefits from the activities of these companies (subsidiaries). The subsidiaries also comprise special purpose entities whose net assets are attributable to Volkswagen under the principle of substance over form. The special purpose entities are used primarily to enter into asset-backed securities transactions to refinance the financial services business.

Consolidation of subsidiaries begins at the first date on which control exists, and ends when such control no longer exists. Significant companies at which the Company is able, directly or indirectly, to significantly influence financial and operating policy decisions (associates) or that are directly or indirectly jointly controlled (joint ventures), are accounted for using the equity method.

Volkswagen conducts its operations through its Automotive Division and its Financial Services Division. The activities of the Financial Services Division correspond to the Financial Services reportable segment.

Until December 31, 2012, the Automotive Division comprised two business areas: ''Passenger Cars and Light Commercial Vehicles'' and ''Trucks and Buses, Power Engineering''. The Passenger Cars and Light Commercial Vehicles segment and the reconciliation were combined to form the Passenger Cars and Light Commercial Vehicles Business Area. The Volkswagen Group reported on the segments ''Trucks and Buses'' and ''Power Engineering'' under the Trucks and Buses, Power Engineering Business Area. Until December 31, 2012, the Automotive Division's reportable segments were ''Passenger Cars and Light Commercial Vehicles'', ''Trucks and Buses'' and ''Power Engineering''. The Automotive Division also includes the reconciliation of the reportable segments.

Since January 1, 2013, Volkswagen Group has bundled the light commercial vehicles, trucks and buses, and power engineering businesses in a new Commercial Vehicles/Power Engineering Business Area within the Automotive Division. Therefore, light commercial vehicles are no longer allocated to the Passenger Cars and Light Commercial Vehicles segment, but are reported together with trucks and buses in the new Commercial Vehicles segment. The new segment reporting comprises the four reportable segments of Passenger Cars, Commercial Vehicles, Power Engineering and Financial Services.

Volkswagen acquired a majority stake in MAN on November 9, 2011 under the terms of a mandatory public offer. In 2012, Volkswagen acquired further shares in MAN for EUR 2,081 million in 2012 as well as EUR 31 million in 2013 and, as of December 31, 2013, indirectly held 75.23% of the voting rights and 73.98% of the share capital of MAN, thus strengthening the alliance between MAN, Scania and Volkswagen Commercial Vehicles.

Following its approval by the Annual General Meeting of MAN SE on June 6, 2013 and its entry in the commercial register on July 16, 2013, the control and profit and loss transfer agreement in accordance with section 291 of the German Stock Corporation Act (AktG — *Aktiengesetz*) between MAN SE, as the controlled company, and Truck & Bus GmbH, a wholly owned subsidiary of Volkswagen AG, as the controlling company, entered into force. The obligation to transfer profits is effective as of the fiscal year beginning on January 1, 2014; the obligation to absorb losses is effective for the first time as of fiscal year 2013. As a consequence of the approval by the Annual General Meeting of MAN SE of the control and profit and loss transfer agreement, a liability in the total amount of EUR 3.1 billion (EUR 80.89 per share) was recognized in the balance sheet for the obligation to acquire the shares held by the remaining free float shareholders of MAN; equity was reduced accordingly. In July 2013, Truck & Bus GmbH was served with an application in accordance with section 1 no. 1 of the German Award Proceedings Act (SpruchG — *Spruchverfahrensgesetz*) for judicial review of the appropriateness of the cash settlement and the cash compensation for the noncontrolling interest shareholders of MAN. The expected present value of the minimum statutory interest rate was also recognized as a liability in the amount of EUR 0.5 billion as a result of the opening of the award proceedings in connection with the control and profit and loss transfer agreement.

The acquisition of the majority interest in MAN in 2011 meant that MAN's 30% interest in Ferrostaal GmbH (formerly: Ferrostaal AG), Essen, was attributable to Volkswagen. There was already an intention to sell the investment in the near term at the time it was acquired, so the shares were classified as held for sale and not accounted for using the equity method. The investment had already been written down in full as of December 31, 2011. On March 7, 2012, the settlement agreement between MAN and the International Petroleum Investment Company (IPIC), Abu Dhabi, regarding the repurchase of the 70% interest in Ferrostaal held by IPIC was completed (settlement with IPIC). In 2012, this resulted in a cash outflow of EUR 350 million, which was reported as part of the cash flows from operating activities. At the same time, the agreement between MAN and MPC Industries GmbH, Hamburg, regarding the transfer of 100% of the shares of Ferrostaal to MPC and a co-investor was implemented (the MPC sale). The completion of the settlement with IPIC and the sale of MPC did not result in any earnings effects for Volkswagen because the earnings effects attributable to the transaction had already been included in purchase price allocation for the MAN Group as a contingent liability.

In 2013, the Volkswagen Group's profit after tax was primarily impacted in the amount of EUR 276 million by income taxes and tax interest expenses attributable to the former income tax group between Ferrostaal and MAN SE.

On August 1, 2012, Porsche Automobil Holding SE, Stuttgart (''**Porsche SE**''), contributed its holding company operating business to Volkswagen AG by way of singular succession in the course of a capital increase with a mixed noncash contribution. The business acquired from Porsche SE consists in particular of the 50.1% interest held by Porsche SE in Porsche Holding Stuttgart GmbH, Stuttgart (''**Porsche Holding Stuttgart**'') (formerly: Porsche Zweite Zwischenholding GmbH, Stuttgart, as the legal successor to Porsche Zwischenholding GmbH, Stuttgart), and thus indirectly in Porsche AG, and of all other subsidiaries of Porsche SE existing at the contribution date (with the exception of the interest in Volkswagen AG), as well as receivables from and liabilities to companies of the Porsche Holding Stuttgart Group. Volkswagen Aktiengesellschaft had acquired 49.9% of the shares in Porsche Holding Stuttgart in December 2009. Volkswagen has consolidated Porsche Holding Stuttgart since August 1, 2012.

Volkswagen acquired 100% of the trading business of Porsche Holding Gesellschaft m.b.H., Salzburg (''**Porsche Holding**'') for EUR 3.3 billion effective March 1, 2011 and has consolidated Porsche Holding since that date.

As of July 19, 2012, the Volkswagen Group acquired 100% of the voting rights of motorcycle manufacturer Ducati against payment of a purchase price of EUR 747 million, via Automobili Lamborghini S.p.A., Sant' Agata Bolognese, Italy, a subsidiary of AUDI AG.

7.3 Material Factors Affecting Results of Operations

Volkswagen believes that the factors described below have had a material effect on its sales revenue, costs and business development and that these factors may continue to have such an effect in the future.

7.3.1 General economic conditions and trends in the markets for automobiles

The development of the general economic situation and the global markets for automobiles, especially for passenger cars and light commercial vehicles, is a material factor that affects Volkswagen's sales revenue and results, as well as its net assets, financial position and results of operations in Germany and Western Europe, where Volkswagen delivered a substantial portion of the vehicles it produced in 2013, at 31.6% (2012: 33.3%; 2011: 38.4%). In the wake of the global economic and financial crisis, for example, the market for the passenger cars and light commercial vehicles produced by Volkswagen collapsed in many regions starting in the second half of 2008. Government incentives halted the fall in some markets only for a limited time. The ensuing economic crisis, mainly triggered by Eurozone woes, led to a further worsening of the market environment. Vehicle markets are now at a historical low in Europe while major growth markets like India or Brazil are decelerating. The Chinese vehicle market is continuing its growth path for now, while the release of built-up demand supports the recovery of North American vehicle sales. The global market for passenger cars and light commercial vehicles increased to 82.9 million units in 2013.

The vehicles that are produced by Volkswagen and distributed worldwide, and the financial services offered in this context, are predominantly purchased and used by private individuals, transportation and logistics companies, and business entities. In turn, their willingness to invest in Volkswagen products depends on the general state of the economy. The relevant factors include disposable private household income and consumer confidence, the financial situation of business customers and their willingness to invest, the availability and terms of vehicle financing, the price of oil and fuel, and government support programs.

The market for trucks and buses, in which Volkswagen is active through its Scania and MAN brands, faced headwinds and has shown a slight increase in sales volume. Generally, positive economic development is essential, as an increased demand for products generates an increased demand for transportation by truck. Logistics and transport companies made stimulating investments in particular in the fourth quarter of 2013 in anticipation of the introduction of the Euro-6 emission standard on January 1, 2014. However, currency fluctuations in relevant markets for the Volkswagen Group posed a challenge in 2013.

7.3.2 Growing demand in emerging economies

Emerging economies such as China, Brazil and Russia, as well as other Asian and Eastern European countries, had a positive effect on Volkswagen's results after tax in recent years because of the high rates of economic growth in those areas and the growing motorization of large sections of the population. The economic upturn and the consequent growth in the GDP of these countries, coupled with the growing motorization, led to a significant increase in demand for automobiles and — where offered by Volkswagen in the countries concerned — for the related financial services.

The table below shows Volkswagen's deliveries of passenger cars in the BRIC countries (Brazil, Russia, India and China) in 2013, 2012 and 2011:

	Deliveries of Passenger Cars			Change 2013/2012[1]	Change 2012/2011[1,2]
	2013	2012[1]	2011[2]	(%)	
China[3]	3,266,235	2,809,689	2,258,458	+16.2	+24.4
Brazil	558,317	666,578	597,260	−16.2	+11.6
Russia	287,264	301,574	216,632	−4.7	+39.2
India	92,561	114,084	111,689	−18.9	+2.1

1 The delivery figures for 2012 have been updated to reflect subsequent statistical trends and the new reporting structure.

2 The delivery figures for 2011 have been updated to reflect subsequent statistical trends.

3 The delivery figures in China also include the delivery figures of the Chinese joint ventures, although these are accounted for using the equity method and their sales revenue and profits and losses are therefore not consolidated. In the consolidated financial statements, the Volkswagen Group's share of the profits and losses of the Chinese joint ventures is included in the financial result and reported as the ''Share of profits and losses of equity-accounted investments''.

Volkswagen thus delivered approximately 46.9% (2012: 45.7%; 2011: 41.7%) of its passenger cars in the BRIC countries in 2013.

Despite the slower and, in some cases, declining economic growth in certain emerging economies in the wake of the global financial and economic crisis, Volkswagen expects that future growth will depend, to a significant extent, on demand in China, Brazil, Russia and India, as well as the ASEAN region, and that both delivery volumes in these countries and the share of the earnings contributions (measured by consolidated profit) generated in these countries will continue to grow in the future. Volkswagen has invested in particular in new production sites, for example in China in 2013. This also applies to the Financial Services Division.

Volkswagen's competitors, including manufacturers from Asia and Eastern Europe, have considerably expanded their production capacity in these regions, primarily to serve the relevant regional markets. If demand growth levels fall below expectations, this could further exacerbate price competition in these regions, which in turn could adversely affect Volkswagen's unit sales and sales revenue.

7.3.3 *Price competition and sales promotion measures*

Volkswagen is exposed to intense competition that has increased in recent years because of the globalization and concentration of the automotive industry, as well as greater market transparency. Additionally, the automotive industry has been suffering from surplus capacity for a number of years, a situation that has increased because of the entry into the market of new automobile manufacturers, in particular from China and India. The vehicles produced by Volkswagen also compete with other means of transportation, such as trains, aircraft and ships, and it cannot be ruled out that private and business travelers will increasingly use means of transportation other than automobiles in the future. The reasons for this may include rising costs for automotive passenger and freight transportation, the growing density of traffic in urban areas and environmental protection considerations.

At the same time, it can be observed that declining unit sales of certain automobile manufacturers have led to growing price competition with, in some cases, aggressive sales promotion measures, causing prices of both new and, consequently, used vehicles to fall and thus putting pressure on the margins of the automobile manufacturers for new vehicles and the residual values of leased and other used vehicles.

The price pressure could partially be further reinforced, especially if customer expectations of lower prices for new vehicles have become firmly established. As a result, automobile manufacturers could be prompted to engage in aggressive sales promotion by means of continued discounts, which would expose Volkswagen to increased competition and affect it to a significant extent because it offers volume models in the compact and midsize classes.

Although Volkswagen does not intend to participate in aggressive price competition, sales promotion measures, such as discounts, special models, cheaper or no-cost accessories packages, and lower-cost financing and leasing terms, are becoming increasingly important in the current environment. Such measures would put pressure on the price of new vehicles produced by Volkswagen and increase the pressure on Volkswagen to offer sales promotion measures to a larger extent. This would adversely affect the margins in the Automotive Division. The residual values of leased and other used vehicles would also be impaired, which would be reflected in increased residual value risk and associated increased impairment losses and risk provisions in the Financial Services Division. In the case of lower-cost financing and leasing terms, the costs of these measures would also affect the margins obtainable by the Automotive Division and by dealers, because the dealers assume the cost of lower interest rates charged by the Financial Services Division.

7.3.4 *Product and market mix*

The prices for identical vehicle models may differ from market to market for a number of reasons, such as the local competitive situation, the taxation of the vehicles in the markets concerned, or Volkswagen's strategic considerations. The same applies to the material and production costs incurred to produce a certain vehicle model in various markets. As a result, different margins and earnings contributions are generated for the same vehicle model in different geographic markets. The product mix also differs from geographic market to market. As a result, shifts in the product and market mix, including the geographic distribution of the vehicles sold have a considerable impact on Volkswagen's results of operations. Another material factor is the scope and value of the level of accessories demanded by customers. Here, too, demand varies by geographic market and vehicle type.

In total, Volkswagen expects an uneven development in the global automotive markets, which will be marked by increasing awareness of the CO_2 issue, country-specific tax and legal developments, as well as rising prices for energy, and which could generally shift global demand towards smaller product classes and engines.

7.3.5 Share of profits and losses of equity-accounted investments

As of December 31, 2013, Volkswagen held interests in the following significant companies that are accounted for as equity-accounted investments and contribute to the share of profits and losses of equity-accounted investments:

- 50% of Global Mobility Holding B.V., Amsterdam, The Netherlands, as the sole shareholder of Lease Plan Corporation N.V.;
- 50% in Shanghai-Volkswagen Automotive Company Ltd., Shanghai, China;
- 40% in FAW-Volkswagen Automotive Company, Ltd., Changchun, China; and
- 25% plus one share in Sinotruk (Hong Kong) Limited, Hong Kong, China.

The net carrying amount of Volkswagen's equity-accounted investments increased by EUR 625 million, from EUR 7,309 million as of December 31, 2012 to EUR 7,934 million as of December 31, 2013, after declining by EUR 2,940 million, from EUR 10,249 million as of December 31, 2011 to EUR 7,309 million as of December 31, 2012.

In 2013 changes in the consolidated amounts for equity-accounted investments rose due to the strong performance of the Chinese joint ventures, which exceeded the dividend payments.

In 2012, EUR 12,566 million of the changes in the consolidated amounts for equity-accounted investments relates to the reclassification of the shares of Porsche Holding Stuttgart because of the initial consolidation of that company. The income of EUR 10,716 million from the remeasurement of the existing shares held resulting from discontinuation of equity-method accounting was reported under additions.

The changes in consolidation of equity-accounted investments in 2011 relate to the reclassification of the shares of Suzuki Motor Corporation (''**Suzuki**'') to other equity investments in the amount of EUR 1,635 million and the remeasurement of the shares of MAN SE due to its initial consolidation in the amount of EUR 2,694 million. The expense incurred as a result of the discontinuation of equity accounting (EUR 263 million for Suzuki and EUR 292 million for MAN) was reported under disposals.

In the equity method of accounting, the income and expenses, as well as the assets and liabilities, of the relevant equity-accounted investment are not included in the consolidated income statement and the consolidated balance sheet. Rather, the carrying amount of the investment is increased or decreased by the share of the equity-accounted investment's income or expense attributable to the Volkswagen Group. The share of the profits and losses of equity-accounted investments determined in this way is not included in the Volkswagen Group's operating result, but is allocated to the financial result. For this reason, the positive business development of the Chinese joint ventures, for example, are not included in Volkswagen's operating result.

In addition, the equity-accounted investments must be tested for impairment if there are indications of impairment, and the carrying amounts must be written down if impairment is established.

The share of profits and losses of equity-accounted investments decreased by EUR 9,980 million, from EUR 13,568 million in 2012 to EUR 3,588 million in 2013, after increasing by EUR 11,394 million, from EUR 2,174 million in 2011 to EUR 13,568 million in 2012. The decrease in 2013 was mainly due to the income of EUR 10,399 million in 2012 from discontinuing equity method accounting for Porsche Holding Stuttgart. In the case of the companies included in the consolidated financial statements using the equity method, the joint ventures contributed a gain of EUR 3,629 million and the associated companies contributed a loss of EUR 41 million in 2013.

7.3.6 Porsche option remeasurement

On August 1, 2012, Porsche SE contributed its holding company operating business to Volkswagen AG by way of singular succession in the course of a capital increase with a mixed noncash contribution. Based on the updated assumptions underlying the valuation at the acquisition date, Volkswagen AG's call option agreed in the Comprehensive Agreement with Porsche SE on the outstanding shares of Porsche Holding Stuttgart had a positive fair value of EUR 10,199 million as of December 31, 2012, compared with EUR 8,409 million as of December 31, 2011, as measured in accordance with financial valuation techniques, and the corresponding put option had a negative fair value of EUR 2 million as of December 31, 2012 compared with EUR 87 million as of December 31, 2011. The changes in the fair value of the options are attributable to updated assumptions underlying their valuation.

Following discussions with Porsche SE, Volkswagen's Board of Management announced on September 8, 2011 that it had reached the conclusion that the planned merger with Porsche SE could not be implemented within the timeframe provided for in the Comprehensive Agreement. As a consequence, the probability of a merger was estimated at 0% (previous year: 50%) when measuring the options. In addition to the change in the probability of the merger, the adjustment of the enterprise value attributable to the updated business plans of Porsche Holding Stuttgart and the updated underlying assumptions, in particular, materially affected the value of the options. The difference is recognized in the other financial result. In 2012, in the course of the contribution, the legal position of Porsche SE under the put and call options was transferred to Volkswagen AG, in each case such that the options were extinguished due to confusion of rights. For additional information on the put and call options relating to Porsche SE's 50.1% interest in Porsche Holding Stuttgart, see "— *Results of Operations — 2012 compared with 2011 — Financial result*".

7.3.7 Realization of potential synergies

Volkswagen's future profit situation is also influenced by the expected positive synergy potential arising from the integrated automotive group.

Volkswagen's intended timeframe for the integration of Porsche's business operations is based on a stepwise approach. Volkswagen and Porsche are intensifying their existing collaboration in product development, which in the past resulted in common-platform models such as the Volkswagen Touareg, Audi Q7, Porsche Cayenne, Audi Q5 and Porsche Macan sport utility vehicles. Integration regarding technical cooperation, which builds upon the existing collaboration in product development, is well advanced. In support of these integration efforts, four senior Volkswagen managers have been appointed to the Porsche AG Board of Management with responsibilities for procurement, production, research and development, which will provide further impetus to the integration of the companies' activities in these areas. Volkswagen expects that the synergies to be obtained from joint projects can be realized in the medium term, based on the timeframe of the product emergence process for these joint projects.

For additional information on the integration of Porsche see "*Business of the Volkswagen Group — Creation of an Integrated Automotive Group*" and for further information on planned future synergies from the integration of MAN and Scania into the Volkswagen Group, see "*Business of the Volkswagen Group — Creation of the Integrated Commercial Vehilces Group*".

7.3.8 Procurement costs

The cost of materials, and in particular the cost of raw materials and energy, as well as vehicle parts and components, accounts for a large portion of the cost of sales. Volkswagen's cost of materials rose by EUR 4,639 million, or 3.8%, from EUR 122,450 million in 2012 to EUR 127,089 million in 2013, after rising by EUR 17,802 million, or 17.0%, from EUR 104,648 million in 2011 to EUR 122,450 million in 2012. The ratio of cost of materials to the Volkswagen Group's sales revenue was 64.5% in 2013 (2012: 63.6%;

2011: 65.7%). The increase in procurement costs in 2013 as well as in 2012 and 2011 was mainly due to increased production volumes.

The main raw materials required for vehicle production by Volkswagen's Automotive Division are steel, followed by aluminum, copper, lead, platinum, rhodium and palladium. In addition, Volkswagen needs energy, primarily in the form of electricity, some of which Volkswagen produces itself by burning coal. Commodity and energy prices are subject to fluctuations, which can be considerable (and also sudden), and were exposed to frequent and at times significant changes in the recent past. For example, the prices of certain raw materials that are used by Volkswagen and Volkswagen's suppliers to manufacture their products or components, such as steel, aluminum, copper, lead and various precious metals maintained a high volatility in 2013. For further information on changes in global market prices of the main raw materials required by Volkswagen and its suppliers, see "*Business of the Volkswagen Group — Volkswagen's Divisions and their Products and Services — Automotive Division — Procurement — Procurement of production materials*".

In addition, Volkswagen could face an increased price and procurement risk due to a shortage in scarce raw materials that are needed in vehicle production, particularly in the production of vehicle's electronic components. This includes for example the so-called rare earths, which to a large extent occur in China and which are currently produced almost exclusively in China. In the past China has restricted export of rare earths. If Volkswagen or its suppliers are not able to ensure a sufficient supply of rare earths, this could have a negative impact on vehicle production and on Volkswagen's results of operations before taxes.

Because Volkswagen is dependent on the raw materials listed above, as well as on energy, whose prices and availability in turn affect the prices of vehicle parts and components, changes in raw materials and energy prices materially affect Volkswagen's overall cost of materials. Due to the intense competition in the automotive market, Volkswagen can generally not pass on price increases for raw materials, energy, parts and components to its customers in full. To reduce these price and purchasing risks on the procurement side, Volkswagen relies in particular on globally coordinated purchasing activities, long-term supply contracts and the continuous optimization of its supplier portfolio. Among other things, the business model that is adapted by Volkswagen to reflect the demand situation in specific regions encompasses, among other things, alliances with local suppliers and local purchasing agreements, which are designed to ensure the lowest possible cost rate per vehicle (localized production and procurement).

Additionally, Volkswagen tries to limit certain availability and pricing risks arising from the purchase of raw materials by entering into forward and swap transactions. Volkswagen has, by virtue of appropriate contracts, hedged some of its requirements for raw materials over a period of up to five years. Similar transactions have been entered into for the purpose of supplementing and optimizing allocations of CO_2 emission certificates, in particular for burning coal to generate electricity. See also "*— Critical Accounting Estimates*".

7.3.9 Research and development costs

Volkswagen's economic success and competitiveness depend on its ability to adapt its existing product range to technical progress, legal requirements and changing customer requirements in a timely manner, and to set new technical trends.

Especially in developed markets, the global automotive market has been marked in recent years by growing demand for environmentally responsible and more environmentally friendly technologies. This is linked in particular to the public debate about global warming and climate protection, as well as very high, and very volatile, oil and fuel prices. Through its ongoing technical developments, Volkswagen strives to meet climate protection concerns and the increasingly strict rules and regulations expected to arise from such concerns. In addition to continuing the development of the current generation of combustion engines, Volkswagen is therefore focusing on the research, development and production of new drive technologies such as natural gas engines, hybrid and electric drives. Moreover, Volkswagen plans to systematically reduce the complexity of the individual products and the costs incurred to develop and manufacture them by further developing the crossbrand modular strategy and by introducing and expanding the modular component concept. The development and deployment of modular platforms will be systematically extended in order to exploit potential for sustained efficiency gains by reducing development times and unit costs per vehicle. In addition, the modular component concept allows faster model changes and new products that are tailored to meet local customer preferences to be launched in the relevant markets.

The table below shows the research and development costs reported in the income statement, their share of capitalized development costs and the amortization of capitalized development costs in 2013, 2012 and 2011:

	2013	**2012**	**2011**	**Change 2013/2012**	**Change 2012/2011**
	(in EUR million)			**(%)**	
			(unaudited)		
Total research and development costs	11,743	9,515	7,203	+23.4	+32.1
of which capitalized development costs	4,021	2,615	1,666	+53.8	+57.0
Capitalization ratio (%)	34.2	27.5	23.1		
Amortization of capitalized development costs	2,464	1,951	1,697	+26.3	+15.0
Research and development costs recognized in the income statement	**10,186**	**8,851**	**7,234**	**+15.1**	**+22.4**
as % of sales revenue	5.2	4.6	4.5		

The capitalization ratio of development costs depends on the production cycle that the brands' individual model series pass through in different periods. Because of the large number of new products that Volkswagen launched in 2011, 2012, 2013 and plans to launch in the near future, as well as work in connection with the modular platforms, for the electrification of Volkswagen's vehicle portfolio and to increase the efficiency of Volkswagen range of engines, research and development costs were higher each year from 2011 to 2013 (capitalized and uncapitalized).

7.3.10 Exchange rate movements

Volkswagen is active in a large number of countries worldwide and generates a significant portion of its sales revenue in currencies other than the euro, particularly in Australian dollar, Canadian dollar, U.S. dollar, Swiss franc, Japanese yen, Czech koruna, Swedish kronas, Argentine peso, Mexican peso, British pound sterling, South African rand, Brazilian real, Chinese renminbi, Russian ruble, South Korean won and Polish zloty. Similarly, a major proportion of Volkswagen's expenses are incurred in a variety of currencies, in particular those listed above.

Because income and expenses in the relevant currencies rarely match in any given period, an adverse development in the exchange rates for these currencies may result in a difference between the value of the service provided calculated in Euros and the value of the consideration received (''*transaction effects*'').

Gains and losses from exchange rate movements are reported in Volkswagen's consolidated financial statements under ''other operating income and expenses''. These items mainly comprise gains or losses from changes in exchange rates between the dates of initial recognition and payment of receivables and liabilities denominated in foreign currencies, as well as exchange rate gains or losses resulting from measurement at the closing rate. Income from foreign exchange gains in 2013 amounted to EUR 1,758 million, while foreign exchange losses amounted to EUR 2,486 million (2012: EUR 2,437 million and EUR 2,329 million; 2011: EUR 2,176 million and EUR 1,992 million).

Significant exchange rate movements, as compared to the Euro, especially of the South African rand, Brazilian real, Argentine peso, the Japanese yen, the Russian ruble, the Turkish lira and the Australian dollar, were observable in the past three years and thus had a corresponding effect on Volkswagen's results of operations. In accordance with studies by the Company, for example, a weakening of the following currencies against the euro by 10% in 2013 would have resulted in a deterioration in the operating result of the companies in the euro zone (mainly Volkswagen AG, AUDI AG and SEAT S.A.) in approximately the following amounts:

	Effect on earnings
	(in EUR million) (unaudited)
Currency	
U.S. dollar	−920
British pound sterling	−670
Chinese renminbi	−440
Russian ruble	−240
Australian dollar	−150
Swedish krona	−150
Korean won	−100
Swiss franc	−100

This assumes that changes in relevant parity were not actively offset by appropriate hedging transactions or by countermeasures at an operational level.

Volkswagen reduces its foreign currency risk primarily through ''natural hedging'', i.e. by flexibly adapting its production capacity at its locations around the world and by establishing new production facilities in the most important currency areas, currently, for example, in China, Mexico, and Russia, as well as by purchasing materials in the same currency areas in which the sales are generated. The residual foreign currency risk is hedged for a period of up to six years using financial hedging instruments. These include currency forwards, currency options, currency swaps and cross-currency swaps.

Finally, various subsidiaries and equity investments of the Volkswagen Group prepare their financial statements in currencies other than the euro. These financial statements must be translated into Euros to enable preparation of the Volkswagen Group's consolidated financial statements. This translation may result in corresponding effects in the Volkswagen Group's consolidated financial statements (''translation effects'').

7.3.11 Financial services

Volkswagen has bundled together its financial services activities in its Financial Services Division. The vehicle-related activities are essentially classified into the following areas: financing (customer and dealer financing), leasing and fleet management, insurance and services. Volkswagen is also active in the direct banking business, which through the deposit business represents an important pillar of the Financial Services Division's refinancing strategy. The objective of Volkswagen's financial services activities is to support the sale of vehicles produced by Volkswagen and to strengthen customer loyalty to the Group's brands. In addition, the financing activities are designed to optimize the Automotive Division's liquidity position.

The Financial Services Division's income from financing, leasing and insurance activities is correlated with vehicle sales, the selling price that can be obtained for the vehicles, the term of financing and leasing products, the amount of prepayments and the penetration rate, i.e. the number of vehicles delivered by Volkswagen that are financed by the Financial Services Division.

In the case of financing and leasing products, the Financial Services Division's margin is determined by the interest rate underlying the contract (less refinancing costs) and a surcharge for administrative expenses and risk provisions. If refinancing costs rise, for example because of higher interest rates on the money and capital markets, or for deposits in the direct banking business, the Financial Services Division's margin is reduced correspondingly if such an increase cannot be offset in the short term by modifying the interest rate underlying a contract or being passed on to new customers. If low interest rates or more attractive terms are offered as part of special financing deals to the Automotive Division's customers to promote sales, the Automotive Division assumes the difference between the standard market rate of interest and the lower interest rate, in part together with the dealer organization.

In addition, the result from the financing and leasing business is affected by the default rates. If the default rates rise, this results in additional impairment losses and expenses for risk provisions, which adversely affect the Volkswagen Group's results of operations.

Volkswagen also has plans to develop new markets, especially in the expanding Eastern European and Asian growth markets, by expanding the geographic reach of the activities of the Financial Services Division to support its vehicle sales there, increase customer loyalty and, in part, to tap new refinancing sources through the direct banking business.

Other factors that affect the results of the Financial Services Division are linked to the development of innovative new products.

7.3.12 Financing and refinancing costs

The Automotive Division obtains most of its financing from retained earnings and debt in the form of commercial paper, bonds and bank loans. The Financial Services Division mainly uses established money and capital market programs, the securitization of loan and lease receivables (asset-backed securitization programs), Volkswagen Bank's direct banking deposits and bank loans for refinancing purposes.

The terms at which Volkswagen is able to raise debt finance depend not only on the general market conditions, especially interest rate developments in the financial markets, but also on the assessment of Volkswagen's credit quality by market participants and rating agencies.

7.3.13 Amount of income taxes

Volkswagen's results of operations are also affected by the amount of income taxes. The income tax rate (the ratio of reported income tax expense to profit before tax) was 26.4% in 2013 (2012: 14.2%; 2011: 16.5%). The amount of income taxes depends primarily on the development of profit, as well as special factors such as the change in income tax rates and the impact of companies valued at equity (e.g. Chinese joint ventures) and, in 2011, the assessment of the put/call option in relation to the share of Porsche SE Automobil Holding of 50.1% in Porsche Holding Stuttgart. In 2012, effects from the updated measurement of options relating to Porsche Holding Stuttgart and the remeasurement of the existing shares held in the amount of EUR 12.3 billion did not have any impact on the tax expense. The fair value accounting of these options does not affect any current or deferred taxes.

7.4 Certain Income Statement Items

7.4.1 Sales Revenue

Sales revenue includes revenue from the sale of vehicles and genuine parts (mainly spare parts), used vehicles and third-party products, engines, powertrains and parts deliveries, Power Engineering, Motorcycles, income from the rental and leasing business, and interest and similar income from the financial services business. Other sales revenue comprises revenue from workshop services, among other things. Revenue and other operating income is recognized only when the relevant service has been rendered or the goods have been delivered in accordance with the contractual arrangements.

Sales revenue in the Automotive Division primarily relates to sales revenue from the sale of vehicles, genuine parts, other parts and engines, and Power Engineering, in each case including the sales revenue of Porsche AG since its initial consolidation on August 1, 2012, Ducati since its initial consolidation on July 19, 2012, Porsche Holding since its initial consolidation on March 1, 2011 and MAN since its initial consolidation on November 9, 2011, in each case including their respective consolidated subsidiaries. Sales revenue in the Financial Services Division primarily relates to sales revenue from the rental and leasing business, as well as interest and similar income from the financial services business, in each case including the sales revenue of Porsche AG since its initial consolidation on August 1, 2012, Porsche Holding since its initial consolidation on March 1, 2011 and MAN since its initial consolidation on November 9, 2011, in each case including their respective consolidated subsidiaries.

7.4.2 Cost of Sales

Cost of sales includes the costs incurred to generate the sales revenue and the cost of goods purchased for resale, in particular for parts purchased from third parties. This item also includes the costs of additions to warranty provisions. Research and development costs not eligible for capitalization in the period and amortization of development costs are likewise carried under cost of sales. Reflecting the presentation of interest and commission income in sales revenue, the interest and commission expenses attributable to the financial services business are presented in cost of sales.

7.4.3 Distribution and Administrative Expenses

Distribution expenses include non-staff overheads and personnel costs, and depreciation and amortization attributable to the distribution function, as well as the costs of shipping, advertising and sales promotion. Administrative expenses mainly include non-staff overheads and personnel costs as well as depreciation and amortization attributable to the administrative function.

7.4.4 Other Operating Income

Other operating income primarily comprises income from the reversal of valuation allowances on receivables and other assets, income from the reversal of provisions and accruals, and income from foreign currency hedging derivatives and foreign exchange gains.

The valuation of provisions and accruals is based on the best possible estimation of expenses necessary to fulfill a given obligation on the due date. The income from reversal of provisions and accruals thus results from changes in estimates linked to a lower than originally anticipated utilization of provisions and accruals for a given transaction in individual cases.

Income from foreign currency hedging derivatives and foreign currency exchange gains mainly comprise gains from changes in exchange rates between the dates of recognition and payment of receivables and liabilities denominated in foreign currencies, as well as exchange rate gains resulting from fair value measurement at the closing rate. Foreign exchange losses from these items are included in other operating expenses.

Other income from cost allocations are costs passed through to other parties such as warranty costs, service costs, or other overhead costs.

7.4.5 Other Operating Expenses

Other operating expenses primarily comprise valuation allowances on receivables and other assets, losses from foreign currency hedging derivatives and foreign exchange.

Losses from foreign currency hedging derivatives and foreign exchange losses mainly comprise losses from changes in the exchange rates between the dates of recognition and payment of receivables and liabilities denominated in foreign currencies, as well as losses resulting from the fair value measurement at the closing rate. Foreign exchange gains from these items are included in other operating income.

7.4.6 Finance Costs

Finance costs include all interest expenses of the Volkswagen Group, except for interest expenses of the Financial Services Division, which are reported in cost of sales.

7.4.7 Other Financial Result

Other financial result primarily comprises gains and losses from the fair value remeasurement of derivatives not included in hedging.

7.5 Results of Operations

The following discussion compares Volkswagen's results of operations for the years ended December 31, 2013, 2012 and 2011. It also includes a discussion of the sales revenue and operating result of the divisions and a presentation by operating segment and geographic market (segment discussion).

The Company has chosen to apply the internationally accepted cost of sales (function of expense) method to the income statement. In the cost of sales method, expenses are classified by function (production (included in cost of sales) distribution and administrative expenses).

The following table presents the main items in Volkswagen's income statements for the years ended December 31, 2013, 2012 and 2011:

	Period from January 1 to December 31				Change	Change
	2013	**2012[1]**	**2012**	**2011**	**2013/2012[1]**	**2012/2011**
	(in EUR million)				**(%) (unaudited)**	
Sales revenue	**197,007**	**192,676**	**192,676**	**159,337**	**+2.2**	**+20.9**
Cost of sales	−161,407	−157,522	−157,518	−131,371	+2.5	+19.9
Gross profit	**35,600**	**35,154**	**35,158**	**27,965**	**+1.3**	**+25.7**
as % of sales revenue *(unaudited)*	18.1	18.2	18.2	17.6		
Distribution expenses	−19,655	−18,850	−18,850	−14,582	+4.3	+29.3
Administrative expenses	−6,888	−6,220	−6,223	−4,384	+10.7	+41.9
Other operating income	9,956	10,484	10,496	9,727	−5.0	+7.9
Other operating expenses	−7,343	−9,070	−9,070	−7,456	−19.0	+21.6
Operating profit	**11,671**	**11,498**	**11,510**	**11,271**	**+1.5**	**+2.1**
as % of sales revenue *(unaudited)*	5.9	6.0	6.0	7.1		
Share of profits and losses of equity accounted investments	3,588	13,568	13,568	2,174	−73.6	>+100.0
Finance costs	−2,366	−2,546	−2,552	−2,047	−7.1	+24.7
Other financial result	−465	2,967	2,967	7,528	>−100.0	−60.6
Financial result	**757**	**13,989**	**13,982**	**7,655**	**−94.6**	**+82.7**
as % of sales revenue *(unaudited)*	0.4	7.3	7.3	4.8		
Profit before tax	**12,428**	**25,487**	**25,492**	**18,926**	**−51.2**	**+34.7**
as % of sales revenue *(unaudited)*	6.3	13.2	13.2	11.9		
Income tax income/ expense	−3,283	−3,606	−3,608	−3,126	−9.0	+15.4
Profit after tax	**9,145**	**21,881**	**21,884**	**15,799**	**−58.2**	**+38.5**
as % of sales revenue *(unaudited)*	4.6	11.4	11.4	9.9		
Noncontrolling interests	52	169	168	391	−69.2	−57.0
Profit attributable to Volkswagen AG hybrid capital investors	27	–	–	–	–	–
Profit attributable to shareholders of Volkswagen AG	**9,066**	**21,712**	**21,717**	**15,409**	**−58.2**	**+40.9**

[1] Figures adjusted to reflect application of IAS 19R, which changes the way employee benefits are accounted for. In particular, this led to changes to bonus payments for partial retirement agreements.

7.5.1 Results of Operations — 2013 compared with 2012

7.5.1.1 Sales revenue

Volkswagen's sales revenue increased by EUR 4,331 million, or 2.2%, in 2013 compared with the prior year, due to a slight decline in volumes — excluding the Chinese joint ventures — and in particular negative exchange rate effects (EUR 4.5 billion), which were more than offset by the initial full-year consolidation of Porsche AG and the good performance of the Financial Services Division, which recorded higher sales revenue at EUR 22.0 billion in 2013.

Volkswagen's sales revenue by source is as follows:

	Period from January 1 to December 31		Change
	2013	**2012**	**2013/2012**
	(in EUR million)		**(%) (unaudited)**
Vehicles	134,842	134,537	+0.2
Genuine parts	13,564	12,070	+12.4
Used vehicles and third-party products	8,973	7,735	+16.0
Engines, powertrains and parts deliveries	8,441	8,990	−6.1
Power Engineering	3,845	4,222	−8.9
Motorcycles	452	148	>+100.0
Rental and leasing business	13,948	11,825	+17.9
Interest and similar income	6,034	6,337	−4.8
Other sales revenue	6,909	6,812	+1.4
	197,007	**192,676**	**+2.2**

The slight increase in sales revenue from the sale of vehicles by EUR 0.3 billion, or 0.2%, was due to the reasons described in the preceding paragraph. The EUR 1.5 billion, or 12.4%, increase in sales revenue from the sale of genuine parts was mainly driven by higher demand as well as the initial full year consolidation of Porsche. In addition, Porsche had only a minor effect on the sale of used vehicles and third party products, which increased by EUR 1.2 billion, or 16.0%, over the prior year. Despite an increase in engines, powertrains and parts deliveries to China, the total sales revenues of engines, powertrains and parts deliveries decreased by EUR 0.5 billion, or 6.1%, mainly due to the fact that intra-group deliveries to Porsche are no longer recognized as revenue since Volkswagen began fully consolidating Porsche in August 2012. Power Engineering reported a decrease in sales revenue of EUR 0.4 billion, or 8.9%, as a result of a 3.2% decline in order intake compared to 2012. The continued difficult situation in the shipment industry, ongoing economic uncertainties and tougher financing conditions led to delays in awarding contracts. Sales revenue from the sale of motorcycles increased by EUR 0.3 billion, or more than 100.0%, over the prior year, mainly due to the initial full-year consolidation of Ducati. Sales revenue from the Financial Services Division's rental and leasing business primarily relates to operating lease payments and the sale of used vehicles. Sales revenue from the rental and leasing business rose by EUR 2.1 billion, or 18.0%, in 2013 compared with the prior year, mainly due to volume-related factors and the initial full-year consolidation of Porsche's financial services business.

Interest and similar income is generated by the financial services business and primarily consists of interest income from customer and dealer financing, and from finance leases. Similar income primarily relates to commission income from insurance brokerage services. The decrease in interest and similar income of EUR 0.3 billion, or 4.8%, in 2013 compared with the prior year was primarily driven by a decrease in interest rates.

Other sales revenue comprises revenue from workshop services, among other things. Other sales revenue increased by EUR 0.1 billion, or 1.4%, in 2013 compared with the prior year, which was primarily attributable to volume-related factors.

Volkswagen's sales revenue by division is as follows:

	Period from January 1 to December 31	
	2013	**2012**
	(in EUR million) (unaudited)	
Automotive[1]	175,003	172,822
Financial Services	22,004	19,854
Volkswagen Group	**197,007**	**192,676**

[1] Including allocation of consolidation adjustments between the Automotive and Financial Services Divisions.

The Automotive Division's sales revenue increased by EUR 2.2 billion, or 1.2%, in 2013 compared with the prior year. Declining volumes and negative exchange rate effects were more than offset mainly by the initial full-year consolidation of Porsche. As the Chinese joint ventures are accounted for using the equity method, Volkswagen's positive business growth in the Chinese passenger car market is mainly reflected in consolidated sales revenue only by deliveries of vehicles and vehicle parts.

Sales revenue of the Financial Services Division rose by EUR 2.1 billion, or 10.8%, in 2013 compared with the prior year. The increase was primarily due to increased volumes and the initial full-year consolidation of Porsche's financial services business.

The breakdown of Volkswagen's sales revenue from external customers by region is as follows:

	Germany	Rest of Europe and Other Regions[1]	North America	South America	Asia-Pacific	Total
			(in EUR million)			
2013	37,714	79,348	27,434	17,495	35,016	**197,007**
2012	37,734	77,650	25,046	18,311	33,936	**192,676**

[1] Excluding Germany.

In 2013, Volkswagen generated 19.1% of its sales revenue in Germany, compared with 19.6% in 2012. In 2013, Volkswagen generated 59.4% of its sales revenue in Germany combined with the Rest of Europe and Other Regions (including Africa), compared with 59.9% in 2012.

Sales revenue in Germany decreased very slightly in 2013 compared with the prior year, driven in particular by volume related factors, the shortfall of revenues from deliveries to Porsche and the decrease of interest income, which was partly offset by the German sales revenues of Porsche and the increasing rental and leasing business. In the Rest of Europe and Other Regions (excluding Germany), sales revenue increased by EUR 1,698 million, or 2.2%, in 2013. Sales revenue in North America increased by EUR 2,388 million, or 9.5%, in 2013. The initial full-year consolidation of Porsche more than offset the negative effects due to exchange rates. Sales revenue in South America decreased by EUR 816 million, or 4.5%, in 2013 due to lower volumes and adverse exchange rate movements. In Asia-Pacific, sales revenue increased by EUR 1,080 million, or 3.2%, in 2013, despite the negative impact of exchange rate effects. These figures do not include the sales revenue generated by Volkswagen's Chinese joint ventures, which are accounted for using the equity method.

7.5.1.2 *Cost of sales*

Volkswagen's cost of sales and the ratio of cost of sales to sales revenue are as follows:

	Period from January 1 to December 31		Change
	2013	2012[1]	2013/2012
	(in EUR million)		(%) (unaudited)
Cost of sales	161,407	157,522	+2.5
as % of sales revenue *(unaudited)*	81.9	81.8	–

[1] Adjusted to reflect application of IAS 19R.

Cost of sales increased by EUR 3.9 billion, or 2.5%, in 2013 compared with the prior year. Gross profit on the group level was slightly higher than in the previous year, at EUR 35.6 billion (2012: EUR 35.2 billion). Research and development costs included in the income statement (research and non-capitalized development costs as well as amortization of capitalized development costs) increased by EUR 1,335 million, or 15.1%, from EUR 8,851 million in 2012 to EUR 10,186 million in 2013, in particular for new drive concepts.

Depreciation charges resulting from increased capital expenditures, negative mix effects and the recognition of contingency reserves also had a negative impact.

Cost of sales also includes interest expenses of EUR 1,948 million attributable to the financial services business and impairment losses on intangible assets, property, plant and equipment, and leasing and rental assets in the amount of EUR 346 million in 2013 as compared to EUR 210 million in 2012.

The initial full-year consolidation of Porsche, optimized product cost and the lower write downs relating to purchase price allocations had a positive effect.

These factors led to Volkswagen's gross margin remaining virtually unchanged at 18.1% in 2013.

7.5.1.3 *Distribution and administrative expenses*

Volkswagen's distribution and administrative expenses and the ratio of these expenses to sales revenue are as follows:

	Period from January 1 to December 31		Change
	2013	2012[1]	2013/2012
	(in EUR million)		(%) (unaudited)
Distribution expenses	19,655	18,850	+4.3
as % of sales revenue *(unaudited)*	10.0	9.8	
Administrative expenses	6,888	6,220	+10.7
as % of sales revenue *(unaudited)*	3.5	3.2	
	26,543	**25,070**	**+5.9**

[1] Adjusted to reflect application of IAS 19R.

Distribution and administrative expenses increased to EUR 26,543 million in 2013 compared with EUR 25,070 million in 2012. In 2013, distribution expenses increased by EUR 805 million, or 4.3%, and administrative expenses increased by EUR 668 million, or 10.7%, compared with the prior year. The increase of the distribution expenses were mainly attributable to the initial full-year inclusion of Porsche which was partially offset by currency effects.

In the Automotive Division, distribution expenses rose by 3.7% and increased as a percentage of sales revenue from 10.4% in 2012 to 10.6% in 2013. Administrative expenses increased by EUR 528 million, or 10.2%, to EUR 5,682 million, and increased as a percentage of sales revenue from 3.0% in 2012 to 3.2% in 2013. The increases in distribution and administrative expenses were mainly attributable to the initial full-year inclusion of Porsche.

In the Financial Services Division, distribution and administrative expenses increased from EUR 2.0 million in 2012 to EUR 2.3 million in 2013, or 12.1%, while the ratio of both distribution and administrative expenses to sales revenue rose slightly. Alongside higher volumes and the consolidation of Porsche, this was attributable to additional expenses to comply with stricter banking supervision requirements.

7.5.1.4 Other operating income

The composition of Volkswagen's other operating income and the ratio of this income to sales revenue are as follows:

	Period from January 1 to December 31		**Change**
	2013	**2012[1]**	**2013/2012**
	(in EUR million)		**(%) (unaudited)**
Income from reversal of valuation allowances on receivables and other assets	547	687	−20.4
Income from reversal of provisions and accruals	2,532	2,964	−14.6
Income from foreign currency hedging derivatives	1,785	1,601	+11.5
Income from foreign exchange gains	1,758	2,437	−27.9
Income from sale of promotional material	256	193	+32.6
Income from cost allocations	909	832	+9.3
Income from investment property	17	65	−73.8
Gains on asset disposals and the reversal of impairment losses	233	159	+46.5
Miscellaneous other operating income	1,919	1,548	+24.0
	9,956	**10,484**	**−5.0**
as % of sales revenue *(unaudited)*	5.1	5.4	

1 Adjusted to reflect application of IAS 19R.

Other operating income declined by EUR 528 million, or 5.0%, in 2013, mainly as a result of lower income related to exchange rate factors as well as lower income from reversal of provisions and accruals. In the Automotive Division, currency-related factors led to an improvement in other operating income from EUR 2.3 billion in 2012 to EUR 3.6 billion in 2013. Other operating income in the Financial Services Division amounted to EUR −1.0 billion in 2013 as compared with EUR −0.9 billion in 2012.

Reversals of provisions are recognized as other operating income, whereas expenses relating to the recognition of provisions are allocated directly to the functions.

7.5.1.5 *Other operating expenses*

The composition of Volkswagen's other operating expenses and the ratio of these expenses to sales revenue are as follows:

	Period from January 1 to December 31		Change
	2013	**2012**	**2013/2012**
	(in EUR million)		**(%) (unaudited)**
Valuation allowances on receivables and other assets	1,442	1,386	+4.0
Losses from foreign currency hedging derivatives	985	2,817	−65.0
Foreign exchange losses	2,486	2,329	+6.7
Expenses from cost allocations	408	155	>+100.0
Expenses for termination agreements	76	55	+38.2
Losses on disposal of noncurrent assets	151	66	>+100.0
Miscellaneous other operating expenses	1,796	2,261	−20.6
	7,343	**9,070**	**−19.0**
as % of sales revenue *(unaudited)*	3.7	4.7	

Other operating expenses decreased by EUR 1,727 million, or 19.0%, to EUR 7,343 million in 2013 compared with the prior year. This decrease resulted primarily from the decrease of EUR 1,832 million in losses from foreign currency hedging derivatives.

Net other operating income rose to EUR 2.6 billion, an increase of EUR 1,414 million, or 84.8%, as net income from foreign exchange gains and losses decreased by EUR 836 million and net income from foreign currency hedging derivatives increased by EUR 2,016 million.

7.5.1.6 *Operating profit*

Volkswagen's operating profit by division is as follows:

	Period from January 1 to December 31	
	2013	**2012[1]**
	(in EUR million)	
Automotive[2]	9,807	9,913
as % of sales revenue of the Automotive Division *(unaudited)*	5.6	5.7
Financial Services	1,863	1,585
as % of sales revenue of the Financial Services Division *(unaudited)*	8.5	8.0
Volkswagen Group	**11,671**	**11,498**
as % of Group sales revenue *(unaudited)*	5.9	6.0

1 Adjusted to reflect application of IAS 19R.

2 Including allocation of consolidation adjustments between the Automotive and Financial Services divisions.

Operating profit increased by EUR 173 million, or 1.5%, in 2013 compared with the prior year.

The Automotive Division generated an operating profit of EUR 9.8 billion in 2013, a slight decrease compared with EUR 9.9 billion in the prior year.

Operating profit in the Passenger Cars Business Area amounted to EUR 9.0 billion, as in the previous year. The operating return on sales was 6.4% in 2013 as compared with 6.5% in 2012. The decline in volumes, deteriorations in exchange rates and mix, higher depreciation charges as a result of increased capital expenditures, higher research and development costs, and the recognition of contingency reserves were negative factors. The initial full-year consolidation of Porsche in 2013, optimized product costs and lower write-downs relating to purchase price allocations had a positive effect.

In the Commercial Vehicles/Power Engineering Business Area, operating profit declined from EUR 0.9 billion in 2012 to EUR 0.8 billion in 2013, while the operating return on sales decreased from 2.8% to 2.3%. In addition to the write-downs relating to purchase price allocation for MAN and Scania, this was negatively impacted by increased competitive pressure on prices and margins. At EUR −250 million, operating profit in the Power Engineering segment was well below the prior-year figure of EUR 162 million, and was negatively impacted by project-specific contingency reserves and declines in the license and after sales businesses.

The Financial Services Division once again made a significant contribution to Volkswagen's earnings with an operating profit of EUR 1.9 billion in 2013, or 17.5% higher than in 2012, due to growth in business volumes and the initial full-year consolidation of Porsche's financial services business. The operating return on sales increased from 8.0% in 2012 to 8.5% in 2013.

7.5.1.7 Financial result

Volkswagen's financial result decreased by EUR 13.2 billion, or 94.6%, from EUR 14.0 billion in 2012 to EUR 0.8 billion in 2013.

The Automotive Division's financial result declined by EUR 13.3 billion to EUR 0.7 billion, including allocation of consolidation adjustments between the Automotive and Financial Services divisions.

The financial result of the Financial Services Division increased from EUR 5 million in 2012 to EUR 102 million in 2013. It does not include the result of the operating business of the Financial Services Division.

7.5.1.8 Share of profits and losses of equity-accounted investments

The composition of Volkswagen's share of the profits and losses of equity-accounted investments is as follows:

	Period from January 1 to December 31		Change 2013/2012
	2013	**2012**	
	(in EUR million)		**(%) (unaudited)**
Share of profits of equity-accounted investments	3,652	13,675	−73.3
of which from: joint ventures	3,635	13,658	−73.4
of which from: associates	17	16	+6.2
Share of losses of equity-accounted investments	64	107	−40.2
of which from: joint ventures	6	42	−85.7
of which from: associates	58	65	−10.8
	3,588	**13,568**	**−73.6**

The share of profits and losses of equity-accounted investments decreased by EUR 10.0 billion in 2013. In 2012 the profit and losses included the amounts from the adjustment of the equity interest in Porsche until July 31, 2012 as well as income of EUR 10,399 million from discontinuing equity method accounting for Porsche.

The sales revenue and operating profit of the joint venture companies in China are not included in the figures for the Volkswagen Group. The Chinese companies are accounted for using the equity method and recorded an operating profit (proportionate) of EUR 4,296 million in 2013, a 16.8% increase over the EUR 3,678 million amount in 2012.

7.5.1.9 *Finance costs*

The composition of Volkswagen's finance costs is as follows:

	Period from January 1 to December 31		Change
	2013	**2012[1]**	**2013/2012**
	(in EUR million)		**(%) (unaudited)**
Other interest and similar expenses	1,494	1,380	+8.3
Interest cost included in lease payments	19	19	–
Interest expenses	**1,513**	**1,398**	**+8.2**
Interest component of additions to pension provisions	752	760	−1.0
Interest cost on other liabilities	101	387	−73.9
Interest cost on liabilities	**853**	**1,147**	**−25.6**
Finance costs	**2,366**	**2,546**	**−7.1**

[1] Adjusted to reflect application of IAS 19R.

With the exception of most of the interest expenses of the Financial Services Division, which are reported in cost of sales, finance costs include all other interest expenses of the Volkswagen Group. The EUR 180 million, or 7.1%, decrease in finance costs in 2013 compared with the prior year was primarily due to reduced interest cost on liabilities.

7.5.1.10 *Other financial result*

The composition of Volkswagen's other financial result is as follows:

	Period from January 1 to December 31		Change
	2013	**2012**	**2013/2012**
	(in EUR million)		**(%) (unaudited)**
Income from profit and loss transfer agreements	18	18	–
Cost of loss absorption	5	16	−68.8
Other income from equity investments	69	55	+25.4
Other expenses from equity investments	50	19	>+100.0
Income from marketable securities and loans[1]	147	113	+30.1
Other interest and similar income.	786	844	−6.9
Gains and losses from fair value remeasurement and impairment of financial instruments	−453	7	>−100.0
Gains and losses from fair value remeasurement of derivatives not included in hedging relationships	−546	2,071	>−100.0
Gains and losses on hedging relationships	−33	−107	+69.2
Other financial result	**−465**	**2,967**	**>−100.0**

[1] Including disposal gains / losses.

The other financial result decreased by EUR 3,432 million in 2013 compared with the prior year. The main changes in 2013 compared with 2012 related to the gains and losses from the fair value remeasurement of derivatives, in particular the gains and losses from the remeasurement of the put and call options on the 50.1% of the shares of Porsche Holding Stuttgart in connection with the integration of Porsche (EUR 1.9 billion). Following the opening of the award proceedings in connection with the control and profit and loss transfer agreement with MAN SE in July 2013, the expected present value of the minimum statutory interest rate was recognized in the other financial result (EUR 0.5 billion). Derivative financial instruments had a negative effect.

7.5.1.11 Income tax income/expense

The composition of Volkswagen's income tax expense is as follows:

	Period from January 1 to December 31		Change 2013/2012
	2013	2012[1]	
	(in EUR million)		(%) (unaudited)
Current tax expense, Germany	2,505	2,360	6.1
Current tax expense, abroad	1,672	2,152	−22.3
Current tax expense	**4,177**	**4,513**	**−7.4**
of which prior period expense income	278	19	>+100.0
Income from reversal of tax provisions	−445	−317	−40.4
Current income tax expense	**3,733**	**4,196**	**−11.0**
Deferred tax income/expense, Germany	−334	−309	+8.1
Deferred tax income/expense, abroad	−116	−280	−58.6
Deferred tax income	**−449**	**−589**	**−23.8**
Income tax income/expense	**3,283**	**3,606**	**−9.0**

1 Adjusted to reflect application of IAS 19R.

Income tax expense decreased by EUR 323 million, or 9.0%, in 2013 compared with the prior year. The tax expense of EUR 3,283 million reported for 2013 was EUR 383 million lower than the expected tax expense of EUR 3,666 million that would have resulted from application of a tax rate applicable to undistributed profits of 29.5% to the profit before tax of the Volkswagen Group. This resulted primarily from tax-exempt income. A tax rate of 29.8% (previous year: 29.5%) was used to measure deferred taxes due to changes in the German consolidated tax group.

7.5.2 Results of Operations — 2012 compared with 2011

7.5.2.1 Sales revenue

Volkswagen's sales revenue increased by EUR 33.3 billion, or 20.9%, in 2012 compared with the prior year, due primarily to higher volumes (EUR 8.2 billion), the full-year consolidation of MAN and the first-time consolidation of Porsche AG from August 1, 2012 as well as positive exchange rate effects (mainly for U.S. dollars) (EUR 2.5 billion) and product and market mix as well as higher selling prices (EUR 3.6 billion). There were positive effects of EUR 5.9 billion from the first-time inclusion of Porsche AG (August 1, 2012 to December 31, 2012) and EUR 13.3 billion from the full-year inclusion of MAN. Scania recorded a negative effect of EUR 0.8 billion whereas Volkswagen Financial Services recorded higher sales revenue of EUR 2.0 billion.

Volkswagen's sales revenue by source is as follows:

	Period from January 1 to December 31		Change
	2012	2011	2012/2011
	(in EUR million)		(%) (unaudited)
Vehicles	134,537	116,449	+15.5
Genuine parts	12,070	9,784	+23.4
Used vehicles and third-party products	7,735	6,023	+28.4
Engines, powertrains and parts deliveries	8,990	5,438	+65.3
Power Engineering	4,222	662	>+100.0
Motorcycles	148	–	–
Rental and leasing business	11,825	10,245	+15.4
Interest and similar income	6,337	5,535	+14.5
Other sales revenue	6,812	5,200	+31.0
	192,676	**159,337**	**+20.9**

The increase in sales revenue from the sale of vehicles by EUR 18.1 billion, or 15.5%, was due primarily to the 11.2% increase in unit sales (excluding the Chinese joint ventures), while the EUR 2.3 billion, or 23.4%, increase in sales revenue from the sale of genuine parts was mainly driven by higher demand, in particular in China. Used vehicles and third-party products increased by EUR 1.7 billion, or 28.4%, over the prior year, mainly due to the first-time inclusion of Porsche Holding and Porsche AG. Power Engineering reported an increase in sales revenue of EUR 3.6 billion, or more than 100%, as a result of the full-year inclusion of MAN which began on November 9, 2011.

Sales revenue from the Financial Services Division's rental and leasing business primarily relates to operating lease payments and the sale of used vehicles. Sales revenue from the rental and leasing business rose by EUR 1.6 billion, or 15.4%, in 2012 compared with the prior year, mainly due to volume-related factors and the inclusion of the financial services business of Porsche AG.

Interest and similar income is generated by the financial services business and primarily consists of interest income from customer and dealer financing, and from finance leases. Similar income primarily relates to commission income from insurance brokerage services. The increase in interest and similar income of EUR 0.8 billion, or 14.5%, in 2012 compared with the prior year was primarily driven by volume-related factors and the consolidation of Porsche AG and MAN .

Other sales revenue comprises revenue from workshop services, among other things. Other sales revenue increased by EUR 1.6 billion, or 31.0%, in 2012 compared with the prior year, which was primarily attributable to volume-related factors.

Volkswagen's sales revenue by division is as follows:

	Period from January 1 to December 31	
	2012	2011
	(in EUR million) (unaudited)	
Automotive[1]	172,822	142,092
Financial Services	19,854	17,244
Volkswagen Group	**192,676**	**159,337**

[1] Including allocation of consolidation adjustments between the Automotive and Financial Services Divisions.

The Automotive Division's sales revenue increased by EUR 30.7 billion, or 21.6%, in 2012 compared with the prior year. In addition to increased volumes, the increase resulted from favorable exchange rates and the consolidation of Porsche AG and MAN. As the Chinese joint ventures are accounted for using the equity method, Volkswagen's positive business growth in the Chinese passenger car market is mainly reflected in consolidated sales revenue only by deliveries of vehicles and vehicle parts.

Sales revenue of the Financial Services Division rose by EUR 2.6 billion, or 15.1%, in 2012 compared with the prior year. The increase was primarily due to increased volumes, in particular the expansion of Volkswagen to include Porsche and MAN, which had a positive effect compared with the previous year's figures.

The breakdown of Volkswagen's sales revenue from external customers by region is as follows:

	Germany	Rest of Europe and Other Regions[1]	North America	South America	Asia-Pacific	Total
			(in EUR million)			
2012	37,734	77,650	25,046	18,311	33,936	**192,676**
2011	34,600	69,291	17,553	14,910	22,983	**159,337**

[1] Excluding Germany.

In 2012, Volkswagen generated 19.6% of its sales revenue in Germany, compared with 21.7% in 2011. In 2012, Volkswagen generated 59.9% of its sales revenue in Germany combined with the Rest of Europe and Other Regions (including Africa), compared with 65.2% in 2011.

Sales revenue in Germany increased by EUR 3,134 million, or 9.1%, in 2012 compared with the prior year, driven in particular by volume-related factors and the consolidation of Porsche AG and MAN. In the Rest of Europe and Other Regions (excluding Germany), sales revenue increased by EUR 8,359 million, or 12.1%, in 2012. Sales revenue in North America increased by EUR 7,493 million, or 42.7%, in 2012. Sales revenue in South America increased by EUR 3,401 million, or 22.8%, in 2012. In Asia-Pacific, sales revenue increased by EUR 10,953 million, or 47.7%, in 2012, driven primarily by the dynamic growth in demand in the Chinese market. However, only sales revenue from the sale of parts and engines to the equity-accounted Chinese ventures is included in the sales revenue figure for Asia-Pacific, and not the joint ventures' sales revenue in the Chinese market.

7.5.2.2 Cost of sales

Volkswagen's cost of sales and the ratio of cost of sales to sales revenue are as follows:

	Period from January 1 to December 31		Change
	2012	2011	2012/2011
	(in EUR million)		(%) (unaudited)
Cost of sales	157,518	131,371	+19.9
as % of sales revenue *(unaudited)*	81.8	82.4	—

Cost of sales increased by EUR 26.1 billion, or 19.9%, in 2012 compared with the prior year. The increase in cost of sales in 2012 was due primarily to the significantly higher production figures for vehicles and the resulting higher costs for production material and for goods purchased for resale. At the same time, research and development costs included in the income statement increased by EUR 1,617 million, or 22.4%, between 2011 (EUR 7,234 million) and 2012 (EUR 8,851 million), which related to new models, the electrification of the vehicle portfolio and increasing the efficiency of the range of engines, which was increasingly accounted for by alternative drive technologies. Cost of sales also includes interest expenses of EUR 2,577 million attributable to the financial services business and impairment losses on intangible assets, property, plant and equipment, and leasing and rental assets in the amount of EUR 210 million. These factors led to an increase in Volkswagen's gross margin from 17.6% in 2011 to 18.2% in 2012.

7.5.2.3 Distribution and administrative expenses

Volkswagen's distribution and administrative expenses and the ratio of these expenses to sales revenue are as follows:

	Period from January 1 to December 31		Change
	2012	**2011**	**2012/2011**
	(in EUR million)		**(%) (unaudited)**
Distribution expenses	18,850	14,582	+29.3
as % of sales revenue *(unaudited)*	9.8	9.2	
Administrative expenses	6,223	4,384	+41.9
as % of sales revenue *(unaudited)*	3.2	2.8	
	25,073	**18,966**	**+32.2**

Distribution and administrative expenses increased to EUR 25,073 million in 2012 compared with EUR 18,966 million in 2011. In 2012, distribution expenses increased by EUR 4,268 million, or 29.3%, and administrative expenses increased by EUR 1,839 million, or 41.9%, compared with the prior year.

In the Automotive Division, distribution expenses rose by 29.9% as a result of business expansion and increased as a percentage of sales revenue from 9.7% in 2011 to 10.4% in 2012. Administrative expenses increased by EUR 1,597 million, or 44.8%, to EUR 5,159 million, which was largely attributable to the initial consolidation of MAN and Porsche AG, increased business volumes and greater competition, especially in Western Europe. In the Financial Services Division, higher volumes and the consolidation effects of Porsche AG and MAN as well as upfront expenditures for new projects and additional expenses to comply with stricter banking supervision requirements led to an increase in distribution and administrative expenses compared with the prior year.

7.5.2.4 Other operating income

The composition of Volkswagen's other operating income and the ratio of this income to sales revenue are as follows:

	Period from January 1 to December 31		Change
	2012	**2011**	**2012/2011**
	(in EUR million)		**(%) (unaudited)**
Income from reversal of valuation allowances on receivables and other assets	687	677	+1.5
Income from reversal of provisions and accruals	2,975	2,495	+19.2
Income from foreign currency hedging derivatives	1,601	1,678	−4.6
Income from foreign exchange gains	2,437	2,176	+12.0
Income from sale of promotional material	193	187	+3.2
Income from cost allocations	832	752	+10.6
Income from investment property	65	60	+8.3
Gains on asset disposals and the reversal of impairment losses	159	163	−2.5
Miscellaneous other operating income	1,548	1,539	+0.6
	10,496	**9,727**	**+7.9**
as % of sales revenue *(unaudited)*	5.4	6.1	

Other operating income rose by EUR 769 million, or 7.9%, in 2012, primarily as a result of increased income from the reversal of provisions and from foreign currency hedging. Reversals of provisions are recognized as other operating income, whereas expenses relating to the recognition of provisions are allocated directly to the functions.

7.5.2.5 Other operating expenses

The composition of Volkswagen's other operating expenses and the ratio of these expenses to sales revenue are as follows:

	Period from January 1 to December 31		Change
	2012	**2011**	**2012/2011**
	(in EUR million)		**(%) (unaudited)**
Valuation allowances on receivables and other assets	1,386	1,392	−0.4
Losses from foreign currency hedging derivatives	2,817	1,897	+48.5
Foreign exchange losses	2,329	1,992	+16.9
Expenses from cost allocations	155	132	+17.4
Expenses for termination agreements	55	22	>+100.0
Losses on disposal of noncurrent assets	66	108	−38.9
Miscellaneous other operating expenses	2,261	1,913	+18.2
	9,070	**7,456**	**+21.6**
as % of sales revenue *(unaudited)*	4.7	4.7	

Other operating expenses increased by EUR 1,614 million, or 21.6%, to EUR 9,070 million in 2012 compared with the prior year. This increase resulted primarily from increases of EUR 920 million and EUR 337 million in losses from foreign currency hedging derivatives and foreign exchange losses, respectively.

Net other operating income fell to EUR 1.4 billion, a decrease of EUR 845 million, or 37.2%, from the prior year as a result of exchange rate effects.

7.5.2.6 Operating profit

Volkswagen's operating profit by division is as follows:

	Period from January 1 to December 31	
	2012	**2011**
	(in EUR million)	
Automotive[1]	9,923	9,973
as % of sales revenue of the Automotive Division *(unaudited)*	5.7	7.0
Financial Services	1,586	1,298
as % of sales revenue of the Financial Services Division *(unaudited)*	8.0	7.5
Volkswagen Group	**11,510**	**11,271**
as % of Group sales revenue *(unaudited)*	6.0	7.1

[1] Including allocation of consolidation adjustments between the Automotive and Financial Services divisions.

Operating profit increased by EUR 239 million, or 2.1%, in 2012 compared with the prior year.

The Automotive Division generated an operating profit of EUR 9.9 billion in 2012, a slight decrease compared with EUR 10.0 billion in the prior year. The negative effects of purchase price allocation for MAN and Porsche, as well as from the switch to the Modular Transverse Toolkit, were offset by higher volumes, optimized product costs and positive exchange rate effects in particular. The ratio of operating profit to sales revenue of 5.7% was lower than the 7.0% recorded in the previous year. Operating profit in the Passenger Cars and Light Commercial Vehicles Business Area rose by 4.0% to EUR 9.4 billion. Porsche made a positive contribution to earnings despite the high initial write-downs from purchase price allocation. Operating profit in the Trucks and Buses, Power Engineering Business Area declined from EUR 0.9 billion in 2011 to EUR 0.5 billion in 2012. In addition to the write- downs relating to purchase price allocation for MAN and Scania, this figure was negatively impacted by a year-on-year contraction in the markets and increased competition.

The Financial Services Division once again made a significant contribution to Volkswagen's earnings with an operating profit of EUR 1.6 billion in 2012, or 22.2% higher than in 2011, primarily due to increased business volumes and the consolidation of Porsche and MAN's financial services activities.

7.5.2.7 Financial result

Volkswagen's financial result increased by EUR 6.3 billion, or 82.7%, from EUR 7.7 billion in 2011 to EUR 14.0 billion in 2012.

The Automotive Division's financial result improved by EUR 6.4 billion to EUR 14.0 billion (including allocation of consolidation adjustments between the Automotive and Financial Services divisions). At EUR 14.0 billion, the financial result for the Automotive Division was almost twice as high as in the previous year (2011: EUR 7.6 billion). This is primarily attributable to the updating of the underlying assumptions used in the valuation models for measuring the put/call rights relating to Porsche Holding Stuttgart in the amount of EUR 1.9 billion (2011: EUR 6.6 billion), as well as the remeasurement of existing shares held at the contribution date in the amount of EUR 10.4 billion (2011: EUR nil). Improved income from the equity-accounted Chinese joint ventures included in the consolidated financial statements also had a positive effect. The measurement of derivative financial instruments and higher financing costs had a negative effect. These increased as a result of the refinancing of higher business volumes and the unwinding of discounts on provisions, which was made necessary by lower interest rates.

The financial result does not include the result of the operating business of the Financial Services Division, which amounted to EUR 5 million in 2012 and EUR 104 million in 2011.

7.5.2.8 Share of profits and losses of equity-accounted investments

The composition of Volkswagen's share of the profits and losses of equity-accounted investments is as follows:

	Period from January 1 to December 31		Change 2012/2011
	2012	2011	
	(in EUR million)		(%) (unaudited)
Share of profits of equity-accounted investments	13,675	2,578	>+100.0
of which from: joint ventures	13,658	2,564	>+100.0
of which from: associates	16	14	+14.3
Share of losses of equity-accounted investments	107	404	−73.5
of which from: joint ventures	42	5	>+100.0
of which from: associates	65	399	−83.7
	13,568	**2,174**	**>+100.0**

The sales revenue and operating profit of the joint venture companies in China are not included in the figures for the Volkswagen Group. The Chinese companies are accounted for using the equity method and recorded an operating profit (proportionate) of EUR 3,678 million in 2012, a 40.6% increase over the EUR 2,616 million amount in 2011.

The share of profits and losses of investments increased by EUR 11.4 billion in 2012. The share of profits and losses of investments in 2011 includes the amounts from the adjustment of the equity interest in Suzuki until September 13, 2011 and the adjustment of the equity interest in MAN SE until November 8, 2011. Following the discontinuation of equity accounting for these companies, an expense of EUR 263 million was recognized for Suzuki and an expense of EUR 292 million for MAN. The share of profits and losses of equity-accounted investments in 2012 includes the amounts from the adjustment of the equity interest in Porsche Holding Stuttgart until July 31, 2012. Following the discontinuation of equity accounting for Porsche Holding Stuttgart, a gain of EUR 10,399 million was recognized; this figure includes the recognition in the income statement of amounts previously recognized in other comprehensive income.

7.5.2.9 Finance costs

The composition of Volkswagen's finance costs is as follows:

	Period from January 1 to December 31		Change 2012/2011
	2012	2011	
	(in EUR million)		(%) (unaudited)
Other interest and similar expenses	1,380	1,129	+22.2
Interest cost included in lease payments	19	17	+11.8
Interest expenses	**1,398**	**1,146**	**+22.0**
Interest component of additions to pension provisions	760	722	+5.3
Interest cost on other liabilities	394	179	>+100.0
Interest cost on liabilities	**1,154**	**901**	**+28.1**
Finance costs	**2,552**	**2,047**	**+24.7**

With the exception of most of the interest expenses of the Financial Services Division, which are reported in cost of sales, finance costs include all other interests expenses of the Volkswagen Group. The EUR 505 million, or 24.7%, increase in finance costs in 2012 compared with the prior year was primarily due to volume-related factors and the consolidation of Porsche AG and MAN.

7.5.2.10 Other financial result

The composition of Volkswagen's other financial result is as follows:

	Period from January 1 to December 31		Change
	2012	**2011**	**2012/2011**
	(in EUR million)		**(%) (unaudited)**
Income from profit and loss transfer agreements	18	24	−25.0
Cost of loss absorption	16	5	>+100.0
Other income from equity investments	55	58	−5.2
Other expenses from equity investments	19	21	−9.5
Income from marketable securities and loans[1]	113	0	–
Other interest and similar income.	844	885	−4.6
Gains and losses from fair value remeasurement and impairment of financial instruments	7	−46	–
Gains and losses from fair value remeasurement of derivatives not included in hedging relationships	2,071	6,654	−68.9
Gains and losses on hedging relationships	−107	−21	>−100.0
Other financial result	**2,967**	**7,528**	**−60.6**

1 Including disposal gains / losses.

The other financial result decreased by EUR 4,561 million in 2012 compared with the prior year. The main changes in 2012 compared with 2011 related to the gains and losses from the fair value remeasurement of derivatives are not included in hedging relationships, in particular the gains and losses from the remeasurement of the put and call options on the outstanding 50.1% of the shares of Porsche Holding Stuttgart in the amount of EUR 1,875 million compared to EUR 6,554 million in the prior year.

7.5.2.11 Income tax income/expense

The composition of Volkswagen's income tax expense is as follows:

	Period from January 1 to December 31		Change
	2012	**2011**	**2012/2011**
	(in EUR million)		**(%) (unaudited)**
Current tax expense, Germany	2,360	2,758	−14.4
Current tax expense, abroad	2,152	1,673	+28.6
Current tax expense	**4,513**	**4,431**	**+1.9**
of which prior period expense income	19	−7	>+100.0
Income from reversal of tax provisions	−317	−80	>−100.0
Current income tax expense	**4,196**	**4,351**	**−3.6**
Deferred tax income/expense, Germany	−308	−799	−61.5
Deferred tax income/expense, abroad	−280	−425	−34.1
Deferred tax income	**−588**	**−1,225**	**−52.0**
Income tax income/expense	**3,608**	**3,126**	**+15.4**

Income tax expense increased by EUR 482 million, or 15.4%, in 2012 compared with the prior year. The tax expense of EUR 3,608 million reported for 2012 was EUR 3,912 million lower than the expected tax expense of EUR 7,520 million that would have resulted from application of a tax rate applicable to undistributed profits of 29.5% to the profit before tax of the Volkswagen Group. This difference resulted primarily from the measurement of the existing shares of Porsche Holding Stuttgart at fair value in the course of the business combination and from the fair value measurement of the call and put options relating to the acquisition of the remaining interest in Porsche Holding Stuttgart, which do not have any tax effects on the Volkswagen Group.

7.6 Liquidity and Capital Resources

7.6.1 Sources of liquidity

Volkswagen primarily uses retained earnings and the money and capital markets as sources of refinancing by issuing bonds, commercial paper and notes, asset backed securities ("**ABS**") and deposits from the direct banking business. In addition to the mandatory convertible notes issued in November 2012 in the amount of EUR 2.5 billion, Volkswagen successfully placed further mandatory convertible notes in the amount of EUR 1.2 billion in June 2013. The notes entitle and oblige holders to subscribe for Volkswagen AG preferred shares, have a coupon of 5.50% and mature on November 9, 2015, although the note terms and conditions provide for early conversion. Volkswagen also successfully placed two tranches of a hybrid bond in an aggregate amount of EUR 2.0 billion in August 2013 as well as a further two tranches in an aggregate amount of EUR 3.0 billion in March 2014. In the credit market, Volkswagen was able to secure reserves through confirmed credit lines. On July 28, 2011, Volkswagen AG successfully replaced its previous syndicated credit line with a new facility in the amount of EUR 5.0 billion, which has been extended through July 2018. On April 25, 2014 Volkswagen amended and extended this syndicated credit facility in the same amount until April 2019 with two extension options in 2015 and 2016. Other Volkswagen Group companies have obtained syndicated credit lines totaling EUR 4.7 billion. Neither Volkswagen AG nor the Volkswagen Group companies' syndicated credit lines had been drawn down in whole or in part as of December 31, 2013. In addition, Volkswagen Group companies arranged bilateral credit lines with national and international banks in various other countries in the amount of EUR 39.8 billion, of which EUR 21.5 billion had not been drawn down as of December 31, 2013. Projects are financed by, among other things, loans provided at favorable interest rates by development banks such as the European Investment Bank (EIB), the International Finance

Corporation (IFC) and the European Bank for Reconstruction and Development (EBRD), or by national development banks such as Kreditanstalt für Wiederaufbau (KfW) and Banco Nacional de Desenvolvimento Econômico e Social (BNDES). This extensive range of options means that the liquidity risk to the Volkswagen Group is extremely low.

As part of its refinancing strategy, Volkswagen pursues a comprehensive capital market and hedging strategy, as well as a consistent rating strategy. Volkswagen's refinancing policy is to source funds with matching maturities that are as diversified as possible across currency areas, using a range of financing instruments and a broad investor base, and that exclude currency risks to a large extent, with the aim of covering its financing requirements using these instruments. The solvency and liquidity of the Volkswagen Group are supported at all times by rolling liquidity planning, a liquidity reserve in the form of cash, confirmed credit lines and globally available debt issuance programs.

7.6.2 Cash flows

The following table presents the main items in Volkswagen's cash flow statements for the years ended December 31, 2013, 2012 and 2011:

	For the year ended December 31,		
	2013	**2012[1]**	**2011**
	(in EUR million)		
Cash and cash equivalents at beginning of period	**17,794**	**16,495**	**18,228**
Profit before tax	12,428	25,487	18,926
Income taxes paid	−3,107	−5,056	−3,269
Cash flows from operating activities	**12,595**	**7,209**	**8,500**
Cash flows from investing activities	**−16,890**	**−19,482**	**−18,631**
Cash flows from financing activities	**8,973**	**13,712**	**8,316**
Effect of exchange rate changes on cash and cash equivalents	−462	−141	82
Net change in cash and cash equivalents	**4,216**	**1,298**	**−1,733**
Cash and cash equivalents at end of period	**22,009**	**17,794**	**16,495**
Securities, loans and time deposits	17,177	14,352	12,163

[1] Figures adjusted to reflect application of IAS 19R.

7.6.2.1 Cash flows from operating activities

Cash flows from operating activities are derived indirectly from profit before tax. Profit before tax is adjusted to eliminate noncash expenses (mainly depreciation and amortization) and income. Other noncash income and expenses included in particular income from the remeasurement of the Porsche put/call options amounting to EUR 1,875 million in 2012 compared to EUR 6,554 million in 2011. After the acquisition of the outstanding shares in Porsche in 2012, other noncash income and expense relates mainly to the fair value measurement of financial instruments. This results in cash flows from operating activities after accounting for changes in working capital, which also include changes in leasing and rental assets and in financial services receivables.

Cash flows from operating activities rose by EUR 5.4 billion, or 74.7%, in 2013 compared to 2012. The gross cash flow in 2013 was EUR 24.4 billion, EUR 4.3 billion more than in 2012. The year-on-year increase was due to a decrease in earnings that was not relevant to cash and lower tax payments. Funds tied up in working capital decreased by EUR 1.1 billion, which resulted in a year-on-year increase in cash flows from operating activities to EUR 12.6 billion. Despite the increased business volumes, strict working capital management led to the release of EUR 1.9 billion (2012: EUR 0.5 billion) in the Automotive Division. In the Financial Services Division funds tied up in working capital increased slightly to EUR 13.7 billion (2012: EUR 13.3 billion) as a result of volume growth.

Cash flows from operating activities declined by EUR 1.3 billion, or 15.2%, in 2012 compared to the prior year. The gross cash flow in 2012 amounted to EUR 20.1 billion, EUR 1.2 billion more than in the previous year. Funds tied up in working capital increased by EUR 2.5 billion, which resulted in a year-on-year decline in cash flows from operating activities to EUR 7.2 billion. Despite the increased business volumes, strict working capital management led to the release of EUR 0.5 billion (2011: EUR 1.7 billion) in the Automotive Division. In the Financial Services Division funds tied up in working capital increased by EUR 13.3 billion (2011: EUR 12.1 billion) as a result of volume growth and the resulting higher financial services receivables, as well as changes to leasing and rental assets.

7.6.2.2 Cash flows from investing activities

Investing activities include additions to property, plant and equipment and equity investments, additions to capitalized development costs and investments in securities and loans.

At EUR 14.9 billion, cash outflows from group-wide investing activities attributable to operating activities were EUR 1.9 billion, or 11.3%, lower in 2013 than in 2012, which had been characterized by the contribution in full of Porsche and the acquisition of the shares in Ducati. In the Automotive Division, investment in property, plant and equipment amounted to EUR 11.0 billion (2012: EUR 10.3 billion), producing a ratio of investments in property, plant and equipment (capex) to sales revenue of 6.3% (2012: 5.9%). Volkswagen invested mainly in its production facilities and in models that were launched in 2013 or are planned for launch in 2014. Other investment focuses were the ecological focus of the model range, the growing use of electric drives and the modular toolkits. Capitalized development costs rose from EUR 2.6 billion in 2012 to EUR 4.0 billion in 2013.

Volkswagen Bank GmbH sold its 50% indirect interest in LeasePlan Corporation N.V. Amsterdam, The Netherlands (''**LeasePlan**'') to Volkswagen AG for approximately EUR 1.7 billion as part of internal restructuring measures designed to strengthen equity in the Financial Services Division. This reduced liquidity within investing activities attributable to the Automotive Division. The sale of the LeasePlan interest led in particular to cash inflows from investing activities attributable to operating activities of EUR 1.3 billion in the Financial Services Division.

At EUR 19.5 billion, cash outflows from group-wide investing activities were EUR 0.9 billion, or 4.6%, higher during 2012 than during 2011. These relate mainly to the acquisition of the holding company operating business of Porsche SE for EUR 4,495 million and the acquisition of the shares in Ducati for EUR 747 million, shares in KPI Polska Sp.z.o.o. and related financial services companies for a total of EUR 254 million, and the shares in MAN TRUCKS India Private Limited (formerly: MAN FORCE TRUCKS Private Limited) for EUR 150 million, in each case net of cash and cash equivalents acquired. In the Automotive Division, investment in property, plant and equipment amounted to EUR 10.3 billion in 2012, EUR 2.3 billion higher than in the prior year. The Financial Services Division's cash flows from investing activities amounted to EUR 2.9 billion, an increase of more than 100% compared with the prior year. This was mainly due to investments in securities and loans.

7.6.2.3 Cash flows from financing activities

Financing activities include outflows of funds from dividend payments and redemption of bonds, as well as inflows from the capital increase and issuance of bonds, and changes in other financial liabilities.

Cash flows from financing activities amounted to EUR 9.0 billion in 2013, a decrease of EUR 4.7 billion, or 34.6%, from EUR 13.7 billion in 2012. This figure includes the increase in the mandatory convertible notes in June 2013 and the hybrid notes placed in August 2013, which were classified as capital contributions and increased net liquidity by EUR 1.1 billion and EUR 2.0 billion, respectively.

The dividend paid out to the shareholders of Volkswagen AG rose by EUR 0.2 billion to EUR 1.6 billion in 2013. Overall, the Automotive Division recorded a cash inflow from financing activities of EUR 1.7 billion (2012: EUR 2.6 billion), reflecting the lower proceeds from the issuance of bonds and higher cash outflows from the repayment of bonds compared with the previous year. In the Financial Service Division a cash inflow of EUR 7.2 billion (2012: EUR 11.2 billion) was recorded from the issuance of bonds, among other things, to finance the increased business volumes.

Cash flows from financing activities increased from EUR 8.3 billion in 2011 to EUR 13.7 billion in 2012. This resulted mainly from considerably higher cash inflows from net borrowings, in particular the issuance of a mandatory convertible note which led to a cash inflow of EUR 2.5 billion, EUR 2.0 billion of which was classified as a capital contribution and increased net liquidity. These increased cash inflows were partially offset by higher dividend payments as well as the acquisition of further interest in MAN totaling approximately EUR 2.1 billion. Since the consolidation of MAN, further increases in Volkswagen AG's stake have been reported in financing activities as capital transactions with noncontrolling interests.

7.6.2.4 Cash and cash equivalents

Cash and cash equivalents were EUR 22.0 billion as of December 31, 2013, compared with EUR 17.8 billion as of December 31, 2012 and EUR 16.5 billion as of December 31, 2011.

7.6.2.5 Noncurrent and current financial services receivables

The following table shows noncurrent and current financial services receivables as of December 31, 2013, 2012 and 2011:

	December 31			Change	Change
	2013	**2012**	**2011**	**2013/2012**	**2012/2011**
	(in EUR million)			(%) (unaudited)	
Noncurrent receivables from financing business	**37,334**	**35,791**	**30,745**	**+4.3**	**+16.4**
of which:					
customer financing	35,965	34,460	29,675	+4.4	+16.1
dealer financing	1,368	1,330	1,070	+2.9	+24.3
direct banking	1	1	–	–	–
Current receivables from financing business	**29,839**	**28,832**	**26,104**	**+3.5**	**+10.5**
of which:					
customer financing	17,998	17,277	15,321	+4.2	+12.8
dealer financing	11,658	11,389	10,631	+2.4	+7.1
direct banking	183	167	153	+9.6	+9.2
	67,173	**64,624**	**56,849**	**+3.9**	**+13.7**
Noncurrent receivables from operating lease business	**–**	**–**	**–**	**–**	**–**
Current receivables from operating lease business	**214**	**204**	**166**	**+4.9**	**+22.9**
Noncurrent receivables from finance leases	**13,864**	**13,994**	**11,705**	**−0.9**	**+19.6**
Current receivables from finance leases	**8,332**	**7,875**	**7,484**	**+5.8**	**+5.2**

The financial indicators shown above are for the Volkswagen Group. For financial indicators of the Financial Services Division (excluding the financial services activities of Scania, MAN or Porsche Holding), see ''*Business of the Volkswagen Group — Volkswagen's Divisions and their Products and Services — Financial Services Division*''.

Noncurrent receivables from the customer financing business mainly bear fixed interest at rates of between 0.0% and 39.1% in 2013 (2012 and 2011: 0.0% and 37.0%), depending on the market condition. They have terms of up to 240 months in 2013 (2012 and 2011: 242 months).

The receivables from customer and dealer financing are collateralized by vehicles or real property liens.

Receivables from customer financing amounted to EUR 53,963 million as of December 31, 2013 (EUR 51,737 million as of December 31, 2012), of which EUR 35,965 million (EUR 34,460 million as of December 31, 2012) was attributable to noncurrent receivables and EUR 17,998 million (EUR 17,277 million as of December 31, 2012) was attributable to current receivables. The reason for this development was primarily business expansion, which was partly offset by negative currency effects.

Receivables from dealer financing amounted to EUR 13,026 million as of December 31, 2013 (EUR 12,719 million as of December 31, 2012), of which EUR 1,368 million (EUR 1,330 million as of December 31, 2012) was attributable to noncurrent receivables and EUR 11,658 million (EUR 11,389 million as of December 31, 2012) was attributable to current receivables. The slight increase was due primarily to business expansion, which was partly offset by negative currency effects.

Receivables from the operating lease business amounted to EUR 214 million as of December 31, 2013 (EUR 204 million as of December 31, 2012). Receivables from finance lease agreements amounted to EUR 22,196 million as of December 31, 2013 (EUR 21,868 million as of December 31, 2012), of which EUR 13,864 million as of December 31, 2013 (EUR 13,994 million as of December 31, 2012) was attributable to noncurrent receivables. This development was primarily due to business expansion, which was offset by negative currency effects. Refer to note 16 to the Company Annual Financial Statements for additional information relating to the financing receivables. For further information regarding the direct banking activities, refer to "*Business of the Volkswagen Group — Volkswagen's Divisions and their Products and Services — Financial Services Division — Products and services of the Financial Services Division — Direct banking business*".

7.7 Sources of Refinancing and Other Sources of Liquidity

The Volkswagen Group's total debt (sum of noncurrent and current liabilities) amounted to EUR 234,297 million as of December 31, 2013 (December 31, 2012: EUR 227,523 million; December 31, 2011: EUR 190,416 million), of which EUR 115,672 million (December 31, 2012: EUR 121,996 million; December 31, 2011: EUR 89,179 million) was attributable to noncurrent liabilities and EUR 118,625 million to current liabilities (December 31, 2012: EUR 105,526 million; December 31, 2011: EUR 101,237 million).

The following table presents an overview of Volkswagen's noncurrent and current financial liabilities as of December 31, 2013, 2012 and 2011:

	December 31					
	2013		2012		2011	
	current	non-current	current	non-current	current	non-current
	(in EUR million)					
Bonds[1]	16,645	39,677	12,822	36,883	11,917	24,029
Commercial paper and notes	9,281	11,953	9,206	12,687	7,732	7,537
Liabilities to banks	11,305	7,659	9,670	10,621	7,474	8,561
Deposit business	22,310	1,015	21,974	1,943	19,997	3,093
Loans and miscellaneous liabilities	396	850	355	1,074	1,901	923
Bills of exchange.	–	–	0	–	24	–
Finance lease liabilities	50	363	33	396	44	299
	59,987	**61,517**	**54,060**	**63,603**	**49,090**	**44,442**

1 2011 figures adjusted because of the updated purchase price allocation for MAN.

Financial liabilities with a remaining maturity of more than one year are classified as noncurrent, and financial liabilities with a remaining maturity of up to one year are classified as current.

Asset-backed securities transactions amounting to EUR 19,076 million in 2013, EUR 17,655 million in 2012 and EUR 14,478 million in 2011 were entered into to refinance the financial services business are included in bonds, commercial paper and notes, and liabilities from loans. Receivables of EUR 24,529 million in 2013, EUR 21,543 million in 2012 and EUR 16,795 million in 2011 from the customer finance and leasing business are pledged as collateral. The expected payments are assigned to special purpose vehicles and the financed vehicles transferred as collateral.

Noncurrent and current financial liabilities from deposits from the direct banking business declined by EUR 592 million, or 2.5%, from a total of EUR 23,917 million in 2012 to a total of EUR 23,325 million in 2013. Noncurrent and current financial liabilities from deposits from the direct banking business rose by EUR 828 million, or 3.6%, from a total of EUR 23,089 million in 2011 to a total of EUR 23,917 million in 2012.

The deposits from direct banking business contained in the Volkswagen Group's financial liabilities of EUR 121.5 billion in 2013 (2012: EUR 117.7 billion; 2011: EUR 93.5 billion) decreased by EUR 5.5 million as a result of a fair value adjustment from portfolio hedging.

The following overview illustrates the utilization of the Volkswagen Group's money and capital market programs as of December 31, 2013:

	Authorized volume on December 31, 2013	**Amount utilized on December 31, 2013**
	(in EUR billion)	
Commercial paper	25.2	5.4
Bonds	97.9	53.8
of which USD issues in the USA		8.1
of which hybrid issues		2.0
Asset-backed securities	49.3	19.1

In 2013, the nominal annual interest rate for newly signed savings plans, savings certificates and fixed-term deposits for consumer banking customers was between 0.1% and 4.0% (2012: between 0.3% and 4.0%; 2011: between 0.25% and 4.4%). The average interest rate for overnight deposit accounts was 0.6% as of December 31, 2013 (December 31, 2012: 1.1% and December 31, 2011: 1.84%).

In addition to financial liabilities, pension provisions and other provisions reported as noncurrent liabilities, and trade payables and other provisions reported as current liabilities, are the largest liability items.

7.8 Contingent Liabilities and Other Financial Obligations

7.8.1 Contingent Liabilities

The following table shows Volkswagen's contingent liabilities as of December 31, 2013, 2012 and 2011:

	As of December 31,		
	2013	**2012**	**2011**
	(in EUR million)		
Liabilities under guarantees	847	846	542
Liabilities under warranty contracts	155	96	89
Assets pledged as security for third-party liabilities	1,468	1,487	1,449
Other contingent liabilities	1,750	2,188	1,997
	4,220	**4,617**	**4,077**

The trust assets and liabilities of the savings and trust entities belonging to the South American subsidiaries not included in the consolidated balance sheet amounted to EUR 601 million as of December 31, 2013 (December 31, 2012: EUR 511 million; December 31, 2011: EUR 449 million).

In the case of liabilities from guarantees (financial guarantee contracts), the Group is required to make specific payments if the debtors fail to meet their financial obligations.

Liabilities arising from the pledge of company assets as security for third-party liabilities primarily include the pledge of claims under certificates of deposit with Bankhaus Metzler in the amount of EUR 1.5 billion to secure a loan granted to Fleet Investments B.V. by Bankhaus Metzler. Refer to ''Basis of consolidation — Interests in Joint Ventures'' in the Company Annual Financial Statements for additional information relating to the basis of consolidation and joint ventures.

The other contingent liabilities are attributable primarily to potential liabilities arising from matters relating to taxes and customs duties, as well as to litigation and proceedings relating to suppliers, dealers, customers and employees.

7.8.2 Other Financial Obligations

The following table shows Volkswagen's other financial obligations as of December 31, 2013, 2012 and 2011:

	As of December 31,		
	2013	**2012**	**2011**
	(in EUR million)		
Purchase commitments in respect of			
property, plant and equipment	8,658	7,925	5,901
intangible assets	925	525	259
investment property	10	1	0
Obligations from			
loan commitments to unconsolidated subsidiaries	107	95	161
irrevocable credit commitments to customers	3,348	3,183	3,548
long-term leasing and rental contracts	5,333	4,963	4,453
Miscellaneous other financial obligations	5,988	5,412	4,727

The other financial obligations from long-term rental and leasing agreements are partly offset by expected income from subleases in the amount of EUR 902 million as of December 31, 2013 (December 31, 2012: EUR 626 million; December 31, 2011: EUR 680 million).

Volkswagen Group holds a 50% indirect interest in the joint venture LeasePlan Corporation N.V., Amsterdam, The Netherlands, via its 50% stake in the joint venture Global Mobility Holding B.V., Amsterdam, The Netherlands. Volkswagen agreed with Fleet Investments B.V., Amsterdam, The Netherlands, an investment company belonging to the von Metzler family, that Fleet Investments would become the new co-investor in Global Mobility Holding in 2010. The previous co-investors were instructed by Volkswagen AG to transfer their shares to Fleet Investments B.V. on February 1, 2010 for the purchase price of EUR 1.4 billion. In 2013, the agreement was prolonged by a further two years until January 2016. Volkswagen AG has granted the new co-investor a put option on its shares. If this option is exercised, Volkswagen must pay the original purchase price plus accumulated pro rata preferred dividends or the higher fair value. The put option is accounted for at fair value.

In addition, Volkswagen has pledged claims under certificates of deposit with Bankhaus Metzler in the amount of EUR 1.5 billion to secure a loan granted to Fleet Investments B.V. by Bankhaus Metzler. This pledge does not increase the Volkswagen Group's risk arising from the above-mentioned short position.

7.9 Critical Accounting Estimates

Preparation of the consolidated financial statements requires management to make certain estimates and assumptions. The recognition and measurement of assets and liabilities, as well as of the income and expenses recognized in the income statement, are affected by these estimates and assumptions. Actual carrying amounts may differ from the amounts estimated by management.

For additional information on the accounting policies described below, refer to "*Accounting policies*" in the Company Annual Financial Statements.

7.9.1 Revenue recognition

Sales revenue, interest and commission income from financial services and other operating income are recognized only when the relevant service has been rendered or the goods have been delivered, that is, when the risk has passed to the customer, the amount of sales revenue can be reliably determined and settlement of the amount can be assumed. If a contract comprises several separately identifiable components ("multiple-element arrangements"), these components are recognized separately.

Income from assets for which a Group company has a buy back obligation is recognized only when the assets have definitively left the Group. If a fixed repurchase price was agreed when the contract was entered into, the difference between the selling and repurchase price is recognized as income ratably over the term of the contract. Prior to that time, the assets are carried as inventories in the case of short contract terms and as leasing and rental assets in the case of long contract terms.

Construction contracts are recognized using the percentage of completion (PoC) method, under which revenue and cost of sales are recognized by reference to the stage of completion at the end of the reporting period, based on the contract revenue agreed with the customer and the expected contract costs.

7.9.2 Research and development costs

In accordance with IAS 38, research costs are recognized as expenses when incurred.

Development costs for future series products and other internally generated intangible assets are capitalized at cost in the consolidated financial statements, provided that manufacture of the products is likely to bring Volkswagen an economic benefit. If the criteria for recognition as assets are not met, the expenses are recognized in the income statement in the year in which they are incurred.

Capitalized development costs include all direct and indirect costs that are directly attributable to the development process. Capitalized development costs are amortized using the straight-line method from the start of production over the expected life cycle of the models or powertrains developed — generally between two and ten years. Amortization recognized during a year is allocated to the relevant functions in the income statement.

7.9.3 Impairment tests

Goodwill, other intangible assets with indefinite useful lives and intangible assets that are not yet available for use are tested for impairment at least once a year. Assets in use and other intangible assets with finite useful lives are tested for impairment only if there are specific indications that they may be impaired. The Volkswagen Group's intangible assets amounted to EUR 59,243 million as of December 31, 2013 (December 31, 2012: EUR 59,112 million; December 31, 2011: EUR 22,176 million). Of this total, EUR 17,029 million was attributable to brand names (December 31, 2012: EUR 17,079 million; December 31, 2011: EUR 2,815 million), EUR 23,730 million to goodwill (December 31, 2012: EUR 23,889 million; December 31, 2011: EUR 4,334 million), EUR 5,063 million to capitalized development costs for products under development (December 31, 2012: EUR 3,599 million; December 31, 2011: EUR 2,635 million) and EUR 9,139 million to capitalized development costs for products in use (December 31, 2012: EUR 9,262 million; December 31, 2011: EUR 7,279 million). The reported brand names mainly relate to Porsche (EUR 13,823 million), Scania Vehicles and Services (EUR 1,098 million), MAN Commercial Vehicles (EUR 1,135 million), MAN Power Engineering (EUR 470 million) and Ducati (EUR 404 million).

EUR 18,825 million of the goodwill reported as of December 31, 2013 related to Porsche (December 31, 2012: EUR 18,825 million), EUR 3,158 million to Scania Vehicles and Services (December 31, 2012: EUR 3,260 million; December 31, 2011: EUR 3,139 million), EUR 651 million to MAN Commercial Vehicles (December 31, 2012: EUR 708 million; December 31, 2011: EUR 505 million), EUR 290 million to Ducati (December 31, 2012: EUR 290 million), EUR 256 million to MAN Power Engineering (December 31, 2012: EUR 257 million; December 31, 2011: EUR 254 million), EUR 148 million to ŠKODA (December 31, 2012: EUR 161 million; December 31, 2011: EUR 157 million) and EUR 181 million to Porsche Holding (December 31, 2012: EUR 153 million; December 31, 2011: EUR 153 million). The recoverability of reported goodwill was regularly tested for impairment in the course of preparing the annual financial statements, which did not result in any need to recognize impairment losses.

Goodwill from consolidation is not amortized. The recoverable amount of goodwill and of the individual affiliated companies and other equity investments is tested for impairment once a year or if there are indications that a triggering event has occurred. To do this, value in use is determined by an enterprise valuation using the discounted cash flow method. The cash flow projections used for this are based on management's current planning or on publicly available capital market expectations. For the perpetual annuity phase (2020 and thereafter), a growth discount of up to 2.0% is applied to the cost of capital in individual cases. Country-specific and business-specific discount factors before tax of at least 6.6% (2012: 6.6%) for the passenger cars segment, 11.2% (2012: 10.5%) for the commercial vehicles segment and 14.7% (2012: 11.1%) for the power engineering segment are applied when determining value in use for the purpose of impairment testing of goodwill and of other intangible assets with indefinite useful lives in the Automotive Division.

Volkswagen generally applies the higher of value in use and fair value less costs to sell of the relevant cash-generating unit (brands or products) to determine the recoverable amount of goodwill and other indefinite-lived intangible assets. Measurement of value in use is based on management's current planning. The planning period generally covers five years. For subsequent years, plausible assumptions are made regarding future trends. The planning assumptions are adapted to reflect the current state of knowledge. They include reasonable assumptions about macroeconomic trends and historical developments. Cash flow estimates are generally based on the expected growth trends for the markets concerned.

The judgment applied in the consolidated financial statements in respect of the recoverability of upfront expenditures and model-specific assets for certain vehicle models reflects future market assessments. Capitalized assets are tested regularly for impairment. The result of this test was losses on other intangible assets and property, plant and equipment of a total of EUR 0.2 billion in 2013 (2012: EUR 0.1 billion; 2011: EUR 0.6 billion).

7.9.4 Equity-accounted investments

The cost of equity-accounted investments is adjusted to reflect the share of increases or reductions in equity at the associates and joint ventures after the acquisition that is attributable to Volkswagen. Additionally, the investment is tested for impairment if there are indications of impairment and written down to the lower recoverable amount if necessary. Recoverable amount is determined using the principles described for indefinite-lived intangible assets. If the reason for impairment ceases to apply at a later date, the impairment loss is reversed to the carrying amount that would have been determined had no impairment loss been recognized.

The Volkswagen Group applies equity-method accounting, as permitted by IAS 31, to account for joint ventures. As a result, income and expenses, and assets and liabilities, of these companies are not included in the group's share in the consolidated financial statements. See also the section entitled "*— Material Factors Affecting Results of Operations — Share of profits and losses of equity-accounted investments*".

7.9.5 *Property, plant and equipment*

Property, plant and equipment is carried at cost less depreciation and — where necessary — write-downs for impairment. Investment grants are generally deducted from cost. Cost is determined on the basis of the direct and indirect costs that are directly attributable. Special tools are reported under other equipment, operating and office equipment. Property, plant and equipment is depreciated using the straight-line method over its estimated useful life. The useful lives of items of property, plant and equipment are reviewed at each balance sheet date and adjusted if required.

Depreciation was based mainly on the following useful lives:

	Useful life
Buildings	25 to 50 years
Site improvements	10 to 18 years
Technical equipment and machinery	6 to 12 years
Other equipment, operating and office equipment, including special tools	3 to 15 years

Impairment losses on property, plant and equipment are recognized in accordance with IAS 36 where the recoverable amount of the asset concerned has fallen below the carrying amount. Recoverable amount is the higher of value in use and fair value less costs to sell. Value in use is determined using the principles described for intangible assets. If the reasons for impairments recognized in previous years no longer apply, the impairment losses are reversed up to a maximum of the amount that would have been determined if no impairment loss had been recognized.

In accordance with the principle of substance over form, assets that have been formally transferred to third parties under a sale and leaseback transaction including a repurchase option also continue to be accounted for as separate assets.

Where leased items of property, plant and equipment are used, the criteria for classification as a finance lease as set out in IAS 17 are met if all material risks and rewards incidental to ownership have been transferred to the group company concerned. In such cases, the assets concerned are recognized at fair value or at the present value of the minimum lease payments (if lower) and depreciated using the straight-line method over the asset's useful life, or over the term of the lease if this is shorter. The payment obligations arising from the future lease payments are discounted and recorded as a liability in the balance sheet.

Where group companies are the lessees of assets under operating leases, i.e. if not all material risks and rewards incidental to ownership are transferred, lease and rental payments are recorded directly as expenses in the income statement.

7.9.6 *Leasing and rental assets*

Vehicles leased out under operating leases are recognized at cost and depreciated to their estimated residual value using the straight-line method over the term of the lease. Impairment losses identified as a result of an impairment test in accordance with IAS 36 are recognized and the depreciation rate is adjusted. The forecast residual values are adjusted to include constantly updated internal and external information on residual values, depending on specific local factors and the experiences gained in the marketing of used cars. Impairment losses in 2013 amounted to EUR 107 million (2012: EUR 99 million; 2011: EUR 87 million).

7.9.7 *Financial instruments*

Financial instruments are contracts that give rise to a financial asset of one company and a financial liability or an equity instrument of another. Regular way purchases or sales of financial instruments are accounted for at the settlement date — that is, at the date on which the asset is delivered.

IAS 39 classifies financial assets into the following categories:

- Financial assets at fair value through profit or loss;
- Held-to-maturity financial assets;
- Loans and receivables; and
- Available-for-sale financial assets.

Financial liabilities are classified into the following categories:

- Financial liabilities at fair value through profit or loss; and
- Financial liabilities carried at amortized cost.

Volkswagen recognizes financial instruments at amortized cost or at fair value.

The amortized cost of a financial asset or financial liability is the amount

- at which a financial asset or financial liability is measured at initial recognition;
- minus any principal repayments;
- minus any write-downs for impairment or uncollectibility;
- plus or minus the cumulative amortization of any difference between the original amount and the amount repayable at maturity (premium, discount), amortized using the effective interest method over the term of the financial asset or liability.

In the case of current receivables and liabilities, amortized cost generally corresponds to the principal or repayment amount.

Fair value generally corresponds to the market or quoted market price. If no active market exists, fair value is determined using valuation techniques, such as by discounting the future cash flows at the market interest rate, or by using recognized option pricing models, and verified by confirmations from the banks that handle the transactions.

Volkswagen does not use the fair value option.

In the Volkswagen Group, Level 3 fair values comprise long-term commodity futures because the prices available on the market must be extrapolated for measurement purposes. Options on equity instruments are also reported in Level 3 due to the absence of observable enterprise values. To calculate Level 3 fair values, the Volkswagen Group uses valuation techniques that incorporate inputs that are not directly observable in active markets.

The following table shows the amount of financial assets and liabilities measured using Level 3 inputs:

	As of December 31,			Change	Change
	2013	**2012**	**2011**	**2013/2012**	**2012/2011**
	(in EUR million)			**(%) (unaudited)**	
Financial assets	32	119	8,584	−73.1	−98.6
Financial liabilities	218	60	595	>+100.0	−89.9

The decrease in financial assets measured using Level 3 inputs in 2013 compared to the prior year resulted from several factors. The decrease in financial assets measured using Level 3 inputs in 2012 compared to the prior year resulted primarily from the derecognition of the call option on shares of Porsche Holding Stuttgart.

Financial liabilities measured using Level 3 inputs in 2013 increased compared to the prior year, due to several factors. Financial liabilities measured using Level 3 inputs in 2012 decreased compared to the prior year, due primarily to lower negative values of commodity futures as well as the derecognition of the put option on shares of Porsche Holding Stuttgart.

In 2013, 2012 and 2011, the transfers out of Level 3 consisted of commodity futures for which observable quoted prices were available for measurement purposes due to the decline in their remaining maturities, so that no extrapolation of fair value was required.

Refer to "*Additional Balance Sheet Disclosures in Accordance with IFRS 7 (Financial Instruments)*" in the Company Annual Financial Statements for additional information on the use of fair value measurements.

7.9.8 Loans and receivables and financial liabilities

Loans, receivables and liabilities, as well as held-to-maturity investments, are measured at amortized cost, unless hedged. Specifically, these relate to:

- Receivables from financing business;
- Trade receivables and payables;
- Other receivables and financial assets and liabilities;
- Financial liabilities; and
- Cash, cash equivalents and time deposits.

Asset-backed securities transactions are used to refinance the financial services business via consolidated special purpose entities. Receivables from the customer financing and the leasing business serve as collateral.

7.9.9 Derivatives and hedge accounting

Volkswagen Group companies use derivatives such as forward transactions, swaps and options to hedge balance sheet items and future cash flows ("hedged items"). The criteria for the application of hedge accounting are that the hedging relationship between the hedged item and the hedging instrument is clearly documented and that the hedge is demonstrated to be highly effective.

The accounting treatment of changes in the fair value of hedging instruments depends on the nature of the hedging relationship. In the case of hedges against the risk of change in the carrying amount of balance sheet items (fair value hedges), both the hedging instrument and the hedged risk portion of the hedged item are measured at fair value. Several risk portions of hedged items are grouped into a portfolio if appropriate. In the case of a fair value portfolio hedge, the changes in fair value are accounted for in the same way as for a fair value hedge of an individual underlying. Gains or losses from remeasurement are recognized in profit or loss. In the case of hedges of future cash flows (cash flow hedges), the hedging instruments are also measured at fair value. Gains or losses from remeasurement of the effective portion of the derivative are initially recognized in the reserve for cash flow hedges directly in equity, and are only recognized in the income statement when the hedged item is recognized in profit or loss; the ineffective portion of a cash flow hedge is recognized immediately in profit or loss.

Derivatives used by Volkswagen for financial management purposes to hedge against interest rate, foreign currency, commodity, or price risks, but that do not meet the strict criteria of IAS 39, are classified as financial assets or liabilities at fair value through profit or loss. This also applies to options on shares. External hedges of intra-Group hedged items that are subsequently eliminated in the consolidated financial statements are also assigned to this category.

7.9.10 *Impairment losses on financial instruments*

Default risk on loans and receivables in the financial services business is accounted for by recognizing specific valuation allowances and portfolio-based valuation allowances.

More specifically, in the case of significant individual receivables (e.g. dealer finance receivables and receivables from fleet customers), specific valuation allowances are recognized in accordance with group-wide standards in the amount of the incurred loss. A potential impairment is assumed in the case of a number of situations such as delayed payment over a certain period, the institution of enforcement measures, the threat of insolvency or overindebtedness, application for or the opening of bankruptcy proceedings, or the failure of reorganization measures.

Portfolio-based valuation allowances are recognized by grouping together non-significant receivables and significant individual receivables for which there is no indication of impairment into homogeneous portfolios on the basis of comparable credit risk features and allocating them by risk class. As long as no definite information is available as to which receivables are in default, average historical default probabilities for the portfolio concerned are used to calculate the amount of the valuation allowances.

As a matter of principle, specific valuation allowances are recognized on receivables outside the Financial Services segment.

An impairment loss is recognized on financial assets available-for-sale if there is objective evidence of permanent impairment. In the case of equity instruments, evidence of impairment is taken to exist, among other things, if the fair value decreases below cost significantly (by more than 20%) or the decrease is prolonged (by more than 10% of the average market prices over one year) decline in the fair value below their cost. If impairment is identified, the cumulative loss is recognized in the reserve and charged to profit and loss. In the case of equity instruments, reversals of impairment losses are taken directly to equity. Impairment losses are recognized on debt instruments if a decrease in the future cash flows of the financial asset is expected. An increase in the risk-free interest rate or an increase in credit risk premiums is not in itself evidence of impairment.

7.9.11 *Deferred taxes*

Deferred tax assets are generally recognized for tax-deductible temporary differences between the tax base of assets and their carrying amounts in the consolidated balance sheet, as well as on tax loss carryforwards and tax credits, provided it is probable that they can be used in future periods. Deferred tax liabilities are generally recognized for all taxable temporary differences between the tax base of liabilities and their carrying amounts in the consolidated balance sheet.

Deferred tax liabilities and assets are recognized in the amount of the expected tax liability or tax benefit, as appropriate, in subsequent years, based on the expected enacted tax rate at the time of realization. The tax consequences of dividend payments are not taken into account until the resolution on appropriation of earnings available for distribution has been adopted.

Deferred tax assets that are unlikely to be realized within a clearly predictable period are reduced by valuation allowances.

Deferred tax assets and deferred tax liabilities are offset where taxes are levied by the same taxation authority and relate to the same tax period.

7.9.12 *Credit risk valuation allowances*

Default risk on loans and receivables in the financial services business (including receivables from customer and dealer financing and operating and finance lease business) is accounted for by recognizing specific valuation allowances and portfolio-based valuation allowances. The valuations allowances mainly represent management's estimate of the probable credit losses and are regularly recognized in separate allowance accounts. Receivables from customer and dealer financing are secured by vehicles or real property liens. Collectability risks include consumer and dealer insolvencies and insufficient collateral values to realize the full carrying values of the receivables.

In the case of significant individual receivables (for example, dealer finance receivables and receivables from fleet customers), specific valuation allowances are recognized in accordance with group-wide standards in the amount of the incurred loss. A potential impairment is assumed in the case of a number of situations such as delayed payment over a certain period, institution of enforcement measures, threat of insolvency or over-indebtedness, application for or the opening of bankruptcy proceedings, or failure of reorganization measures.

In the case of individual non-significant receivables (for example, customer finance receivables), specific valuation allowances are recognized using a generalized procedure once a default has been identified. Portfolio-based valuation allowances are recognized for non-significant receivables and significant individual receivables for which there is no indication of impairment into homogeneous portfolios on the basis of comparable credit risk features and allocating them by risk class. As long as no definite information is available as to which receivables are in default, average historical default probabilities for the portfolio concerned are used to calculate the amount of the valuation allowances. As a matter of principle, specific valuation allowances are recognized on receivables in the Automotive Division.

Volkswagen Group assesses the adequacy of its credit risk valuation allowances at least quarterly and regularly evaluates the assumptions and models used in establishing the allowances. Estimating credit losses requires a number of assumptions about matters that are uncertain. Volkswagen Group uses a combination of models and management judgment, which are based on historical trends in credit losses and recoveries (including key metrics, such as delinquencies, repossessions and bankruptcies), the size and composition of the portfolios (including vehicle brand, term, risk evaluation and old/new vehicles), trends in historical and projected used vehicle values, economic conditions and other factors.

The level of credit losses is influenced primarily by two key assumptions: frequency of occurrence (i.e. the number of receivables expected to default over a period of time) and severity of loss (i.e. the expected difference between the amount a customer owes when the finance contract is charged off and the amount Volkswagen Group receives, net of expenses, from selling the repossessed vehicle, including any recoveries from the customer). Changes in these assumptions would affect Volkswagen Group's credit risk valuation allowances.

7.9.13 Pension and other post-employment benefit provisions

The actuarial valuation of pension provisions for defined benefit plans is based on the projected unit credit method in accordance with IAS 19. The valuation is not only based on pension payments and vested entitlements known at the balance sheet date, but also reflects future salary and pension trends as well as experience-based staff turnover rates. Actuarial gains and losses are recognized directly in equity, net of deferred taxes.

The estimation of pension and other post-employment benefit (among other things, in respect of post-employment medical care) costs and obligations depends on assumptions used in calculating such amounts. These assumptions include discount rates, salary and pension growth trends, employee turnover rates and healthcare cost increases. These assumptions mainly have an effect on the amount of the disclosed pension provision, other post-employment benefit and equity in the balance sheet.

The most critical assumption impacting the calculation of pension costs and provisions is the discount rates. The discount rate is determined in accordance with IAS 19 and is based on the yields of prime-rated corporate bonds with matching maturities and currencies of the pension obligations at Volkswagen Group.

Calculation of the pension provisions was based on the assumptions in the table below:

	Germany			Abroad		
	2013	2012	2011	2013	2012	2011
			(%)[1]			
Discount rate at December 31	3.70	3.20	4.60	5.51	4.66	5.39
Payroll trend	3.36	2.78	2.80	3.24	3.87	3.81
Pension trend	1.80	1.80	1.55	3.02	2.29	2.67
Employee turnover rate	1.03	1.02	1.10	3.76	4.22	4.20
Annual increase in health care costs	–	–	–	5.51	6.08	6.72

[1] Weighted average values have been given for all assumptions.

A one percentage point increase or decrease in the assumed healthcare cost trends would only marginally affect the amount of the obligations.

Refer to note 29 to the Company Annual Financial Statements for 2013 and the Company Annual Financial Statements for 2012 and note 27 to the Company Annual Financial Statements for 2011 for more information regarding costs and assumptions for pension and other post-employment benefits.

7.9.14 Other provisions

In accordance with IAS 37, provisions are recognized where a present obligation exists to third parties as a result of a past event, where a future outflow of resources is probable and where a reliable estimate of that outflow can be made.

In addition to amounts resulting from general statutory or contractual obligations based on estimates or experience, provisions for warranties and ex gratia payments recognized at the balance sheet date reflect specific loss events already identified. In addition, a flat-rate provision is recognized to take account of cases that experience shows are likely to occur, but for which insufficient concrete data is available at the balance sheet date.

Refer to note 30 to the Company Annual Financial Statements for 2013 and the Company Annual Financial Statements for 2012 and note 28 to the Company Annual Financial Statements for 2011 for additional information on other provisions.

7.10 Related Party Transactions

Volkswagen's related party transactions are described under ''*Related Party Transactions*'' and note 42 to the Company Annual Financial Statements for 2013 and the Company Annual Financial Statements for 2012 and note 40 to the Company Annual Financial Statements for 2011.

7.11 Recent Accounting Pronouncements

Volkswagen Aktiengesellschaft has complied with all accounting pronouncements adopted by the International Accounting Standard Board (IASB) in effect for periods beginning on or after January 1, 2013.

Refer to the notes to the Company Annual Financial Statements for additional information relating to the accounting pronouncements adopted by the Company.

8. THE ISSUER

The Issuer is a wholly-owned subsidiary of Volkswagen Group of America, Inc., which is a wholly-owned subsidiary of the Company. The Issuer is a Delaware limited liability company, having its registered office at 2711 Centerville Road, Suite 400, Wilmington, Delaware 19808, U.S.A. The Issuer's principal place of business is at 2200 Ferdinand Porsche Drive, Herndon, Virginia 20171, U.S.A.

The Issuer was formed in the State of Delaware on February 14, 2014 and has unlimited duration. Its purpose is to engage in, promote, conduct and carry on any lawful acts or activities for which limited liability companies may be organized under the Delaware Limited Liability Company Act. The Issuer's Board of Directors consists of four members: Dr. Jochen Stich, Albrecht Moehle, Jan Vycital and Bjoern Baetge.

In the future, the Issuer may provide additional treasury-related services within the North American Region for Volkswagen Group.

9. BUSINESS OF THE VOLKSWAGEN GROUP

9.1 Overview

Volkswagen Group is one of the world's leading multibrand companies in the automotive industry. In 2013, Volkswagen Group achieved sales revenue of EUR 197,007 million (EUR 192,676 million in 2012 and EUR 159,337 million in 2011), operating profit of EUR 11,671 million (EUR 11,498 million in 2012 and EUR 11,271 million in 2011) and profit after tax of EUR 9,145 million (EUR 21,881 million in 2012 and EUR 15,799 million in 2011).

Volkswagen's business operations are divided into the Automotive Division and the Financial Services Division. The Automotive Division develops vehicles and engines, produces and distributes passenger cars, motorcycles, light commercial vehicles, trucks and buses and operates Volkswagen's business comprising genuine parts, large-bore diesel engines, turbomachinery, special gear units, propulsion components and testing systems. During the year ended December 31, 2013, Volkswagen delivered 9,730,680 vehicles to its customers worldwide.

The Financial Services Division combines customer and dealer financing, leasing, banking and insurance activities, fleet management and mobility offerings. The primary purpose of the Financial Services Division is to promote Volkswagen's sales and strengthen customer loyalty. The activities of the Financial Services Division correspond to the Financial Services segment.

The following table presents an overview of Volkswagen's sales revenue by segments for the year ended December 31, 2013:

	Passenger Cars	Commercial Vehicles	Power Engineering	Financial Services	Total segments	Reconciliation	Volkswagen Group
				(EUR million)			
Sales revenue	157,048	31,076	3,851	22,004	213,979	–16,972	197,007
Segment profit or loss (operating profit or loss)	11,053	1,044	–250	1,863	13,711	–2,040	11,671
as a percentage of sales revenue	7.0	3.4	–6.5	8.5			5.9

Volkswagen's product range includes approximately 315 passenger car and commercial vehicle models, motorcycles and their derivatives (as of December 31, 2013). With the products of its group brands, Volkswagen Passenger Cars, Audi, ŠKODA, SEAT and Volkswagen Commercial Vehicles, Volkswagen addresses business and private customers from a wide range of customer segments and in multiple regional markets in what is referred to as the high-volume business (i.e. production and unit sales of vehicles with a large number of units per model). Volkswagen is represented in the sports car segment with the brand Porsche. The brand diversity of Volkswagen is represented by group brands Lamborghini, Bentley and Bugatti in the luxury class. With Ducati Motor Holding S.p.A., Bologna (''**Ducati**''), the Volkswagen Group extended its activities to also include motorcycles. In the heavy commercial vehicle sector (trucks with a gross vehicle weight in excess of 6 tonnes, buses and special vehicles), Volkswagen conducts business under the Scania and MAN brands.

Volkswagen indirectly held 49.9% of the share capital of Dr. Ing. h.c. F. Porsche AG (''**Porsche AG**'') as of December 31, 2011 and took over the remaining 50.1% of Porsche AG on August 1, 2012. Effective as of July 19, 2012, Volkswagen acquired 100% of the voting rights of Ducati. As of December 31, 2013, Volkswagen indirectly held 75.23% of the voting rights and 73.98% of the share capital of MAN SE (''**MAN**'').

In line with its multibrand strategy, each of Volkswagen's brands is managed by its own board of management.

Until December 31, 2012, the Automotive Division comprised two business areas: ''Passenger Cars and Light Commercial Vehicles'' and ''Trucks and Buses, Power Engineering''. The Passenger Cars and Light Commercial Vehicles segment and the reconciliation were combined to form the Passenger Cars and

Light Commercial Vehicles Business Area. The Volkswagen Group reported on the segments ''Trucks and Buses'' and ''Power Engineering'' under the Trucks and Buses, Power Engineering Business Area. Until December 31, 2012, the Automotive Division's reportable segments were ''Passenger Cars and Light Commercial Vehicles'', ''Trucks and Buses'' and ''Power Engineering''.

Since January 1, 2013, Volkswagen Group has bundled the light commercial vehicles, trucks and buses, and power engineering businesses in a new Commercial Vehicles, Power Engineering Business Area within the Automotive Division. Therefore, light commercial vehicles are no longer allocated to the Passenger Cars and Light Commercial Vehicles segment, but are reported together with trucks and buses in the new Commercial Vehicles segment. The new segment reporting comprises the four reportable segments of Passenger Cars, Commercial Vehicles, Power Engineering and Financial Services.

Volkswagen sells vehicles in more than 150 countries. Volkswagen's primary markets for its automobiles are Europe, Asia-Pacific and the Americas. Volkswagen had an average of 563,066 employees worldwide (including the Chinese joint ventures) in 2013.

The regional markets for Volkswagen's products and services consist of Germany at 19.1% of the Volkswagen Group's sales revenue from third parties in 2013 (2012: 19.6%; 2011: 21.7%), Europe and Other Regions (not including Germany) at 40.3% (2012: 40.3%; 2011: 43.5%), North America at 13.9% (2012: 13.0%; 2011: 11.0%), South America 8.9% (2012: 9.5%; 2011: 9.4%) and Asia- Pacific at 17.8% (2012: 17.6%; 2011: 14.4%) (in each case not including the Chinese joint ventures).

The Company was formed on May 28, 1937 as a limited liability company under the laws of Germany as ''Gesellschaft zur Vorbereitung des Deutschen Volkswagens mbH''. During the years that followed the Company's formation, its name was changed several times. In 1960, the legal form of the Company was changed from a limited liability company to a corporation (*Aktiengesellschaft*) organized under the laws of Germany. In 1985, the Company changed its name to ''VOLKSWAGEN AKTIENGESELLSCHAFT'', which is its current name.

The Company is the parent company of Volkswagen Group. On the one hand, it develops cars and car components for the group, on the other hand it manufactures and sells, in particular, passenger cars and commercial vehicles under the Volkswagen brand. The Company, as the ultimate parent company, directly or indirectly holds interests in AUDI AG, Porsche AG, Scania AB, MAN SE, SEAT S.A., ŠKODA AUTO a.s., Volkswagen Financial Services AG and numerous other companies in Germany and abroad.

The following table provides an overview of Volkswagen's significant subsidiaries as of March 31, 2014:

Name	**Country of incorporation/ residence**	**Proportion of ownership interest**	**Proportion of voting power held**
AUDI AG, Ingolstadt	Germany	99.55%	99.55%
Scania AB, Södertälje	Sweden	62.64%	89.18%
MAN SE, Munich	Germany	74.02%	75.26%
Volkswagen Financial Services AG (Holding), Braunschweig	Germany	100%	100%
Volkswagen Bank GmbH, Braunschweig	Germany	100%	100%
Volkswagen International Finance N.V., Amsterdam	The Netherlands	100%	100%

9.2 Creation of an Integrated Commercial Vehicles Group

A central component of Volkswagen AG's strategy within its Commercial Vehicles business is the creation of an integrated commercial vehicles group. As part of this strategy, Volkswagen AG aims to create synergies through its subsidiaries MAN, Scania and Volkswagen Commercial Vehicles.

9.2.1 Domination and profit and loss agreement between MAN and Volkswagen

On June 6, 2013 the Volkswagen Group signed a domination and profit and loss agreement with MAN, which was approved at the annual general meeting of MAN. It was approved by 112,665,822 affirmative votes, which is equivalent to 98.47%. MAN shareholders subsequently started to have a choice between compensation and a buy-out. Those shareholders choosing a buy-out, could transfer their MAN shares to the Volkswagen Group and received a one-off payment in the amount of EUR 80.89 per share. Those shareholders who did not accept the offer of a cash settlement remained shareholders of MAN and now receive an annual compensation payment or guaranteed net dividend of EUR 3.07 per share.

9.2.2 Tender offer for all remaining shares of Scania

On February 21, 2014, Volkswagen announced that it would make a voluntary tender offer of 200 Swedish Krona (approximately EUR 22.26 at the time) per share to the shareholders of Scania. The offer was for the 298,910,903 shares not held either indirectly or directly by Volkswagen and was valued by approximately EUR 6.7 billion at the time the offer was announced. Volkswagen had been invested in Scania since 2000 and at the time the offer was announced indirectly and directly held a total of 89.2 percent of the voting rights and 62.6 percent of the capital of Scania.

The offer period commenced on March 17, 2014 and was originally scheduled to end on April 25, 2014. On April 30, 2014, Volkswagen announced that it would extend the offer period to May 16, 2014. On May 13, 2014 Volkswagen announced that the shares tendered in the offer, together with the shares already held or otherwise controlled by Volkswagen, corresponded to 90.47% of the shares and 96.26% of the voting rights in Scania. Volkswagen also announced that all conditions for completion of the offer had been fulfilled and declared the offer unconditional in all respects. Volkswagen has initiated compulsory acquisition of the remaining shares in Scania and intends to complete the acquisition of the shares tendered in the offer as well as promote a delisting of Scania's shares from NASDAQ OMX Stockholm.

The full acquisition of Scania is intended to remove obstacles to cooperation and enable key joint projects to be implemented more rapidly, thereby achieving additional growth opportunities and synergies. Above and beyond synergies of over EUR 200 million that are targeted to be achieved by the end of 2014, on average Volkswagen expects additional long-term synergy potential of at least EUR 650 million operating profit per year within the integrated commercial vehicles group. However, in light of the long product lifecycles in the commercial vehicles industry, it is expected that it will take 10 to 15 years before this potential can be fully leveraged.

9.3 The Global Automotive Market

The global automotive market is highly competitive and volatile. The demand for automobiles is affected by a number of factors, including: social, political and economic conditions; introduction of new vehicles and technologies; and costs incurred by customers to purchase and operate automobiles. These factors can cause consumer demand to vary substantially from year to year in different geographic markets and in individual categories of automobiles.

In 2013, the automotive industry continued its recovery from the effects of the 2008/2009 financial and economic crisis. Global passenger car and light commercial vehicle sales increased by 4.2% from 79.5 million vehicles in 2012 to 82.9 million vehicles in 2013; worldwide sales of trucks with a gross vehicle weight in excess of 6 tonnes decreased by 8.9% to a total of approximately 2.5 million vehicles

(2012: approximately 2.7 million vehicles). North America reported significantly stronger demand than in the previous year (a 7.3% increase) while demand in South America was more moderate (a 1.4% increase). Additionally, the Asia-Pacific region proved to be an important growth driver, in particular in China with a 14.3% increase in 2013. However, the Central and Eastern Europe region did not repeat their strong performance in 2012, registering a decline of 3.3% in 2013, with weakness in Russia being the main contributor. Western Europe contracted again in 2013 (1.9%) due to weakness in southern Europe, although this result is a significantly more moderate decline that the 8.8% recorded in 2012 (Source: IHS).

China, North America, Western Europe and South America were the world's largest automotive markets in 2013. The share of each market in the worldwide sales of passenger cars and light commercial vehicles in 2013 was 25.7% for China, 22.3% for North America, 15.6% for Western Europe and 7.0% for South America. For information concerning worldwide and regional new vehicle sales, see ''— *Volkswagen's Divisions and their Products and Services — Automotive Division — Markets and competition*''.

The global automotive industry is heavily affected by government regulations on environment protection, vehicle safety and fuel economy. Many governments also mandate local procurement of automotive parts and components, impose tariffs and other trade barriers, and exercise price or exchange controls. Compliance with regulations and government-imposed restrictions have increased or will increase the cost of manufacturing vehicles. Moreover, regulations and government-imposed restrictions may limit operations of automakers and in some cases make it difficult to repatriate profits to an automaker's home country.

To reduce exposure to fluctuations in foreign exchange rates and avoid trade restrictions and tariffs, manufacturers increasingly seek to localize the design and manufacture of automobiles, as well as parts and components in the markets where automobiles are to be sold.

Since 2000, the global automotive industry has been undergoing a phase of consolidation as a result of excess global production capacity, demand for higher cost efficiency, and companies' desire to expand their global presence into particular segments or geographic markets.

Based on external market forecasts, Volkswagen expects sales of passenger cars and light commercial vehicles to increase in the coming years. This trend will center on expected growth in emerging markets.

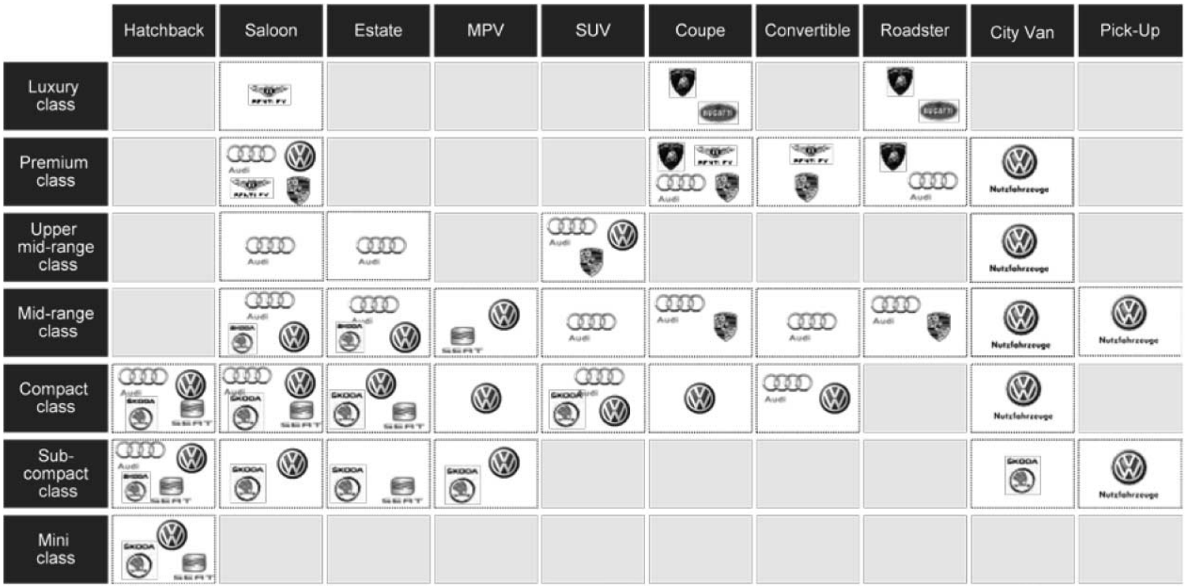
Volkswagen believes that, in the medium to long term, the global automotive market will mainly be affected by (i) a shift of purchasing power to new growth markets, such as Brazil, Russia, India and China, (ii) increasing awareness of and requirements for environmental protection and sustainable vehicles, leading to greater demand for electric or hybrid drive vehicles and small-sized vehicles, (iii) growing urbanization, leading to greater demand for vehicles such as buses to bolster local public transportation, as well as smaller vehicles designed for city driving, and (iv) flexible mobility alternatives (for example car-sharing) which could result in changes in vehicle demand.

9.4 Volkswagen's Divisions and their Products and Services

9.4.1 Automotive Division

Passenger cars and light commercial vehicles are generally classified by vehicle types and product classes. Volkswagen has a broad portfolio of brands, covering the entire spectrum of vehicle product classes and types. Volkswagen classifies its vehicles into ten vehicle types: (i) hatchback, (ii) notchback/ saloon, (iii) station wagon/estate, (iv) MPV (multi purpose vehicle), (v) SUV (sports utility vehicle), (vi) coupé, (vii) convertible, (viii) roadster, (ix) SLW (city delivery van) and (x) pick-up. Volkswagen manufactures vehicles in the following product classes: (i) Luxury, (ii) Premium, (iii) Upper mid-range, (iv) Mid-range, (v) Compact, (vi) Subcompact and (vii) Mini.

The following chart provides an overview of Volkswagen's product classes and vehicle types in the passenger car and light commercial vehicle segments, as well as Volkswagen's brands that fall into these segments as of December 31, 2013.



The following table provides an overview of the sales volume, sales revenue and operating result for Volkswagen's brands during the years ended December 31, 2013, 2012 and 2011. The figures below may not relate exclusively to the sales volume, sales revenue and operating result of the particular brand. This is because the unit sales figures refer to models sold by each brand company, including vehicles of other Volkswagen Group brands. For example, the figures for the Audi brand may also include the sales volume, sales revenue and operating profit from sales of vehicles of Volkswagen Passenger Cars, SEAT or other brands.

	Unit sales[1]			**Sales revenue[1,2]**			**Operating profit[1,2]**		
	2013	**2012**	**2011**	**2013**	**2012**	**2011**	**2013**	**2012[3]**	**2011**
	(Thousand vehicles)			**(EUR million)**			**(EUR million)**		
Volkswagen Passenger Cars	4,704	4,850	4,450	99,397	103,942	94,690	2,894	3,643	3,796
Audi	1,349	1,299	1,543	49,880	48,771	44,096	5,030	5,365	5,348
ŠKODA	719	727	690	10,324	10,438	10,266	522	712	743
SEAT	459	429	362	6,874	6,485	5,393	−152	−156	−225
Bentley	11	9	7	1,679	1,453	1,119	168	100	8
Porsche[4]	155	62	–	14,326	5,879	–	2,579	943	–
Volkswagen Commercial Vehicles	436	437	441	9,370	9,450	8,985	448	421	449
Scania[4]	80	67	80	10,360	9,314	10,064	974	930	1,372
MAN[4]	140	134	25	15,861	15,999	2,652	319	813	193
VW China[5]	3,038	2,609	2,201	–	–	–	–	–	–
Other[6]	−1,364	−1,279	−1,438	−40,047	−36,929	−33,768	−2,725[7]	−2,682[7]	−1,617[7]
Volkswagen Financial Services	–	–	–	18,983	17,872	15,840	1,614	1,408	1,203
Volkswagen Group[5]	**9,728**	**9,345**	**8,361**	**197,007[8]**	**192,676[8]**	**159,337[8]**	**11,671[8]**	**11,498[8]**	**11,271[8]**
of which:									
Automotive Division	9,728	9,345	8,361	175,003[9]	172,822[9]	142,092[9]	9,807[9]	9,913[9]	9,973[9]
Financial Services Division	–	–	–	22,004	19,854	17,244	1,863	1,585	1,298

1 All individual figures shown are rounded, so minor discrepancies may arise from addition of these amounts.

2 Unaudited except where indicated.

3 Figures adjusted to reflect application of IAS 19R.

[4] Includes financial services; Porsche as from August 1, 2012, MAN as from November 9, 2011.

[5] The sales revenue and operating profit of the joint venture companies in China are not included in the figures for the Group. The Chinese companies are accounted for using the equity method and recorded an operating profit (proportionate) of EUR 4,296 million (2012: EUR 3,678 million; 2011: EUR 2,616 million).

[6] Including Porsche Holding Salzburg as from March 1, 2011.

[7] Mainly intragroup items recognized in profit or loss, in particular from the elimination of intercompany profits; the figures include depreciation and amortization of identifiable assets as part of the purchase price allocation for Scania, Porsche Holding Salzburg, MAN and Porsche.

[8] Audited.

[9] Including allocation of consolidation adjustments between the Automotive and Financial Services divisions.

Volkswagen generated sales revenue from vehicle sales of EUR 134,842 million, EUR 134,537 million and EUR 116,449 million during the years ended December 31, 2013, 2012 and 2011, respectively, which corresponds to 68.4%, 69.8% and 73.1%, respectively, of Volkswagen's consolidated sales revenue during such periods. During the years ended December 31, 2013, 2012 and 2011, the Automotive Division generated sales revenue of EUR 13,564 million, EUR 12,070 million and EUR 9,784 million, respectively, from the sale of genuine parts.

9.4.1.1 Volkswagen's brands

Except for Volkswagen Passenger Cars and Commercial Vehicles brands, each of Volkswagen's brands is owned by an independent legal entity. All of Volkswagen's brands are separately and independently managed by the respective companies.

Volkswagen focuses on producing passenger cars and light commercial vehicles. The passenger cars and light commercial vehicles either adapt to local characteristics and preferences (such as the VW Golf in Brazil), or follow European models (such as the Audi A4 in China) or traditional Volkswagen models (such as the VW Santana in China).

The tables presented under the individual brands in the following sections provide an overview of the number of deliveries to customers, unit sales to dealers and the number of vehicles produced under the respective brand for the years ended December 31, 2013, 2012 and 2011. In addition, the tables show each brand's sales revenue, operating profit and ratio of operating profit to sales revenue (operating return on sales). Sales revenue before consolidation includes the revenue from all sales generated by the respective brand, including sales of vehicles of other Volkswagen Group brands, as well as revenue generated from intra-company sales to other brands (including, in addition to vehicles sales, sales of power trains, engines and genuine parts). Sales revenue before consolidation demonstrates the economic performance of each brand and thus reflects the area of responsibility of the brand's management. In contrast, sales revenue from third parties eliminates intra-company transactions. Operating profit shown in the following tables does not eliminate intra-company transactions. Operating profit is one of the key metrics used by management to measure the performance of Volkswagen's brands and reflects the brands' management's responsibility.

9.4.1.1.1 Volkswagen Passenger Cars

The Company owns the Volkswagen Passenger Cars brand, primarily producing vehicles in the Compact and Mid-range classes in Volkswagen's high-volume business. The Company has been producing and selling cars in Germany since 1945, in other European markets since 1947 and in markets worldwide since 1952.

	2013	2012	2011
		(unaudited)	
Deliveries (thousand units)	5,932	5,738	5,091
Vehicle sales (thousand units)	4,704	4,850	4,450
Production (thousand units)	5,924	5,772	5,272
Sales revenue before consolidation (in EUR million)	99,397	103,942	94,690
Sales revenue from third parties (in EUR million)	71,426	77,110	71,504
Operating profit (in EUR million)	2,894	3,643[1]	3,796
As percentage of the brand's sales revenue (before consolidation)	2.9	3.5[1]	4.0

1 Figures adjusted to reflect application of IAS 19R.

The main production facilities for Volkswagen Passenger Cars brand vehicles are located in Western Europe (in particular in Germany) and Central and Eastern Europe (in particular in Poland, Russia and Slovakia). Other major production facilities are located in South America (Brazil and Argentina), North America (Mexico and the United States), as well as South Africa and Asia-Pacific (in particular in China). The main markets for Volkswagen Passenger Cars brand products are Western Europe (in particular Germany), North America, South America (in particular Brazil) and the Asia-Pacific region (in particular China).

9.4.1.1.2 Audi

Volkswagen holds 99.55% of the shares in AUDI AG, based in Ingolstadt, Germany. Audi primarily produces Compact, Mid-range, Upper mid-range and Premium vehicles.

	2013	2012	2011
		(unaudited)	
Deliveries (thousand units)	1,578	1,457	1,304
Vehicle sales (thousand units)	1,349	1,299	1,543
Production (thousand units)	1,608	1,468	1,345
Sales revenue before consolidation (in EUR million)	49,880	48,771	44,096
Sales revenue from third parties (in EUR million)	34,560	33,461	30,496
Operating profit (in EUR million)	5,030	5,365[1]	5,348
As percentage of the brand's sales revenue (before consolidation)	10.1	11.0[1]	12.1

1 Figures adjusted to reflect application of IAS 19R.

The main production facilities for the Audi brand are located in Western Europe (primarily in Germany), Central and Eastern Europe (primarily in Hungary) and the Asia-Pacific region (primarily in China). The main markets for the Audi brand are Western Europe, Central and Eastern Europe, North America and Asia-Pacific. Since 1988, Audi brand vehicles have been produced, sold and delivered to China. See "— *Significant equity interests — Chinese joint ventures and wholly owned subsidiaries*", for a description of the Chinese joint ventures.

9.4.1.1.3 *ŠKODA*

Volkswagen owns 100% of the shares of ŠKODA AUTO a.s., based in Mladá Boleslav, Czech Republic ("**ŠKODA**"). Volkswagen produces both Subcompact and Compact vehicles under the ŠKODA brand, as well as some Mid-range vehicles.

	2013	2012	2011
		(unaudited)	
Deliveries (thousand units)	921	939	879
Vehicle sales (thousand units)	719	727	690
Production (thousand units)	932	943	902
Sales revenue before consolidation (in EUR million)	10,324	10,438	10,266
Sales revenue from third parties (in EUR million)	5,379	5,633	6,212
Operating profit (in EUR million)	522	712	743
As percentage of the brand's sales revenue (before consolidation)	5.1	6.8	7.2

The main production facilities for the ŠKODA brand are located in Central and Eastern Europe (in particular in the Czech Republic) and Asia-Pacific (in particular in India and China). The main markets for products of the ŠKODA brand are Central and Eastern Europe and Asia-Pacific. Since 2007, ŠKODA vehicles have been produced, sold and delivered in China. See " — *Significant equity interests — Chinese joint ventures and wholly owned subsidiaries*", for a description of the Chinese joint ventures.

9.4.1.1.4 *SEAT*

Volkswagen owns 100% of the shares of SEAT S.A. ("**SEAT**"), based in Barcelona, Spain. SEAT mainly produces Compact and Subcompact vehicles, although some Mid-range vehicles are offered. All SEAT vehicles are produced in Spain. The main market for SEAT products is Western Europe (in particular Spain and Germany).

	2013	2012	2011
		(unaudited)	
Deliveries (thousand units)	355	321	350
Vehicle sales (thousand units)	459	429	362
Production (thousand units)	353	321	353
Sales revenue before consolidation (in EUR million)	6,874	6,485	5,393
Sales revenue from third parties (in EUR million)	3,044	2,785	3,284
Operating profit (in EUR million)	−152	−156	−225
As percentage of the brand's sales revenue (before consolidation)	−2.2	−2.4	−4.2

9.4.1.1.5 *Bentley, Bugatti, Lamborghini*

Volkswagen owns Bentley Motors Ltd., based in Crewe, United Kingdom, which manufactures and markets the Bentley brand and has been operating under the name Bentley Motors Ltd. since 2002. Volkswagen also owns Bugatti Automobiles S.A.S., based in Molsheim, France, which manufactures and markets the Bugatti brand. Additionally, Volkswagen owns Lamborghini Holding S.p.A., based in Sant'Agata Bolognese, Italy, which owns the Lamborghini brand.

Volkswagen produces high-priced Premium and Luxury vehicles under the Bugatti, Lamborghini and Bentley brands. The Bugatti and Lamborghini brands produce expensive sports cars and the Bentley brand offers luxurious, yet sporty cars. Bentley brand vehicles are produced exclusively in the United Kingdom, Bugatti brand vehicles in France and Lamborghini brand vehicles in Italy. The main markets for Volkswagen's Bentley, Bugatti and Lamborghini brands are Europe, North America, Russia, Asia and the Middle East.

Bentley

	2013	2012	2011
	(unaudited)		
Deliveries (units)	10,120	8,510	7,003
Vehicle sales (units)	10,564	9,186	7,402
Production (units)	10,876	9,107	7,593
Sales revenue before consolidation (in EUR million)	1,679	1,453	1,119
Sales revenue from third parties (in EUR million)	1,122	1,274	1,060
Operating profit (in EUR million)	168	100	8
As percentage of the brand's sales revenue (before consolidation)	10.0	6.9	0.7

Bugatti

In 2013, Volkswagen delivered 47 Bugatti brand vehicles worldwide. In 2012 and 2011, the number of vehicles delivered to customers was 31 and 38, respectively. In 2013, Volkswagen produced 41 Bugatti brand vehicles (2012: 42 vehicles, 2011: 36 vehicles).

Lamborghini

Volkswagen generally includes sales of the Lamborghini brand in the sales of the Audi brand. During the years ended December 31, 2013, 2012 and 2011, respectively, Volkswagen produced 2,122, 2,197 and 1,711 Lamborghini brand vehicles and delivered 2,121, 2,083 and 1,602 Lamborghini brand vehicles worldwide.

9.4.1.1.6 Porsche

As part of Volkswagen's strategy to create an integrated automotive group with Porsche, on December 7, 2009, Volkswagen acquired a 49.9% indirect interest through Porsche Holding Stuttgart (''**Porsche Holding Stuttgart**'') in Porsche AG, based in Stuttgart, and accounted for it using the equity method (see also ''*Management's Discussion and Analysis of Financial Condition and Results of Operations — Basis of Presentation*''). Volkswagen took over the remaining 50.1% of Porsche AG on August 1, 2012 through an accelerated integration model. Under this structure, Porsche SE contributed its indirect 50.1% holding in Porsche AG to Volkswagen AG effective as of August 1, 2012. Volkswagen then held 100% of the shares of Porsche AG via Porsche Holding Stuttgart GmbH (formerly: Porsche Zweite Zwischenholding GmbH). Besides a share consideration, Volkswagen paid EUR 4,495 million to Porsche SE as further consideration. As a result of Volkswagen's 100% holding in Porsche AG, it is now a fully consolidated entity of the Volkswagen Group.

Figures in the following table include financial services activities of the Porsche brand.

	2013	2012[1]	2011
	(unaudited)		
Deliveries (thousand units)	162	60	–
Vehicle sales (thousand units)	155	62	–
Production (thousand units)	166	64	–
Sales revenue before consolidation (in EUR million)	14,326	5,879	–
Sales revenue from third parties (in EUR million)	13,175	5,442	–
Operating profit (in EUR million)	2,579	943[2]	–
As percentage of the brand's sales revenue (before consolidation)	18.0	16.0[2]	–

1 August 1, 2012 to December 31, 2012.

2 Figures adjusted to reflect application of IAS 19R.

Porsche develops, produces and sells sports cars with boxer engines such as the 911, the Boxster and the Porsche Cayman, the sporty premium class saloon Porsche Panamera and the Porsche Cayenne in the sports utility vehicle segment. The Porsche Group also offers various financial services and operates an original parts business.

9.4.1.1.7 Volkswagen Commercial Vehicles

In 1950, Volkswagen began mass production of the Volkswagen Transporter, a Volkswagen Commercial Vehicles brand vehicle. In 1995, the Company introduced Volkswagen Commercial Vehicles as a brand.

	2013	**2012**	**2011**
		(unaudited)	
Deliveries (thousand units)	552	550	529
Vehicle sales (thousand units)	436	437	441
Production (thousand units)	511	487	508
Sales revenue before consolidation (in EUR million)	9,370	9,450	8,985
Sales revenue from third parties (in EUR million)	4,651	4,920	5,199
Operating profit (in EUR million)	448	421	449
As percentage of the brand's sales revenue (before consolidation)	4.8	4.5	5.0

The main production facilities for Volkswagen Commercial Vehicles are located in Germany, Poland and Argentina. The main market for Volkswagen Commercial Vehicles brand is Europe. Volkswagen Commercial Vehicles brand offers commercial vehicles, and the Compact, Mid-range and Upper Mid-range passenger cars.

The Volkswagen Group's model portfolio under its Volkswagen Commercial Vehicles brand covers, above all, city delivery vans such as the Caddy, small transporters such as the Transporter, large MPVs such as the Caravelle and the Multivan, camper vans such as the California as well as pick-ups such as the Amarok.

9.4.1.1.8 Scania

Taking into account the shares of Scania held by MAN, the share of voting rights in Scania attributable to Volkswagen was 89.18% and the interest in the capital of Scania attributable to Volkswagen AG was 62.64% as of March 31, 2014. Since July 22, 2008, Volkswagen has fully consolidated Scania AB, based in Södertälje, Sweden. For further information on the creation of an integrated commercial vehicles group, see ''— *Creation of an Integrated Commercial Vehicles Group*''. For further information on the tender offer for Scania shares see ''*Developments since January 1, 2014 and Outlook — Recent Events Relating to the Tender Offer for Scania*''.

Figures in the following table include financial services activities of the Scania brand.

	2013	**2012**	**2011**
		(unaudited)	
Deliveries (thousand units)	80	67	80
Vehicle sales (thousand units)	80	67	80
Production (thousand units)	83	67	84
Sales revenue before consolidation (in EUR million)	10,360	9,314	10,064
Sales revenue from third parties (in EUR million)	10,360	9,314	10,064
Operating profit (in EUR million)	974	930	1,372
As percentage of the brand's sales revenue (before consolidation)	9.4	10.0	13.6

Scania develops, produces and sells trucks weighing in excess of 16 tonnes that are used for transportation of goods and construction. Scania also produces large buses and coaches in cooperation with third parties. Meanwhile, Scania manufactures and sells engines with capacities of 9, 12 and 16 liters, and an output of 100 to 500 kW, used primarily in construction and agricultural machinery, electric generators and ships. Moreover, Scania offers services to transportation and logistics companies, including but not limited to, genuine parts and repair services, customer-specific fleet management and driver training. Furthermore, Scania offers insurance, purchase and leasing financing for Scania vehicles as well as for associated products such as superstructures, cooling units, trailers and semi-trailers.

The main production facilities for Scania brand are located in Europe (in particular in Sweden, France, The Netherlands and Poland) and South America (in particular in Brazil). The main markets for Scania brand are Europe and South America.

9.4.1.1.9 MAN

As of March 31, 2014, Volkswagen indirectly held a 74.02% interest in the share capital, corresponding to 75.26% of the voting rights, of MAN SE, based in Munich, Germany. Since November 9, 2011, Volkswagen has fully consolidated MAN.

Figures in the following table include financial services and power engineering activities of the MAN brand.

	2013	2012	2011[1]
	(unaudited)		
Deliveries (thousand units)	140	134	25
Vehicle sales (thousand units)	140	134	25
Production (thousand units)	141	124	24
Sales revenue before consolidation (in EUR million)	15,861	15,999	2,652
Sales revenue from third parties (in EUR million)	15,744	15,900	2,652
Operating profit (in EUR million)	319	813[2]	193
As percentage of the brand's sales revenue (before consolidation)	2.0	5.1[2]	7.3

1 November 9 to December 31, 2011.

2 Figures adjusted to reflect application of IAS 19R.

The MAN Group is one of the leading European companies in the transportation-related engineering sector. It develops, produces and sells trucks, buses, diesel engines, turbo machinery and special gear units.

Scania and MAN are striving for a closer industrial cooperation in order to leverage substantial synergy potential in development, production and procurement. In May 2011, Volkswagen made a mandatory offer to all shareholders of MAN to acquire their shares in MAN. Following receipt of the required regulatory approvals, Volkswagen increased its ownership to 55.90% of the voting rights and 53.71% of the share capital of MAN on November 9, 2011. Following its approval by the Annual General Meeting of MAN SE on June 6, 2013 and its entry in the commercial register on July 16, 2013, the control and profit and loss transfer agreement in accordance with section 291 of the German Stock Corporation Act (AktG — *Aktiengesetz*) between MAN SE, as the controlled company, and Truck & Bus GmbH, a wholly owned subsidiary of Volkswagen AG, as the controlling company, entered into force. Taking into account the shares of Scania held by MAN, the share of voting rights in Scania attributable to Volkswagen was 89.18% and the interest in the capital of Scania attributable to Volkswagen AG was 62.64% as of March 31, 2014 (see also "— *Scania*").

9.4.1.2 Significant equity interests

As of March 31, 2014, Volkswagen owned the equity interests in the companies and joint ventures described below. Volkswagen has limited access to financial information of these companies because it does not fully consolidate them.

9.4.1.2.1 Suzuki

As of March 31, 2014, Volkswagen held a 19.89% interest in the share capital of Suzuki, based in Hamamatsu, Japan. Suzuki produces and sells automobiles, motorcycles, marine products and offers financial services. Suzuki's production facilities are located in 20 countries and regions, and Suzuki sells its products in approximately 200 countries and regions. During the fiscal year ended March 31, 2013, Suzuki sold approximately 2.7 million cars and approximately 2.3 million motorcycles and all-terrain vehicles worldwide. Suzuki's main markets for automobiles are India and Japan. During the fiscal year ended March 31, 2013, Suzuki employed more than 56,000 employees (Source: Suzuki Annual Report/ Company Profile 2013).

On December 9, 2009, Volkswagen and Suzuki entered into a cooperation with Volkswagen acquiring 19.89% of the shares in Suzuki for a purchase price of approximately EUR 1.7 billion. The strategic cooperation did not develop as expected. Suzuki has filed an arbitration action against Volkswagen AG for retransfer of the 19.89% interest held in Suzuki, and for damages. Volkswagen has filed counterclaims.

9.4.1.2.2 Chinese joint ventures, shareholdings and wholly owned subsidiaries

Volkswagen holds, directly and indirectly through its Chinese holding company, 50% of the shares in Shanghai Volkswagen Automotive Company, Ltd., a joint venture based in Shanghai, China. Additionally, Volkswagen holds directly and indirectly 40% of the shares in FAW-Volkswagen Automotive Company, Ltd., a joint venture based in Changchun, China. Shanghai Volkswagen Automotive Company, Ltd. has a cooperation with ŠKODA for the production of ŠKODA vehicles under licenses. Audi, as part of Volkswagen's 40%-share, holds 10% of the shares in FAW-Volkswagen Automotive Company, Ltd. and permits FAW-Volkswagen Automotive Company, Ltd. to manufacture its models under licenses. In addition, Volkswagen indirectly holds 50% of the shares in Shanghai Volkswagen (Xinjiang) Automotive Company Ltd., a sole and direct subsidiary of Shanghai Volkswagen Automotive Company Ltd.

Volkswagen also holds interests ranging from 60% to 100% in seven component companies in China that produce axles, engines, transmissions and seats for the two vehicle joint ventures. In addition, Volkswagen holds directly and indirectly interests in two distribution joint ventures as well as 100% of the shares in a vehicle import company, an accessories company and a financing company. In addition, Volkswagen indirectly holds all shares in Audi (China) Enterprise Management Co. Ltd.

Volkswagen Passenger Car brand vehicles, which are not manufactured by the Chinese joint ventures, are imported into China by the vehicle import company owned by Volkswagen. The two Chinese joint ventures and the import company are positioned differently and operate separately in the Chinese market.

9.4.1.3 Genuine parts business

Volkswagen's genuine parts business aims at directing and optimizing the supply of the genuine parts of Volkswagen's different brands worldwide. The genuine parts include parts procured from outside suppliers and parts produced by Volkswagen.

9.4.1.4 Markets and competition

Unless otherwise indicated, the market information in this section is based on the following sources: The information on vehicle sales for passenger cars and light commercial vehicles in the market as a whole across all automobile manufacturers worldwide (including Volkswagen) as well as in the individual sales and production regions is taken from IHS Automotive. The information on unit sales, delivery and production figures for the Volkswagen Group is taken from unaudited data of the Company. The Company draws attention to the fact that no assurance can be given that the vehicle classes and segments have been defined in the same way. As a result, there may be differences, in particular in the distinction between passenger cars and light commercial vehicles, although the Company considers these to be minor.

This section includes, among others, the terms ''vehicle sales'' or ''sales'', and ''deliveries''. As a general rule, the following varying meanings have to be differentiated: The term ''vehicle sales'' or ''sales'' (and all nouns and verbs formed with it) refers to the relevant market as a whole across all automobile manufacturers, unless otherwise indicated. The meaning of the term ''vehicle sales'' or ''sales'' (and nouns and verbs formed with it) follows the definition used in IHS' reports. IHS generally determines vehicle sales or sales in countries with a motor vehicle registration authority on the basis of the number of newly registered vehicles in each year. In countries without a corresponding registration authority, IHS relies on various other sources. These include sales figures published by dealers, trade organizations, lobby groups, or automobile manufacturers, or figures from government surveys (for instance for tax purposes). By contrast, the term ''deliveries'' (and all nouns and verbs formed with it) is used only in connection with Volkswagen Group vehicles. Accordingly, its meaning is based on the definition used by the Volkswagen Group: Delivery of a vehicle is completed only when the vehicle has been handed over to the customer. In exceptional cases, reference is made to the vehicle sales volume in connection with the Volkswagen Group. In this context, the term ''unit sales'' is also based on the definition used by the Volkswagen Group and describes the vehicles sold to external wholesalers, or to independent authorized dealers.

Accordingly, the Company wishes to draw attention to the fact that the meaning of the term ''vehicle sales'' or ''sales'' as used by IHS on the one hand, and the meaning of the terms ''deliveries'' or ''delivery'' and ''unit sales'' in connection with the Volkswagen Group on the other hand, are not entirely consistent. Although the Company is of the opinion that the meaning of the terms ''vehicle sales'' and ''sales'' used by IHS and ''deliveries'' in connection with the Volkswagen Group correspond to a large extent (the number of newly registered vehicles in a country generally corresponds to the number of vehicles delivered to customers in that country, as defined by Volkswagen), there may be minor variations with respect to certain regions and countries.

Volkswagen's market shares in this section are calculated as the ratio of vehicles delivered to customers by the Volkswagen Group to the number of vehicles sold in the relevant market as a whole. The number of vehicles delivered by Volkswagen to customers is based on the Company's information, whereas the number of vehicles sold in the market as a whole is based on information provided by IHS. Volkswagen's market position is determined on the basis of its calculated market share in the relevant market as a whole on the basis of data from IHS. Information on the market positions of the Volkswagen Group's competitors is also based on information from IHS.

The following table provides an overview of the worldwide sales of passenger cars and light commercial vehicles during the years ended December 31, 2013, 2012 and 2011:

	For the year ended December 31,			Change	Change
	2013	2012	2011	2013/2012	2012/2011
		(units)		(in %)	
Europe/Other markets	**22,444,498**	**22,983,392**	**24,443,800**	**−2.3**	**−6.0**
Western Europe	**12,918,878**	**13,165,560**	**14,438,985**	**−1.9**	**−8.8**
Germany	3,171,366	3,308,565	3,414,462	−4.1	−3.1
United Kingdom	2,543,810	2,291,677	2,207,773	+11.0	+3.8
France	2,158,023	2,283,423	2,634,013	−5.5	−13.3
Italy	1,392,861	1,518,450	1,940,326	−8.3	−21.7
Spain	808,085	777,783	914,596	+3.9	−15.0
Central and Eastern Europe	**4,146,770**	**4,286,325**	**4,024,400**	**−3.3**	**−6.5**
Russia	2,781,877	2,949,167	2,690,006	−5.7	+9.6
Czech Republic	174,543	186,317	182,917	−6.3	+1.9
Poland	332,054	311,260	320,252	+6.7	−2.8
Other markets	**5,378,850**	**5,531,507**	**5,980,415**	**−2.8**	**−7.5**
Turkey	853,377	777,761	864,439	+9.7	−10.0
South Africa	615,138	562,718	483,840	+9.3	+16.3
North America	**18,507,430**	**17,256,278**	**15,361,749**	**+7.3**	**+12.3**
United States	15,700,468	14,592,525	12,870,546	+7.6	+13.4
Mexico	1,063,886	987,675	904,749	+7.7	+9.2
Canada	1,743,076	1,676,078	1,586,454	+4.0	+5.6
South America	**5,818,816**	**5,736,693**	**5,525,242**	**+1.4**	**+3.8**
Brazil	3,572,544	3,634,327	3,418,777	−1.7	+6.3
Argentina	903,097	806,834	832,893	+11.9	−3.1
Asia-Pacific	**36,109,899**	**33,526,763**	**30,405,598**	**+7.7**	**+10.3**
China	21,305,875	18,637,461	17,629,343	+14.3	+5.7
India	3,005,175	3,264,046	3,008,969	−7.9	+8.5
Japan	5,211,140	5,216,109	4,110,095	−0.1	+26.9
Worldwide	**82,880,643**	**79,503,126**	**75,736,389**	**+4.2**	**+5.0**

(Source: IHS)

The following table shows the number of passenger cars and light commercial vehicles delivered to Volkswagen's customers during the years ended December 31, 2013, 2012 and 2011:

	For the year ended December 31,			Change	Change
	2013	**2012**	**2011**	**2013/2012**	**2012/2011**
		(units)		**(in %)**	
Europe/Other markets	**4,076,743**	**4,052,756**	**3,990,643**	**+0.6**	**+1.6**
Western Europe	**3,008,711**	**3,023,373**	**3,130,072**	**−0.5**	**−3.4**
Germany	1,159,277	1,175,502	1,153,069	−1.4	+1.9
United Kingdom	494,857	434,802	408,870	+13.8	+6.3
France	260,647	279,127	299,330	−6.6	−6.7
Italy	183,647	196,964	244,953	−6.8	−19.6
Spain	181,152	175,809	212,549	+3.0	−17.3
Central and Eastern Europe	**639,401**	**644,345**	**547,779**	**−0.8**	**+17.6**
Russia	303,173	317,735	228,977	−4.6	+38.8
Czech Republic	87,241	85,347	82,874	+2.2	+3.0
Poland	81,215	74,569	73,391	+8.9	+1.6
Other markets	**428,631**	**385,038**	**312,792**	**+11.3**	**+23.1**
Turkey	150,605	123,811	107,913	+21.6	+14.7
South Africa	114,357	109,109	99,391	+4.8	+9.8
North America	**888,778**	**841,540**	**666,827**	**+5.6**	**+26.2**
United States	611,748	596,078	444,187	+2.6	+34.2
Mexico	189,977	164,890	153,023	+15.2	+7.8
Canada	87,053	80,572	69,617	+8.0	+15.7
South America	**907,945**	**1,010,085**	**933,133**	**−10.1**	**+8.2**
Brazil	682,221	780,195	704,726	−12.6	+10.7
Argentina	173,195	169,048	178,170	+2.5	−5.1
Asia-Pacific	**3,636,346**	**3,169,567**	**2,569,873**	**+14.7**	**+23.3**
China[1]	3,268,724	2,812,028	2,258,614	+16.2	+24.5
India	92,561	114,084	111,689	−18.9	+2.1
Japan	100,535	82,078	71,729	+22.5	+14.4
Worldwide	**9,509,812**	**9,073,948**	**8,160,476**	**+4.8**	**+11.2**

1 Includes vehicles delivered to customers by the two Chinese joint ventures.

The following table provides an overview of Volkswagen's market share by region during the years ended December 31, 2013, 2012 and 2011:

	For the year ended December 31,			Change	Change
	2013[1]	**2012[1]**	**2011[1]**	**2013/2012**	**2012/2011**
		(in %)		**(in %)**	
Western Europe	23.3	23.0	21.7	0.3	1.3
Central and Eastern Europe	15.4	15.0	13.6	0.4	1.4
North America	4.8	4.9	4.3	−0.1	0.6
South America	15.6	17.6	16.9	−2.0	0.7
Asia-Pacific[2]	10.1	9.5	8.5	0.6	1.0
Worldwide	11.5	11.4	10.8	0.1	0.6

1 Volkswagen's market share is calculated as the ratio of vehicles delivered to customers by the Volkswagen Group to the number of vehicles sold in the market as a whole.

2 Includes vehicles delivered to customers by the two Chinese joint ventures.

9.4.1.4.1 *Competition; developments and trends in Volkswagen's main markets*

As a global company, Volkswagen is exposed to both global and regional competition. Volkswagen considers BMW, Daimler, Fiat, Ford, General Motors, Honda, Hyundai/Kia, Peugeot-Citroen, Renault/Nissan and Toyota to be its main competitors in the passenger car and light commercial vehicles market. With a market share of 11.5%, based on the total number of vehicles delivered to customers, Volkswagen ranked second worldwide after Toyota in 2013. In Western Europe, Volkswagen is the market leader for passenger cars and light commercial vehicles with a market share of 23.3% (Source: IHS and Volkswagen Group data). In the market for trucks and buses, Volkswagen's key globally active competitors in the truck and bus segment include, in particular, Volvo and Daimler Trucks.

(i) Western Europe

The lingering debt crisis in major markets of Western Europe constrained consumer sentiment as employment and income prospects stayed weak, with sales of passenger cars and light commercial vehicles decreasing in 2013 by 1.9% to 12.9 million vehicles, which corresponds to 15.6% of worldwide light vehicle sales (Source: IHS).

In 2013, Volkswagen delivered 3.0 million passenger cars and light commercial vehicles to customers in Western Europe, more than any other automotive manufacturer (Source: IHS and Volkswagen Group data).

(ii) Central and Eastern Europe

In Central and Eastern Europe, sales of passenger cars and light commercial vehicles decreased by 3.3% to 4.1 million vehicles in 2013, which corresponds to 5.0% of worldwide vehicle sales (Source: IHS). Russia is the largest market for Volkswagen vehicles in Central and Eastern Europe and, despite recent weakness, the Company expects that it will remain one of the most important markets in this region.

In 2013, Volkswagen delivered 639,401 passenger cars and light commercial vehicles to customers in Central and Eastern Europe. In the market for passenger cars and light commercial vehicles in Central and Eastern Europe, the Volkswagen Group ranked second in 2013 with a market share of 15.4% (Source: IHS and Volkswagen Group data).

(iii) North America

In North America, sales of passenger cars and light commercial vehicles increased by 7.3% in 2013 to 18.5 million vehicles, which corresponds to 22.3% of worldwide vehicle sales. It is expected that sales growth of passenger cars and light commercial vehicles will slow in coming years (Source: IHS).

In 2013, Volkswagen delivered 888,778 passenger cars and light commercial vehicles to customers in North America. This corresponds to 9.3% of Volkswagen's worldwide passenger and light commercial vehicle sales in 2013. In the market for passenger cars and light commercial vehicles in North America, the Volkswagen Group ranked eighth in 2013 with a market share of 4.8% (Source: IHS and Volkswagen Group data).

(iv) South America

In South America, sales of passenger cars and light commercial vehicles increased by 1.4% in 2013 to approximately 5.8 million vehicles. This represents 7.0% of worldwide vehicle sales in 2013 (Source: IHS). South America is Volkswagen's third most important market worldwide in 2013 with respect to sales of passenger cars and light commercial vehicles. The Company considers Brazil to be an important market in South America with strong growth potential.

Volkswagen delivered 907,945 vehicles in 2013 to customers in South America. In the market for passenger cars and light commercial vehicles in South America, the Volkswagen Group ranked third with a market share of 15.6% in 2013 (Source: IHS and Volkswagen Group data).

(v) Asia-Pacific

In the Asia-Pacific region, sales of passenger cars and light commercial vehicles increased by 7.7% in 2013 to approximately 36.1 million vehicles, which corresponds to 43.6% of worldwide vehicle sales. The sales of passenger cars and light commercial vehicles are expected to increase in China in the coming years (Source: IHS).

The Asia-Pacific region was Volkswagen's most important market for sales of passenger cars and light commercial vehicles in 2013. In this region, China and India are critical markets to Volkswagen, due to their significant growth potential. It is expected that demand will continue to increase in China and India due to increasing need for individual mobility. However, at the same time, rising raw material costs, more stringent emission standards, a decline in government support, and vehicle registration restrictions in population dense urban areas may have a negative impact on demand for vehicles.

In 2013, Volkswagen (including its Chinese joint ventures) delivered approximately 3.6 million vehicles to customers in the Asia-Pacific region, which corresponds to 38.2% of Volkswagen's worldwide passenger car and light commercial vehicle deliveries. The Volkswagen Group ranked second in the Asia-Pacific market for passenger cars and light commercial vehicles sales, with a market share of 10.1% in 2013 (Source: IHS and Volkswagen Group data).

(vi) Trucks and Buses

Volkswagen owns a majority of the voting rights in Scania AB and MAN SE, and thus is active in trucks and buses sales. In 2013, worldwide sales of trucks with a gross vehicle weight in excess of 6 tonnes increased by 2.5% to a total of approximately 2.7 million vehicles (2012: approximately 2.6 million vehicles). Sales of buses are nearly on the same level as the previous year (Source: IHS). In 2013, Scania delivered a total of 80,464 trucks and buses to customers worldwide (2012: 67,401) (Source: Scania Year end Report January-December 2013). In 2013, MAN SE delivered a total of 140,333 trucks and buses to customers worldwide (2012: 134,245) (Source: MAN SE 2013 Annual Report).

9.4.1.5 Procurement

9.4.1.5.1 Overview

The procurement volume of Volkswagen during the years ended December 31, 2013, 2012 and 2011 was EUR 135.0 billion, EUR 128.7 billion and EUR 110.2 billion, respectively, for goods (including raw materials, vehicle parts and components) and services. This represents an increase of 4.9% compared to 2012 and corresponds to approximately 68.5% of consolidated sales revenue. Volkswagen works with approximately 36,000 suppliers worldwide. The most important procurement markets for Volkswagen are Europe, followed by Asia-Pacific and South America/South Africa.

The following table provides an overview of Volkswagen's total procurement volumes (including both Chinese joint ventures) during the years ended December 31, 2013, 2012 and 2011, and the percentage changes compared to the prior year, categorized by brand and procurement market:

	For the year ended December 31,			Change	Change
	2013	**2012**	**2011**	**2013/2012**	**2012/2011**
	(in EUR billion)			**(in %)**	
Volkswagen Passenger Cars	79.0	77.0	69.7	+2.5	+10.5
Audi[1]	23.6	22.7	21.0	+4.3	+7.9
ŠKODA	6.5	6.6	6.6	−1.5	+0.2
SEAT	3.9	3.7	3.4	+6.7	+9.7
Bentley	0.7	0.6	0.5	+9.7	+11.2
Porsche[2]	3.7	1.4	–	–	–
Volkswagen Commercial Vehicles	2.4	2.4	2.4	+1.3	−1.4
Scania	6.4	5.2	5.1	+22.3	+2.4
MAN[2]	8.8	9.1	1.5	−3.4	>+100.0
Volkswagen Group	**135.0**	**128.7**	**110.2**	**+4.9**	**+16.8**
Europe/Other markets	87.9	88.1	75.4	−0.3	+16.9
North America	6.3	6.2	4.7	**+2.3**	+32.2
South America	8.9	8.0	8.1	+12.0	−1.7
Asia-Pacific	31.9	26.4	22.0	+20.6	+20.0

1 Audi includes Lamborghini and Ducati (from August 2012).

2 Porsche from August 2012, MAN from November 2011.

9.4.1.5.2 Procurement of production materials

Volkswagen procures raw materials and pre-products. Pre-products consist of parts and components produced by external suppliers according to Volkswagen's specifications, such as navigation devices and audio systems, wheels, tires, air filters and brake pads.

In 2013, Volkswagen purchased more than three million tons of steel and more than 500 thousand tons of aluminum, primarily from European markets. The ten largest raw materials suppliers based on supply volume met approximately 80% of Volkswagen's raw material requirements in 2013.

During the year ended December 31, 2013, Volkswagen paid EUR 107.9 billion for vehicle parts and components and for pre-products (including raw materials). Volkswagen's most important suppliers of vehicle parts and components and pre-products are Continental, Bosch and Faurecia. The ten largest suppliers of vehicle parts and components based on supply volume met approximately 36% of Volkswagen's procurement requirements in 2013.

As an effort to reduce production costs, Volkswagen endeavors to procure raw materials and pre-products from local suppliers. Furthermore, Volkswagen hedges price and shortage risks associated with raw materials and pre-products by entering into forward transactions and swaps.

9.4.1.5.3 General procurement

The general procurement sub-division is responsible for the purchase of all goods and services that are not directly connected to vehicle production. In 2013, the procurement volume of the general procurement division amounted to EUR 27.1 billion.

9.4.1.6 *Production*

9.4.1.6.1 *Production locations*

Volkswagen had 106 operating production locations worldwide (including brands Porsche and Ducati) as of December 31, 2013. Vehicles were manufactured at 61 of these locations, including 37 locations in Europe (of which 13 locations in Germany); 6 locations in South America; 12 locations in Asia-Pacific; 3 locations in North America; and 3 locations in South Africa. Volkswagen's vehicle production in China is performed by its two joint ventures, Shanghai Volkswagen Automotive Company Ltd. and FAW-Volkswagen Automotive Company Ltd.

Volkswagen had a worldwide production capacity of approximately 10 million vehicles in 2013 and approximately 10.7 million vehicles in 2014, which corresponds to a capacity utilization of its vehicle production plants worldwide of 94% and 93%, respectively (excluding MAN and Scania and including the Chinese joint ventures).

As of March 31, 2014 Volkswagen had 106 operating locations and is currently constructing or expanding 6 production locations for passenger cars and light commercial vehicles in Wreszenia (Polen), San José (Mexico), Ningbo II (China), Foshan II (China) Urumqui (China), and Changchun (China). The plants being expanded or that are under construction in China are owned by the Chinese joint ventures. In addition, Volkswagen is expanding its production capacities at its existing engine and component production locations in Germany, Hungary, Poland, the Czech Republic, Mexico, Brazil and China.

9.4.1.6.2 *Description of production*

The modular platform strategy and the modular toolkit concept are key features of production for Volkswagen. Volkswagen has developed the modular platform strategy into the engineering concept of modular toolkits. There are two types of modular toolkits: the modular transverse toolkit platforms for vehicles with transversely mounted engines and the modular longitudinal toolkit platforms for vehicles with longitudinally mounted engines. A modular toolkit consists of several vehicle components that are combined in a standardized manner. For example, there is a modular toolkit for the seating systems of a vehicle, a modular toolkit for the underbody and a modular toolkit for the axles and for the steering. Modular toolkits can be used for production of vehicles across brands and vehicle classes.

The engineering concept of the modular toolkits means that, in the production of its volume models, Volkswagen will in future mostly use modular toolkits independently of the brand or vehicle class of the individual model, rather than individual components manufactured for individual brands, vehicle classes or models. The development and use of modular components will be expanded to reduce development time, one-time expenses and unit costs per vehicle. Furthermore, the modular component concept facilitates faster model changes and the launch of new products in various markets to reflect local customer preferences. Volkswagen believes that this engineering concept will enhance its ability to adapt to demand fluctuations and increase the average utilization capacity of its plants.

9.4.1.7 *Marketing*

Volkswagen pursues a multibrand strategy in which each company brand has an autonomous character and operates and markets independently. The profiles of Volkswagen's individual brands are conceived so that, as far as possible, they do not overlap. Volkswagen's brands are strengthened through the development of overall brand concepts and core values geared to the customers.

One of Volkswagen's key marketing strategies is its remarketing strategy. Volkswagen views a vehicle's resale value as one of the most important factors influencing a customer's purchase decision. In the early course of product development and manufacture, Volkswagen takes into consideration all relevant factors affecting the resale value such as quality, durability, design and equipment. Volkswagen conducts regular customer surveys through internal and external service providers to determine the needs and the requirements of customers for a used car.

The organizational marketing structure of the Volkswagen Group ensures that the brand-specific marketing measures and the image of each brand remain clearly recognizable. In order to ensure the autonomy of the brands while simultaneously protecting Volkswagen Group interests, the management of the brands is supported by the respective brand boards of management and Volkswagen's Board of Management.

9.4.1.8 Customers and sales

In 2013, an average of 66,457 personnel were employed in the Volkswagen Group's sales area (including the Chinese joint ventures).

The sale of vehicles of individual brands is fundamentally the responsibility of the respective brand. Each brand generally sells only its own products. One exception is, for example, that in Germany the Volkswagen Group also sells Audi, ŠKODA and Volkswagen Commercial Vehicles to selected customer groups.

Depending on where the vehicle is sold, the sales channel may differ. If the country of the brand parent company is identical to the country of sale, the vehicles are marketed exclusively through a retail dealer system. Otherwise, a subsidiary of the Volkswagen Group or brand parent company (for example, in France, the United Kingdom or Spain) or an independent wholesale company (for example, in Belgium, the Netherlands or Switzerland) will act as an intermediary between the brand parent company and the local retail dealers. The subsidiary or the wholesale company normally is responsible for the sale of vehicles of one or more brands for one country. Local retail dealers are predominantly independent external contractors.

The independent wholesale companies and independent local dealers generally act in their own names and for their own accounts. In some markets, Volkswagen has set up a system to monitor the financial positions of independent dealers to ensure that they are not insolvent or on the edge of insolvency.

In terms of sales of genuine parts, Volkswagen Group has its own logistics network and warehouses to facilitate the sales. Volkswagen maintains a total of approximately 120 logistics and warehousing centers worldwide.

As of March 1, 2011, Volkswagen acquired the operating business of Porsche Holding Gesellschaft m.b.H., Salzburg (''**Porsche Holding**''), following the exercise of a put option by Porsche Gesellschaft m.b.H. Porsche Holding is a European automobile trading company (wholesale and retail), with a particularly strong presence in Austria, Western Europe and South Eastern Europe, as well as China. In 2013, Porsche Holding sold more than 590,000 vehicles and employed 31,846 people. Within the Volkswagen Group, Porsche Holding retains its status as an independent organizational unit and continues with its business model unchanged. The acquisition, which represented an important step towards the creation of an integrated automotive group with Porsche SE, significantly strengthened Volkswagen's sales activities.

9.4.2 Financial Services Division

The Financial Services Division comprises Volkswagen's financial services activities. The vehicle-related activities are broken down into the following areas: financing (customer and dealer financing), leasing, insurance, service and fleet management. Volkswagen is also active in the direct banking business. The objective of Volkswagen's financial services activities is to support the sale of vehicles produced by Volkswagen and to strengthen customer loyalty to the Group's brands.

Although Volkswagen allocates the financial services activities of the Scania brand, Porsche Holding (since March 1, 2011) and Porsche (since August 1, 2012) to the Financial Services Division, these activities are managed principally by Scania, Porsche Holding and Porsche, respectively. The financial services activities of MAN, which have been included within the Volkswagen Group since November 9, 2011 but were principally managed by MAN, were transferred to the Financial Services Division as of

January 1, 2014. Therefore, the description of the Financial Services Division in this section of the Offering Memorandum does not cover the financial services activities of Scania, Porsche Holding and Porsche nor do the key financial figures include the corresponding data of Scania, Porsche Holding and Porsche (unless indicated otherwise).

Volkswagen Financial Services AG (''**VWFS AG**''), a wholly owned subsidiary of the Company, is responsible for the coordination of the Company's worldwide financial services activities. Volkswagen Group's financial services activities are provided by VWFS AG and its subsidiaries, as well as in the United States, Canada, Argentina and Spain, through indirect subsidiaries of the Company.

Volkswagen's Financial Services Division is represented in 49 countries. The main markets for the Financial Services Division are Germany, the United States, Brazil, the United Kingdom, Spain, Italy, Canada, France and China. Germany is the main market for the Financial Services Division. The main companies in the Financial Services Division in Germany include Volkswagen Bank, Volkswagen Leasing GmbH (''**Volkswagen Leasing**'') and Volkswagen Versicherungsdienst GmbH (''**VVD**'').

Volkswagen's financial services operations include mainly loans, leasing as well as insurance programs for customers and dealers. Approximately 60% of Volkswagen's vehicles delivered in the United States, approximately 50% of its vehicles delivered in Germany and approximately 40% of its vehicles delivered in Europe (excluding Scania, Porsche Holding and Porsche financial services) are financed by or leased from the companies of Volkswagen's Financial Services Division. Volkswagen's financing and leasing activities are offered in close coordination and cooperation with Volkswagen's Automotive Division.

Through Volkswagen Bank, Volkswagen also offers basic banking services such as deposits, credit cards, checking accounts and savings certificates.

The following table provides information about Volkswagen Group's financial services receivables (including Scania, MAN and Porsche) as of December 31, 2013, 2012 and 2011.

	2013		**2012**		**2011**	
	Current	**Noncurrent**	**Current**	**Noncurrent**	**Current**	**Noncurrent**
			(in EUR million)			
Receivables from financing business						
Customer financing	17,998	35,965	17,277	34,460	15,321	29,675
Dealer financing	11,658	1,368	11,389	1,330	10,631	1,070
Direct banking	183	1	167	1	153	–
	29,839	**37,334**	**28,832**	**35,791**	**26,104**	**30,745**
Receivables from operating leases	214	–	204	–	166	–
Receivables from finance leases	8,332	13,864	7,875	13,994	7,484	11,705
	38,386	**51,198**	**36,911**	**49,785**	**33,754**	**42,450**

In growth markets such as India and Russia, Volkswagen's Financial Services Division is represented by subsidiaries or through cooperations with local banks, although the volume of business is in all cases minor compared to the main markets.

9.4.2.1 Products and services of the Financial Services Division

Volkswagen's Financial Services Division is present in Volkswagen's main markets, offering its customers ''car-centered'' financial and banking services and products through the relevant regional companies and branches. Products of the direct banking business are offered through the internet, by telephone and in a few cases also through sales partnerships.

An overview of the products and services of Volkswagen's Financial Services Division (exclusive of the direct banking business), broken down by customer segments, can be described as follows:

<table>
<tr><th>Customer segments</th><th>Financing</th><th>Leasing & Fleet management</th><th>Insurance</th><th>Service</th></tr>
<tr><td>Private customers</td><td>• Customer financing</td><td>• Private leasing</td><td>• Car insurance
• Personal insurance</td><td rowspan="3">Other services centering around the automobile
• Service & Maintenance
• Fuel cards
• Tire replacement</td></tr>
<tr><td>Dealers</td><td>• Dealer financing</td><td>• Leasing of office and business furniture and equipment</td><td>• Dealer insurance
• Car
• Personal
• Buildings</td></tr>
<tr><td>Major/fleet customers</td><td></td><td>• Financial leasing
• Operating leasing
• Fleet management</td><td>• Product packages for leasing & fleet customers
• Extension of manufacturer's warranty</td></tr>
</table>

9.4.2.1.1 Financing

In the area of vehicle financing, Volkswagen offers financial solutions for both private customers and dealers. In the private customer business, vehicles are financed through classic installment loans (*ClassicCredit*) or flexible credit products such as balloon loans (*AutoCredit*). With financing products, the ownership of the vehicle is generally transferred from the financing company to the customer at the end of the term.

With the classic installment loan, upon the purchase of the vehicle customers can make a down payment, which is set flexibly. The loan is then repaid in full through monthly installment payments.

With so-called balloon loans, the customer also initially makes a down payment. After a period of 12 to 54 months, in which the customer pays lower installments than, for example, in the case of a classic installment loan, the customer must make a higher final payment, which is to be set flexibly. At the end of the term, the customer has three options: (a) return of the vehicle to the dealer at a previously agreed price, (b) entry into a refinancing agreement, or (c) payment of the final installment.

As part of dealer financing, the Financial Services Division offers authorized dealers of the Volkswagen Group the ability to obtain loans. Such loans serve primarily to finance vehicles, genuine and replacement parts and investments.

To optimize the Automotive Division's liquidity position, the Financial Services Division uses factoring to finance the payment terms agreed between Volkswagen, on the one hand, and importers and dealers on the other, as well as payment terms agreed between importers and dealers.

AutoEuropa Bank, Braunschweig, Germany, a branch of Volkswagen Bank, also finances vehicles, caravans and motor homes other than those of Volkswagen.

9.4.2.1.2 Leasing

The leasing products offered by the Financial Services Division are used primarily by individual business customers and corporate customers (including fleet customers).

With respect to leases, the vehicle is acquired by the lessor, which retains ownership during the entire term. The lessee makes lease payments, which pay for the use of the vehicle and which, depending on the structure of the relevant contract, may pay for services such as vehicle insurance and maintenance.

A fundamental distinction needs to be made between finance leasing and operating leasing. In finance leasing, the economic risks and benefits pass over to the lessee at the end of the lease term. The lessee includes the leasing assets in its accounts and also bears the realization risk of the leasing asset.

In operating leasing, the economic risks and benefits of the vehicle and, therefore, the realization risk of the leasing asset, remain with the lessor throughout the lease term. The lessor includes the leasing assets in its accounts as ''leased assets''. An operating lease can also result in residual value risk for the lessor. Generally, an exposure to residual value risk exists when the market value for realization of the leasing asset at the end of the term of the lease agreement is lower than the residual value calculated when the lease is concluded.

Volkswagen's used-car marketing is supported by the Financial Services Division, both through leasing and financing products.

9.4.2.1.3 Insurance services

The Financial Services Division arranges insurance products as insurer or as intermediary (broker or agent), depending on the market. With an aim to ensure a best practice business model in each market, the Financial Services Division also cooperates with a large number of different insurance companies.

The major products in the area of private and individual business customers are motor insurance (both third party liability and full comprehensive insurance), warranty insurance, credit protection insurance and gap insurance. Extended and used car warranty products are offered as an insurance or service product, which covers electronic and mechanical breakdown of automobile parts. Credit protection insurance policies secure and assume the remaining payments of the relevant financing in the event of disability, unemployment, or similar circumstances. In addition, so-called ''gap insurances'' offer protection against the risk that the residual value of the vehicle is below the remaining outstanding financing payments.

For corporate customers (including fleet customers), specific product packages are arranged and adapted to their specific requirements. Vehicle, personal and property insurance policies are brokered for dealers.

Commencing in 2011, the Financial Services Division has entered the warranty insurance business via setting up an own primary insurance carrier (Volkswagen Versicherung AG) offering extended warranty insurance in Germany and France. Additionally, the used car warranty has been rolled out in the Czech Republic, Italy, Spain, Sweden, Switzerland and Turkey via freedom of services or reinsurance with a local company fronting the business.

Through Volkswagen Versicherung AG, the Financial Services Division also carries parts of the brokered credit insurance portfolios via reinsurance.

In April 2013 Volkswagen Financial Services AG and Allianz SE incorporated a common insurance company, Volkswagen Autoversicherung AG, in which Volkswagen Financial Services AG holds 51 percent and the Allianz Group 49 percent of the shares. It offers customized motor insurance and motor insurance-related products mainly to customers of the Volkswagen brands.

9.4.2.1.4 *Services*

In the service area, the Financial Services Division offers its customers mainly vehicle services which are rendered primarily as part of fleet management, but can also be purchased individually.

Fleet management includes fleet planning, administration, analysis and control. This includes reporting for fleet customers, which allows them to obtain precise usage data regarding their vehicles and drivers. In addition, the processing of insurance premiums and taxes, repairs and realization of the vehicle are offered as services.

In addition, management of vehicle-related consumable materials and supplies, such as fuels, lubricants, tires and the like, is also offered.

9.4.2.1.5 *Direct banking business*

Through Volkswagen Bank direct, a division of Volkswagen Bank, Volkswagen Group offers direct bank services in Germany. During the years ended December 31, 2013, 2012 and 2011, 1,161,500, 1,123,000 and 1,094,700 customers were served, respectively. Volkswagen's Financial Services Division's customer deposits totaled EUR 23.3 billion, EUR 23.9 billion and EUR 23.1 billion, as of December 31, 2013, 2012 and 2011, respectively.

In Germany, Volkswagen Bank direct offers typical bank services such as maintaining checking accounts and overnight deposit accounts, non-business loans and the issuance of credit cards for retail customers. Furthermore, fixed-term deposit accounts, savings plans, savings certificates, mortgage loans, personal and property insurances, as well as securities accounts are marketed. Additionally, Volkswagen Bank direct provides services related to cashless payment systems for commercial customers.

The securities accounts, fund units, mortgage loans and insurance policies that Volkswagen Bank direct offers are products of external third parties, which Volkswagen facilitates on a cooperative basis. Volkswagen's major partners in this commission-based business are DAB Bank AG (securities transactions and securities account maintenance), DWS Investment GmbH (fund units and retirement plan agreements), Feri Institutional Advisors GmbH (mutual fund selection) and prohyp GmbH (mortgages).

9.4.2.1.6 *Risk management in the Financial Services Division*

Risk management in the Financial Services Division is performed from within VWFS AG which is the parent institution in the VWFS AG subgroup for supervisory purposes and also supports the other companies in the Financial Services Division.

In accordance with the requirements of the German Banking Act and the German Stock Corporation Act, a system for identifying, measuring, monitoring and managing risk positions has been established for the VWFS AG subgroup.

Along with the quantification of risk positions, as required by regulation, and the classification of available equity capital components, VWFS AG has established a system for determining risk-bearing capacity. Using this system, it compares the economic risk with the available risk taking potential and performs a quarterly assessment as to whether VWFS AG is in a position to bear the risks that could result from the business activity, with the goal of ensuring a going concern.

VWFS AG utilizes a limit system, derived from its analysis of risk-bearing capacity, which makes it possible to limit and manage relevant risk types with respect to their amount. The limit system comprises three steps: In a first step, an overall group risk limit is determined. For this purpose, the Board of Management of VWFS AG determines the portion of the available risk taking potential (essentially equity capital) that is intended to be available for covering material risks. In the second step, the overall group risk limit is broken down into risk limits for risk types considered to be material. In the third step, the risk type limits are broken down to branch and subsidiary level, taking into account the planned business development. Regular reports are made to senior management and the Board of Management as part of the submission of the risk management reporting.

The Board of Management is responsible for implementing the overall risk strategy established by the Board of Management of VWFS AG. This strategy contains the risk policy principles for VWFS AG. The Chief Risk Officer reports to the Board of Management and the Supervisory Board of VWFS AG on a regular basis on the overall risk position of the Financial Services Division. The department ''Group risk management & methods'', which reports to the CRO, formulates the corresponding risk-policy guidelines for risk management, develops methods and procedures, analyzes the current risk position on an ongoing basis and ensures the transparency of reporting. Group risk management & methods reports to the Board of Management of VWFS AG and its Supervisory Board at least once a quarter.

Risk management, i.e. the management of the relevant portfolio, is in principle integrated into the individual subdivisions of the company. In addition, the internal audit function of the VWFS AG subgroup, an independent department acting on behalf of the Board of Management of VWFS AG, performs risk-related audits of the operating and commercial processes of the Financial Services Division.

9.4.2.1.7 Management of credit risk

In order to monitor credit risk, which encompasses the risk of default by customers and dealers on loans and leases, rating procedures are utilized for dealers and corporate customers and scoring procedures are utilized for private customers in general. These procedures form the basis for credit decisions.

The scoring procedures for private customers are either of a generic nature or have been developed based on multi-year data histories. The rating procedures for dealers as well as corporate customers include in general both annual financial statement data and qualitative factors, such as quality of management, market and industry environment, and payment behavior. Additionally, models for loss given default and credit conversion factors are in place.

The Group uses product approval procedures, regular portfolio analyses, planning sessions and business financial reviews for the timely identification of new risks and changes in risk. All risks are quantified as part of a quarterly assessment procedure. In addition, for all lending activities taken together, an unanticipated loss is calculated and included in the calculation of risk-bearing capacity.

Due to the type of financing activity, the outstanding financing amount is essentially secured by the financed vehicles. Therefore, the Financial Services Division monitors changes in the market values of motor vehicles on an ongoing basis. If major changes in market values occur, the forecast values and the processes for liquidating collateral are adjusted.

If customers get into payment difficulties, the affected loans are passed on to the collections department. If the unpaid amounts cannot be recovered, the vehicles serving as collateral are liquidated.

9.4.2.1.8 Management of residual value risk

Residual value risks arise in particular in connection with operating leases when the market value at the time of liquidating a leased asset at the end of the lease term is lower than the residual value calculated when the lease was concluded.

To the extent that the Financial Services Division bears the residual value risks with regard to their development, the Financial Services Division continuously monitors trends in used car prices, for which it can utilize internal group information and experience as well as external sources such as the Schwacke Eurotax Glass' list. If the residual value risk increases, the risk provision is adjusted accordingly. That approach is based on the residual value risk management circle of the VWFS AG. At the beginning of the sovereign debt crisis there was a drop in used car prices in almost all markets, which resulted in higher risk provisions. Currently the residual value risk situation overall has improved. However, if a negative market development recurs with increasing residual value risks, a corresponding adjustment of the risk provision would be required.

9.4.2.1.9 Management of market price risk

Due to the varying interest rate elasticity of individual asset and liability items, the Financial Services Division is exposed to the risk of a change in market interest rates.

The Financial Services Division maintains a risk monitoring and management system within the entire Financial Services Division, the goal of which is to identify and evaluate all interest rate risks and help ensure active management through value at risk limits in order to match maturities at the level of the individual subsidiaries.

If the prescribed limit is exceeded, risk management informs the Board of Management of VWFS AG or the management of Volkswagen Bank. Appropriate measures are then discussed and resolved in the Asset Liability Management Committee in order to reduce the risk position to a level below the applicable limit.

9.4.2.1.10 Management of liquidity risk

The Financial Services Division faces liquidity risk, in particular the risk of a negative difference between actual cash inflows and cash outflows and expected cash inflows and cash outflows. Cash outflows must be covered at all times by cash in hand and cash inflows.

Liquidity management for VWFS AG, Volkswagen Bank and Volkswagen Leasing is the responsibility of VWFS AG's treasury department. It is carried out within the framework of a multi-step planning and takes into account known cash inflows and payment obligations, the potential growth of the credit business and the development of the deposit business. The Operative Liquidity Committee, which is composed of representatives of the treasury, controlling, direct banking and risk management departments, is responsible for monitoring and micro-managing liquidity within the liquidity risk management concept.

9.5 Research and Development

Research and development expenses of the Volkswagen Group during the years ended December 31, 2013, 2012 and 2011 were EUR 10,186 million, EUR 8,851 million and EUR 7,234 million, respectively, which corresponded to 5.2%, 4.6% and 4.5% of its sales revenue, respectively. See ''*Management's Discussion and Analysis of Financial Condition and Results of Operations — Material Factors Affecting Results of Operations — Research and development costs*''.

Volkswagen's top priority for research and development in 2011, 2012 and 2013 was to develop engines and drivetrain concepts to reduce emissions, and to develop and expand the modular longitudinal toolkit platforms and the modular transverse toolkit platforms. In the Research and Development function, Volkswagen employed 43,756 people worldwide in over 40 locations as of December 31, 2013 (excluding staff in the research and development department of the Scania and MAN brands, but including the Chinese joint ventures).

At Volkswagen, research and development differ through their basic orientation. Research is detached from specific series projects and covers new materials and technologies. Mobility, energy, safety and environment are the most important areas of activity. Development is involved primarily with the further development and new development of concrete vehicle projects and technologies for utilization in series.

While development of concrete vehicle projects is primarily a function and responsibility of each brand, individual modules and components are developed jointly with the development departments of the brands and as a result are made available to all vehicles. Examples of such components are the dual clutch gearbox, the radio navigation system, the modular transverse toolkit and the modular longitudinal toolkit.

9.5.1 Research

From 2011 through 2014, a major focus of Volkswagen's research was on the following areas: future trends and mobility, fuel and drive trains, materials, driver assistance systems, communication and networking.

In the coming years, research strategic emphasis will be on the efficiency of the entire system — environmentally friendly drivetrain systems, lightweight construction, optimized traffic management and seamless mobility through safe and intelligent vehicles.

From 2011 through 2014, Volkswagen's most important research cooperations with external partners were in the fields of fuel cells and high-energy battery systems for hybrid drives and electric vehicles.

9.5.2 Development

From 2011 through 2014, the focus of the brands' development activities was, among other things, in the areas of drivetrain technology, the modular transverse toolkit and the modular longitudinal toolkit and the further development of assistance systems. Another major development result of the last three years is the start-stop feature. As soon as the automobile has come to a stop, the gear lever is in the neutral position and the driver lets go of the clutch pedal, the system shuts the engine off. If the clutch is pressed, the engine starts up again. On average, the start-stop system reduces fuel consumption by approximately 3%. Among the major development results of the Scania brand is the driver eco-module which continuously analyzes data from various sensors in the vehicle and with it identifies the driving style of the driver who receives suggestions in real time through a display on an economically and ecologically optimized driving style. This module is integrated into the Ecolution program of Scania, which also includes trainings for fuel efficient driving and specific services such as a maintenance module to ensure better technical efficiency.

Volkswagen's development capacities are supplemented through cooperation with external partners such as suppliers and strategic partners. The major partnerships with external parties in the Development function include the joint development and production of Volkswagen's models in cooperation with Porsche AG, Daimler AG and Chrysler Group. The joint development and production of certain vehicle models together with strategic external partners makes it possible to reduce development and production costs. At the same time, Volkswagen's expertise and know-how in vehicle development is strengthened through such cooperation. Examples of synergies of this kind are the joint development and production of the models Volkswagen Touareg, Audi Q7 and Porsche Cayenne as well as the joint production of the models Volkswagen Crafter and Mercedes-Benz Sprinter and the cooperation with the Chrysler Group for the production of the Volkswagen Routan (a multipurpose vehicle or MPV) for the U.S. market.

9.5.3 Product development

A focal point of Volkswagen's current and future development activities is and will be innovative mobility concepts and the reduction of fuel consumption and emissions of the fleet. Currently, Volkswagen offers 438 models or model variants with CO_2 emissions below 130g CO_2/km; 324 models emit less than 120g CO_2/km and 54 models are currently already below 100g CO_2/km. All of these models are sold on the European market. With a broad range of development activities in the drivetrain sector, Volkswagen will continue to reduce the emissions of our vehicles in the coming years. To this end, Volkswagen is aiming to electrify the drivetrain such as with hybrid and electric vehicles, but at the same time to optimize conventional combustion engines, which, in the Company's opinion will continue to dominate for decades, in particular in the large growth regions.

9.6 Intellectual Property

Volkswagen generates and holds a significant number of patents in a number of countries in connection with the operation of its business. While none of these patents by itself is material to its business as a whole, these patents are important to Volkswagen's business and continued technological development. In addition, Volkswagen Group holds a number of trademarks and service marks that are important to its identity and recognition in the market place.

9.7 Property, Plants and Real Estate

Volkswagen's real estate consists primarily of the vehicle and component production plants of its individual companies. In Volkswagen's Automotive Division, real estate holdings include administrative buildings, which are mostly on plant premises, as well as warehouses for the spare parts business and several buildings primarily used by Volkswagen's wholesale trading companies, located mainly in Germany and other European countries and the United States.

The real estate owned by the Company, which consists of six domestic plants and their surrounding areas, is encumbered by three real property liens totaling approximately EUR 800 million in favor of Volkswagen Pension Trust e.V., as security for current semi-retirement credit balances in order to protect the credit balances of individuals in semi-retirement against insolvency in accordance with the provisions of the German Partial Retirement Act. Occasionally, Volkswagen leases or rents its real estate to third parties. Volkswagen has rented or leased various real estate properties which are not essential for production, such as office space, from third parties.

The following table shows Volkswagen's key plants as of March 31, 2014:

City, country	Size of property in thousand m^2	Gross size of buildings in thousand m^2	Volkswagen or third-party owned
Volkswagen plant, Wolfsburg, Germany (including proving grounds Ehra and additional nearby properties)	approx. 20,800	approx. 3,300	group owned
Audi plant, Ingolstadt, Germany	approx. 6,654	approx. 3,050	group owned
ŠKODA plant, Mladá Boleslav, Czech Republic	approx. 6,420	approx. 1,000	group owned
Audi plant, Neckarsulm, Germany	approx. 1,215	approx. 1,530	group owned
SEAT plant, Martorell, Spain	approx. 2,490	approx. 1,000	group owned

9.8 Employees

Including the Chinese joint ventures, Volkswagen had an average of 563,066, 533,469 and 454,025 employees during the years ended December 31, 2013, 2012 and 2011, respectively. Volkswagen's companies based in Germany had an average of 255,397, 237,080 and 195,657 employees during the years ended December 31, 2013, 2012 and 2011, respectively.

As of December 31, 2013, 9,501 employees had entered into early retirement agreements with Volkswagen. Commencing in 2013, Volkswagen began analyzing whether to enter into further agreements of this kind on the basis of personnel planning, taking into account assumptions regarding job security and financial feasibility.

9.9 Risk Management

Volkswagen has established a risk-management system, which is based on the internationally recognized COSO enterprise risk management framework, to identify, assess, document and monitor relevant risks, as well as to implement countermeasures and controls. Volkswagen defines risk as the danger of a negative deviation from corporate objectives due to internal and external factors.

Volkswagen's risk management system is an integral part of the Volkswagen Group's structure and workflows and is embedded into its day-to-day business processes. Events that entail risk are identified and assessed on a decentralized basis in the divisions of the group, as well as in subsidiaries and other investees.

The major risks of the Company are documented annually in accordance with the requirements of German law. In this process, a qualitative likelihood of occurrence, the relative range of loss and additional qualitative criteria are allocated to each identified risk. To mitigate identified risks, suitable countermeasures have to be implemented in an appropriate timeframe. The regular update of risk documentation is coordinated centrally and independently. Elements of the risk management process are reviewed by the companies' external auditors as part of the annual financial audit.

The Financial Services Division, which operates the banking, leasing and insurance business, is subject to special risks and regulatory requirements for risk management. For this reason, the Financial Services Division maintains an autonomous risk management system in accordance with regulatory requirements. See "*— Volkswagen's Divisions and their Products and Services — Financial Services Division — Risk management in the Financial Services Division*".

The Company's Audit Committee and the Board of Management are informed on a regular basis about risk management procedures and results. Volkswagen's risk management system is subject to continuous improvement.

9.10 Environmental Management

Volkswagen AG has implemented an environmental management system. The environmental management assesses the environmental impacts of manufacturing. Accordingly, Volkswagen specifies responsibilities and processes in relation to environmental protection and continually reviews the environmental impact of its facilities. The process satisfies the environmental requirements of the EU Eco-Management and Audit Scheme (EMAS) and/or the international standard ISO 14001, including internal audits. Adherence to environmental requirements is evidenced by certificates issued by external auditors.

Volkswagen adopts comparable environmental standards in manufacturing processes throughout the group. Worldwide all production sites have also established environmental management systems according to ISO 14001. At the European locations, this is supported, among other things, by a regular exchange of experience among those entrusted with environmental responsibility and by additional working groups. Across locations, the improvement process is supported by uniform environmental principles adopted by the Volkswagen Group, which contain strategic guidelines and technical specifications.

9.11 Compliance Management System

Volkswagen has set up a compliance management system. This system supports operational business processes, helps to ensure compliance with legal provisions and, when necessary, initiates appropriate countermeasures which are continuously integrated into operational business processes. This approach is based on the contents prescribed in the voluntary auditing standard of the Institute of Public Auditors in Germany (IDW) for the verification of compliance management systems (IDW PS 980).

In 2008, a central Compliance Office was established, which, in addition to its responsibility for setting up a group-wide compliance organization, is implementing steps to comply with regulations, such as the development and implementation of a code of conduct. Various bodies support the work of the compliance organization at Group and brand company level. For example, a core compliance team was formed at the group level. In order to implement a uniform policy, the Compliance Office established a group-wide network consisting of a Group Chief Compliance Officer, Chief Compliance Officers, Compliance Officers and Compliance Appointees, to support the brand parent companies, companies, locations and business units in promoting and assuring compliance. Meanwhile, these compliance structures are being translated into a wider Governance, Risk and Compliance structure. In 2010, Volkswagen heightened its focus on transparent corporate responsibility, creating the new Governance, Risk & Compliance (GRC) unit. The head of the unit is also the Group Chief Compliance Officer of the Volkswagen Group, reporting directly to the Chairman of the Board of Management. His responsibilities include the introduction and monitoring of preventive measures. The Group Chief Compliance Officer is supported by 14 Chief Compliance Officers, who are responsible for the brands, the Financial Services Division and Porsche Holding GmbH, Salzburg, as well as 175 Compliance Officers in the Group companies. Volkswagen adopts a preventive compliance approach.

Each year, detailed compliance risk assessments are carried out across the Group as part of the standard GRC process.

Regular programs are being held to address issues such as anti-corruption or anti-trust and competition law measures. Furthermore an anti-corruption guide was issued to all managers in Volkswagen AG and was made available to the international Group brands in multiple languages. In addition, the Volkswagen Group has implemented various measures against corruption. Among these are the operating procedures adopted in 2006 to prevent conflicts of interest and corruption, which correspond to the principles of the Global Compact, the rules of the International Chamber of Commerce and the OECD guidelines for multinational companies. These are complemented by Volkswagen AG's internal rules concerning invitations and gifts to employees and third parties. The Company considers the good reputation enjoyed by the Volkswagen Group in the business world and among the public to be precious asset. To safeguard its reputation, Volkswagen verifies the integrity of its business partners.

Providing information to employees at all work levels continues to be a core component of compliance work within the Volkswagen Group.

A group-wide ombudsman system has been in place since 2006. Two independent lawyers are available as ombudsmen to all employees, as well as to outside third parties, via a hotline. The ombudsmen are bound by professional secrecy and only disclose information to Company investigators. In 2013, the ombudsmen passed on 30 reports by people — whose details remained confidential if requested — to the Volkswagen Group's Anti-Corruption Officer, the Head of Group Internal Audit. In addition, the Anti-Corruption Officer received information on a further 65 cases directly. Each one of these reports was investigated. Any breach of the law or internal guidelines attracts an appropriate sanction up to, and including, dismissal.

9.12 Insurance

The Company and its subsidiaries carry various insurance policies, including comprehensive general liability insurance, product liability insurance, environmental liability insurance, property insurance, marine cargo insurance and property business interruption insurance policies. Furthermore, the Company has taken out directors' and officers' liability insurance for members of the Board of Management and Supervisory Board of the Company. The Company has also taken out directors' and officers' liability insurance for members of the Management Board and the Supervisory Board of the Issuer.

The insurance protection is regularly reviewed and adjusted. However, losses incurred by Volkswagen or claimed against Volkswagen may not be fully covered by existing insurance policies. This includes claims associated with product recalls, which are not fully insurable.

9.13 Legal Proceedings

In connection with its general business activities, Volkswagen AG, as well as entities in which it holds a direct or indirect interest, are from time to time the subject of legal disputes and government investigations in Germany and abroad. Such disputes and investigations may, in particular, arise from

Volkswagen's relationships with authorities, suppliers, dealers, customers or investors. The following section summarizes material pending legal proceedings to which Volkswagen is a party.

9.13.1 Lawsuits in Germany relating to alleged capital markets laws violations

In October 2011, institutional and private investors in Germany initiated legal proceedings against Volkswagen AG with regard to the assertion of claims based on alleged violations of provisions of capital market laws in connection with Porsche SE's acquisition of a shareholding in Volkswagen AG. Since then, the claim has been extended and the amount of damages claimed increased to EUR 1.8 billion. For more information, please refer to "*Risk Factors — Regulatory, Legal and Tax-Related Risks — In Germany, investors have brought conciliation and legal proceedings against Volkswagen AG, claiming significant damages for alleged breaches of capital markets laws*".

9.13.2 Arbitration action by Suzuki

Suzuki has filed an arbitration action against Volkswagen AG for retransfer of Volkswagen's 19.89% interest held in Suzuki and for damages. Volkswagen considers the claims to be unfounded and has itself filed a counterclaim for breach of contract. A decision is not likely before the second half of 2014. For more information, please refer to "*— Volkswagen's Divisions and their Products and Services — Automotive Division — Significant equity interests — Suzuki*".

9.13.3 Patent infringement claims in the United States

The Company, Audi AG and the Volkswagen Group of America, Inc. have been sued in the United States for patent infringement. In addition, twelve patent infringement actions against the Volkswagen Group of America, Inc. are still pending. The lawsuits were, for the most part, filed by patent exploitation companies. Although the amount of damages claimed in each case has not been specified, the Company anticipates double-digit of millions of Euros to be paid for damages and for costs of defending a lawsuit if the plaintiffs prevail and a settlement cannot be reached (successfully reaching a comprehensive settlement will depend on whether every individual case can be settled). Moreover, there are reputational risks associated with these proceedings.

9.13.4 Lawsuits in the United States relating to water ingress in the vehicle interior

In 2007, two class-action lawsuits were brought in the United States against the Company, AUDI AG, Volkswagen de Mexico and Volkswagen Group of America, Inc. in connection with the ingress of water into the driver's compartment of certain vehicle models. The plaintiffs claim that water penetrated into the interior of the vehicles due to blocked drains in the water tank and the sunroof as well as a deficient sealing of the pollen filter, causing damages to, among other things, the roof lining, carpets and control units. The parties to the dispute had reached a settlement in February 2010, which has been approved by the Circuit Court, which is the court of first instance. The settlement payments and the expected legal costs of the plaintiffs which we have agreed to pay are fully covered by provisions. Nonetheless, a third party has filed an appeal against the court's final approval as well as the fee awarded for plaintiffs' attorney fees. The parties to the lawsuit have also appealed the awarded fee. The Court of Appeals has vacated the approval of the settlement. Since then, the parties have adapted the settlement to meet the requirements of the Court of Appeals. The settlement has subsequently been approved by the Circuit Court once more. Currently, there is a further appeal from a third party. If the settlement is ultimately not approved, the legal proceedings will resume. In that case, the court may award considerable damages (including punitive damages) to plaintiffs and as a result, our provisions may be insufficient.

9.13.5 Lawsuits in the United States relating to the use of asbestos in brakes

A number of lawsuits have been filed in the United States against Volkswagen Group of America, Inc. and in some cases against the Company and Audi AG for damages caused by harmful asbestos previously used in brakes and clutch linings of Volkswagen's and Audi's vehicles. Many plaintiffs have claimed that they suffer from asbestosis, lung cancer or mesothelioma due to the use of asbestos. As many U.S. companies that manufactured and/or processed large quantities of asbestos in prior decades no longer exist, in recent years, plaintiffs' lawyers have targeted the automobile industry.

Each of these lawsuits entails different risks. Although many cases have been dismissed for failure to show the cause of action and some claims have been settled for a relatively small sums, we had to pay, in some cases, six-figure settlements. If a reasonable settlement cannot be reached, the court will decide the case and it cannot be ruled out that we may be ordered to pay several million dollars for damages. We have set aside provisions against the risk of these lawsuits.

10. REGULATION

Volkswagen's business is subject to regulatory requirements in various countries. These relate, among other things, to environmental law, intellectual property and copyright law, consumer protection law, product warranty and product liability law, energy law, labor and employment protection law, hazardous substances and chemicals law, export control regulations, banking and insurance law, competition and antitrust law, construction and planning law and tax law, anti-money laundering law and criminal law. In addition, international agreements, including bilateral and multilateral agreements between countries concerning customs duties or other regulations related to the import and export of products, are important for Volkswagen.

Applicable regulatory requirements are not always homogeneous. The cost of compliance with regulatory requirements can be significant and is ongoing.

The regulatory environment applicable to Volkswagen's business operations, broken down by division, is described below.

10.1 Automotive Division

The automotive business is in particular subject to regulations concerning the development, design, production and sale/distribution of vehicles, as well as product-related regulations.

10.1.1 Regulations concerning the development, design, production and distribution of vehicles

10.1.1.1 Industrial environmental control

10.1.1.1.1 Requirements in Member States of the European Union

All legal systems of the Member States of the European Union impose restrictions on excessive pollution of the environment. In particular, Volkswagen must comply with Directive 2004/35/EC, or more precisely, the national laws of the respective European Union states that implement the requirements and restrictions of Directive 2004/35/EC, on environmental liability with regard to the prevention and remedying of environmental damage. The Directive establishes a comprehensive liability system, based on the "polluter pays" principle, for damage to natural resources, protected species and natural habitats, waters and land. Operators of activities that cause damage or direct danger of damage to these natural resources could be held responsible for restoring the damage caused, or made to pay for restoration, irrespective of whether they are at fault.

10.1.1.1.2 Requirements in the United States

Volkswagen's assembly, manufacturing and other operations in the United States must meet substantial regulatory requirements under various federal and state laws. These laws severely restrict airborne and waterborne emissions, discharges of pollutants and the disposal of waste from Volkswagen's facilities, as well as the handling of hazardous materials. These requirements may require Volkswagen to install additional monitoring and other pollution control equipment, which would be costly.

10.1.1.2 Cross-border import and export of vehicles

Volkswagen's import and export of goods are subject to the national and international foreign trade legislation and customs laws. Most countries in which Volkswagen conducts business have export control regulations.

The most important foreign trade regulations applicable to Volkswagen in Germany are contained in the German Foreign Trade and Payments Act, the German Foreign Trade and Payments Regulation and Council Regulations (EC) No 428/2009 and (EU) No 388/2012, setting up a Community regime for the control of exports, transfer, brokering and transit of dual-use items. Regulatory systems differ depending on whether the exchange of goods is between Member States of the European Union (so-called intra-community business) or with non-Member States (so-called third-party countries). The German Foreign Trade and Payments Act. Regulations (EC) No 428/2009 and (EU) No 388/2012 classify certain goods as subject to export control by the German Federal Office of Economics and Export Control. Whether an export ban or the withholding of permission for a certain good is applicable, depends on the circumstances of the individual case, i.e. on the type of goods, the (end-) destination country, to whom and for which end use. For example, certain all-terrain vehicles, which according to German law are classified as military goods, as a rule require an export license.

Volkswagen checks each business partner against European and international sanction lists, in which different persons are listed (e.g., Council Regulation (EC) No 881/2002, 2580/2001 and the U.S. Denied Persons List), and ensures business is not conducted with listed persons and entities.

In addition to national and European export control legislation, Volkswagen monitors different international regulations, in particular, in countries where products are exported and where companies of the Volkswagen Group produce vehicles. Volkswagen especially monitors U.S. re-export regulations, principally Export Administration Regulations, which cover all relevant regulations regarding dual-use items, and certain sanctions of the U.S. Treasury's Office of Foreign Asset Control (OFAC) are primary focuses when importing and exporting goods, services and technology.

10.1.1.3 Antitrust law

Volkswagen must observe various antitrust laws and regulations applicable in the jurisdictions in which it operates. Provisions on merger control, the prohibition of anti-competitive agreements and collusive behavior and the prohibition of abuse of a dominant position within the market are particularly relevant.

Within the European Union, compliance with applicable European and national competition laws is monitored by the European Commission and the national competition authorities. Article 101(2) of the Treaty on the Functioning of the European Union (''**TFEU**'') provides for the invalidity of anti-competitive agreements which are covered by Article 101(1) TFEU to the extent that the requirements of Article 101(3) TFEU are not met.

The assessment of whether the conditions of Article 101(3) TFEU are met must be made by each company in a so-called self-assessment. The self-assessment of compliance of Volkswagen's agreements with dealers, suppliers or competitors generally carries the risk that the European Commission, national competition authorities or national courts could come to a different conclusion as to whether there is an infringement of competition law.

The self-assessment is facilitated through Commission Regulations and Notices, for example Commission Notice on the implementation of Article 101(3) TFEU, and so-called Block Exemption Regulations (''**BERs**''). BERs create a safe harbor for groups of agreements which can be assumed to meet the requirements for an exemption from the cartel prohibition without an individual review under Article 101(3) TFEU. European Commission Regulation (EC) No 1400/2002 on the application of Article 81(3) of the Treaty establishing the European Community (now Article 101(3) TFEU) to categories of vertical agreements and concerted practices in the motor vehicle sector (''**Former Automotive BER**'') expired on May 31, 2010. It exempted certain vertical agreements (i.e. agreements between parties at various levels of the production and distribution chain) in the motor vehicle sector, especially for the sale/distribution of new vehicles, the sale/distribution of spare parts and vehicle repair and maintenance services.

For new vehicle sales, the European Commission extended the Former Automotive BER transitionally to May 31, 2013. Since June 1, 2013, the non-sector specific General BER on vertical arrangement (Regulation (EU) No 330/2010) (''**General BER**'') and the new sector-specific guidelines issued by the Commission apply to the sale of new motor vehicles.

For spare part sales and the provision of repair and maintenance services, the European Commission has issued on May 27, 2010 a new Automotive BER, Commission Regulation (EU) No 461/2010 on the application of Article 101(3) TFEU to categories of vertical agreements and concerted practices in the motor vehicle sector (''**Automotive BER**''), applicable since June 1, 2010. The Automotive BER is supplemented by the rules of the General BER.

Based on Europe-wide standardized contracts, which were adapted to the requirements of national law, Volkswagen has established a selective sales and distribution system throughout Europe with vehicle dealers and workshops.

In the area of new vehicle sales and in accordance with the specifications of the Former Automotive BER, Volkswagen applies a quantitative selective system, under which the number of dealers, which must fulfill specified qualitative standards, can be limited. Pursuant to the General BER (applicable since June 1, 2013), this system is exempt from Article 101(1) TFEU only if the market share of the supplier does not exceed 30%.

However, the European Commission stated in the sector-specific guidelines that a quantitative selective distribution will generally satisfy the conditions laid down in Article 103(3) of the Treaty if the parties' market shares do not exceed 40%. Where Volkswagen has a market share above 40%, it uses a purely qualitative selection for new vehicle sales, which is permitted even if the 40% threshold has been exceeded. If a change becomes necessary due to the revised legal framework, Volkswagen may have to change its distribution agreements and admit further dealers into its network.

Since June 1, 2010, the aftermarkets (genuine parts and provision of repair and maintenance services) have been subject to the Automotive BER. Under the Automotive BER, vertical agreements regarding the sale of genuine parts and on repair and maintenance services are block-exempt only if they satisfy the requirements set forth in the General BER and comply with more stringent requirements with respect to certain types of restrictions on competition which could limit the supply of genuine parts in the motor vehicle aftermarket (in particular with regard to independent dealers, independent repair shops and end users).

Volkswagen may face certain risks from recent amendments of the Euro 5/Euro 6 legislation (Regulation (EU) No 566/2011, amending Regulation (EC) No 715/2007 of the European Parliament and of the Council and Commission Regulation (EC) No 692/2008 as regards access to vehicle repair and maintenance information, Regulation (EC) No 715/2007 on type approval of motor vehicles with respect to emissions from passenger and light commercial vehicles and on access to vehicle repair and maintenance information and Regulation (EC) No 692/2008 implementing and amending Regulation (EC) No 715/2007). The amendments intend to expand access for independent market participants to technical information on genuine parts. This could give rise to additional expenses in connection with a review of existing arrangements and other costs in order to adapt to the new regulation, and could expose Volkswagen to greater competition in the aftermarkets.

10.1.1.4 Emission trading

Volkswagen is subject to the European and national emission trading system. The system is based on a ''cap and trade'' principle which is designed to lead to a reduction in carbon dioxide emissions by limiting the number of emission allowances (cap) required for certain facilities and the possibility of purchasing shortfall or selling surplus emission allowances (trade).

During the current allocation period (2013 to 2020), emission allowances are issued to facilities operators on an auction basis except for certain defined categories of operators which may be allocated emission allowances free of charge. The general legal framework for emission trading is provided in Directive 2003/87/EC, as amended by Directive 2009/29/EC (and other directives) and has been implemented into German law. The Directive, among other things, extends the number of facilities that are subject to European emission trading and establishes the framework for the respective auction systems for emission allowances in the member states of the European Union. General exceptions exist for certain parts of manufacturing, trade and certain energy generation facilities. This will have repercussions on our production facilities to varying degrees.

Furthermore, other relevant markets might introduce similar schemes in the near-term future which could potentially impact the business operations of Volkswagen. In particular, China is currently rolling out pilot cap-and-trade systems in several regions which could be followed by a nationwide system if the regional pilot schemes prove effective.

10.1.2 Product-related regulations

Each country where Volkswagen develops, produces and sells its vehicles and vehicle components has various product-related regulatory requirements. Volkswagen must comply with substantial licensing, certification, approval and permit requirements, as well as numerous and continually increasing technical product requirements, particularly with regard to environmental protection and the safety of vehicle occupants and other road users. For instance, Volkswagen is required to recall vehicles found to have safety related defects and to repair them without charge. The cost of such recalls can be substantial depending on the nature of the repair and the number of vehicles affected.

The following regulations are of particular relevance for Volkswagen.

10.1.2.1 Type-approval procedure

10.1.2.1.1 Requirements in Member States of the European Union

In order to be placed on the European Union market, vehicles must comply with EC type-approval legislation, which sets out the standardized requirements for vehicles, vehicle systems, components and separate technical units. Within the context of the Framework Directive 2007/46/EC, Volkswagen must comply with extensive legislation regulating specific safety, emissions and technical features of vehicles and their components. The Directive provides for an EC type-approval system. With the EC type-approval, the competent government agency of the Member State certifies that a type of motor vehicle or system (such as braking systems), component (such as tires) or independent technical unit (such as lateral safety devices) conforms to the applicable regulations and technical requirements. A valid EC type-approval is a prerequisite to registering, selling and operating motor vehicles, systems, components or separate technical units in the Member States of the European Union.

10.1.2.1.2 Requirements in the United States

The National Highway Traffic Safety Administration (''**NHTSA**'') issues federal motor vehicle safety standards covering a wide range of vehicle components and systems such as airbags, seatbelts, brakes, windshields, tires, steering columns, displays, lights, door locks, side impact protection, and fuel systems. Volkswagen is required to test new vehicles and equipment and certify their compliance with the standards before selling them in the United States.

These standards add to the cost and complexity of designing and producing vehicles and equipment. In recent years, the NHTSA has mandated, among other things:

- a system for collecting information relating to vehicle performance and customer complaints to assist in the early identification of potential vehicle defects; and
- enhanced requirements for frontal and side impact, including a lateral pole impact.

10.1.2.1.3 Requirements in other markets of significance to Volkswagen

Most countries in our major markets have established type-approval systems and vehicle safety regulations. For example, China has recently established extensive and complex vehicle certification procedures.

10.1.2.2 Emission control

Volkswagen is subject to laws and regulations that require it to control automotive emissions, including exhaust emission standards, vehicle evaporation standards and onboard diagnostic system requirements.

10.1.2.2.1 Requirements in Member States of the European Union

Volkswagen's vehicles must comply with increasingly stringent requirements concerning emissions. With respect to exhaust emissions, in the case of passenger cars and light commercial vehicles, EC type approval must comply with the Euro 5 exhaust emission standards. Furthermore, in the case of passenger cars and some light commercial vehicles, EC type approval or national type approval for new types of vehicles must comply with the stricter Euro 6 standards from September 1, 2014, and new vehicles must comply with the Euro 6 standards from September 1, 2015. These requirements will be applied to all light duty vehicles one year later. Heavy passenger and commercial vehicles must currently meet the Euro VI standard. The competent government authorities in the Member States of the European Union monitor compliance with the limits and may require non-compliant manufacturers to take certain measures, including a recall of the affected vehicles.

Automobile manufacturers must reduce the CO_2 emissions of their new passenger car fleet in the European Union according to the EU average of 130g CO_2/km from 2012 onward with a phase-in until 2015. The target to be achieved from 2020 onward is 95g CO_2/km. In 2011, Regulation 510/2011 setting performance standards to reduce CO_2 emissions for new light commercial vehicles has become effective supplementing the regulation on CO_2 emissions of passenger car classes. Under the new Regulation, manufacturers in the European Union must, for the average of their new fleet of cars, reduce the CO_2 emissions of light commercial vehicles in category N1 gradually to 175g CO_2/km from 2014 to 2017. 147g CO_2/km is set as the limit to be achieved by 2020 (depending on its feasibility). A failure to meet the annual emission targets results in an excess emission premium on the automobile manufacturer based on the level by which the emission limits were exceeded.

10.1.2.2.2 Requirements in the United States

U.S. federal and state governments and agencies (i.e. the U.S. Environmental Protection Agency, or (''**EPA**'')) have created a suite of vehicle emission regulations aimed at improving local air quality and minimizing the potential effects of global climate change. Automobile manufacturers must ensure that their individual vehicles, and in some cases, fleets of vehicles, must comply with various pollutant, carbon dioxide, fuel economy, and zero-emission technology requirements. Federal and state agencies also impose standards for onboard diagnostic systems to monitor the emission control system, including the onboard refueling vapor recovery systems that control refueling and evaporative emissions. Volkswagen is responsible under these regulations for the performance of vehicle emission control systems, as well as the emission performance of its sold cars and light duty trucks over certain time and mileage periods. EPA regulations are primarily covered by the following main programs:

- Tier 2 and Tier 3 light-duty emissions regulations: Tier 2 emission standards impose individual vehicle and manufacturer fleet average requirements for tailpipe pollutants. The EPA is in the process of updating to an increasingly more stringent Tier 3 program which will start in model year (MY) 2017.
- Light-duty greenhouse gas fleet average emission standards: Starting in MY 2012, each manufacturer must ensure that their fleet of passenger cars and light trucks achieve an annual fleet average CO_2 target which is increasingly more stringent through MY 2025.

The U.S. Department of Transportation, under Congressional authority, currently regulates light-duty fleet average fuel economy standards under the corporate average fuel economy (''**CAFE**'') program:

- CAFE: CAFE standards require each original equipment manufacturer (''**OEM**'') to achieve annual fleet average fuel economy minimum targets for all passenger cars and light trucks sold in the United

States. The CAFE program was recently updated to include increasingly more stringent requirements through MY 2021. The rulemaking included additional projected requirements through MY 2025.

California and other states have developed a separate set of vehicle emission regulations, mainly the following three programs:

- LEV (''**Low Emission Vehicle**'')-II and LEV-III light-duty emissions regulations: LEV-II emission standards impose individual vehicle and fleet average requirements for tailpipe pollutants. Identical standards exist for passenger cars and light-duty trucks. The updated LEV-III program implements increasingly more stringent vehicle and fleet average requirements starting in MY 2015.
- Light-duty greenhouse gas fleet average emission standards: Fleet average targets are determined individually per OEM based on a sales weighted mix of vehicles (passenger cars and light duty trucks) sold in California and other states that have separate vehicle emission regulations. An OEM can prove compliance with the EPA federal greenhouse gas program in lieu of compliance under those regional standards.
- Zero Emission Vehicle mandate (ZEV): California and other states that have separate vehicle emission regulations have established regulatory programs which mandate minimum annual sales volumes for vehicles equipped with qualified zero and near-zero emission powertrain technologies, such as battery-electric, fuel cell, plug-in hybrid, hybrid, and partial zero-emission combustion engines.

There are several attempts to harmonize these programs which could lead to further changes in the regulatory framework.

10.1.2.2.3 Requirements in other markets of significance to Volkswagen

Most other markets of significance to Volkswagen have regulations concerning vehicle emissions. For example, China, India, Russia, Australia, Korea and other countries follow the emission classes and emission requirements specified in the European Union, partly with modifications. In particular, the Chinese market, which is important for Volkswagen due to its high sales volume, is rapidly implementing more stringent legislative provisions applicable in large cities.

10.1.2.3 Genuine parts

Genuine parts (and hence, also original parts sold by Volkswagen) may be protected by design patents in some European countries. Some years ago, efforts were made to limit this protection by introducing throughout Europe a so-called ''repair clause'' in Directive 98/71/EC on the legal protection of designs. However, the process for amending the Directive was ultimately not pursued further by the European legislator. If this proposal were taken up again, it could result in the elimination of design protection for so-called ''must-match'' genuine parts, i.e. component parts of a complex product for the purpose of the repair of that complex product so as to restore its original appearance. Thus, all genuine parts which must necessarily be identical with the original part would be affected by the introduction of the repair clause. Eliminating design patent protection for ''must-match'' genuine parts would have a significant consequence for Volkswagen as it would lead to intensified competition in the genuine parts market.

10.1.2.4 Reuse, recycling and recovery of motor vehicles

Directive 2000/53/EC on end-of-life vehicles governs the material recovery of motor vehicles within the European Union. The Directive requires an increase in reuse and recovery rates by the year 2015 to 95% of average vehicle weight and, within the same period, an increase in reuse and recycling rates to at least 85% of average vehicle weight. The Directive also contains provisions concerning the collection of end-of-life vehicles and ensures that the take-back occurs without any cost to the last owner. The manufacturers meet all, or a significant part of, the costs of this measure.

Regardless of the differences in the implementation of laws and regulations, in several other material markets in which Volkswagen is active, laws and regulations have been enacted with similar goals to those implemented in Germany and/or in the European Union (e.g. in Japan, South Korea, China, Russia).

10.1.2.5 Fuel requirements

Directive 2003/30/EC on the promotion of the use of biofuels or other renewable fuels for transport specifies that Member States must enact regulations and take the necessary measures to ensure that a minimum proportion of the fuel sold in their jurisdiction is derived from biofuels (fuels produced from biomass, i.e. biodegradable waste and residues that originate, among other things, from agriculture and forestry). Generally, the Directive mandates that since December 2010, this minimum percentage must be at least 5.75% of all diesel and petrols sold.

The Directive on biofuels was replaced by Directive 2009/28/EC on the promotion of the use of energy from renewable sources on January 1, 2012. Pursuant to this Directive, each Member State shall ensure that the share of energy from renewable sources in all forms of transport in 2020 is at least 10% of the final consumption of energy in transport in that Member State.

Regardless of the differences in the implementation of the legislative provisions, in most other significant markets in which Volkswagen is active, provisions have been enacted pursuing legislative goals similar to those in the European Union.

10.1.2.6 Road safety

Regulation (EC) No 661/2009 and its amendments (EC) No 407/2011 and (EC) No 523/2012 concerning type-approval requirements for the general safety of motor vehicles, their trailers and systems, components and separate technical units sets forth certain requirements with respect to safety in general, as well as in specific areas, such as in connection with tire performance, tire pressure monitoring systems and gear shift indicators. This regulation came into force on November 1, 2011; however, some of the articles, annexes and new implementing regulations will become mandatory at a later date. By December 1, 2012, and thereafter every three years, the European Commission will present a report to the European Parliament and the Council which may contain proposals to amend this regulation or other relevant legal instruments of the European Union with respect to including additional new safety features.

10.2 Financial Services Division

Together with its subsidiaries and investees, Volkswagen Financial Services AG forms a financial holding group within the meaning of the German Banking Act (*Kreditwesengesetz*, ''**Banking Act**''). The consolidated group of companies of a financial holding group under supervisory law includes subsidiaries and affiliates classified as credit institutions, financial services institutions, financing companies or ancillary banking services enterprises. Volkswagen Financial Services AG is deemed to be the parent company of the financial holding group under the Banking Act.

Volkswagen Bank holds a license to carry out banking business and provide financial services in accordance with the Banking Act. Volkswagen Leasing operates as a financial services institution that provides finance leases in accordance with the Banking Act. Volkswagen Versicherung AG is a direct insurer (guarantee insurance) with reinsurance business under the German Insurance Supervision Act.

The Volkswagen financial holding group includes a number of foreign institutions that are supervised by the supervisory authorities of the countries in which these institutions are based or provide their services.

10.2.1 Banking supervision in Germany

The Banking Act and related regulations and announcements form the legal basis for government supervision of the business activities of the financial holding group, Volkswagen Bank as a credit institution and Volkswagen Leasing as a financial services institution.

According to the Banking Act, a license is required for the operation of a banking business and provision of financial services. The Banking Act also stipulates the regulatory requirements which must be observed by credit institutions and financial services institutions when operating these businesses.

The German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*, ''**BaFin**''), and Deutsche Bundesbank, the German Central Bank, are the central supervisory authorities for the Volkswagen financial holding group. As part of its statutory responsibilities, BaFin may issue ordinances with respect to institutions, financial holding companies, their managing directors and their shareholders in order to prevent or remedy infringements of regulatory provisions. The admission to carry out business operations, compliance with capital adequacy requirements, liquidity requirements and large exposure limits, as well as the proper business organization of the institutions, including appropriate risk management, are subject to supervision by BaFin.

If BaFin discovers irregularities, it may, under certain conditions, revoke an institution's license or take a less severe action by dismissing the managing directors or prohibiting them from continuing to perform their functions.

If the capital adequacy or liquidity requirements are not satisfied and the credit institution does not remedy the deficiencies within a specified period, BaFin may under certain circumstances, among other things, prohibit or limit the distribution of profits, payments on equity instruments or the granting of further loans. Further, BaFin may instruct the credit institution to take measures in order to reduce risks resulting from certain types of businesses and products or the utilization of certain systems.

If there is a risk that a credit institution will not meet its obligations vis-à-vis its creditors, and, in particular, if the safety of the assets entrusted to the institution is at risk, or if there is a legitimate suspicion that effective supervision of the credit institution is not possible, BaFin may take interim measures in order to prevent these risks. These measures may include instructions to the institution's management, prohibitions on accepting funds or securities from customers or the granting of loans, prohibitions or limitations of the activities of the managing directors, issuance of a temporary ban on dispositions and payments, prohibitions on accepting payments that are not designated for the discharge of the institution's liabilities, or the closure of the institution to customer business.

Directive 2013/36/EU of June 26, 2013 (''**CRD IV**'') and Regulation (EU) No 575/2013 of June 26, 2013 (''**CRR**''; CRD IV and CRR collectively the ''**CRD IV package**'') were published in the Official Journal of the European Union on June 27, 2013. The CRD IV package implements the proposals of the Basel Committee on own funds and liquidity requirements for credit institutions and harmonizes substantial aspects thereof on an EU-wide level (especially those relating to capital adequacy requirements, liquidity and leverage) (so called ''single rule book''). Other aspects (especially those relating to the capital buffers) are regulated on a national level in line with CRD IV. In Germany the Act to implement CRD IV (*CRD IV-Umsetzungsgesetz*) was published in the German Federal Gazette (*Bundesgesetzblatt*) on September 3, 2013 and provides for substantial changes to the Banking Act. Since January 1, 2014 onwards the provisions of the CRD IV package and the revised Banking Act are incrementally becoming effective. The CRD IV package contains various mandatory calculation, notice, and publication requirements in relation to own funds and liquidity. Further, the proposal mandates specific measures for the identification, monitoring and control of the risks of excessive indebtedness.

The CRD IV package and the Banking Act as amended contain stricter standards of corporate governance, improved risk management functions and risk control, and improved regulatory supervision of financial institutions, as well as the possibility of national regulatory supervisors to impose effective, proportional and deterring sanctions for infringements of EU law.

In the near future the European Central Bank (''**ECB**'') will become an additional supervisory authority of Volkswagen Financial Services AG.

For information on current developments in bank regulatory requirements, see ''— *Current developments*''.

10.2.2 Capital adequacy requirements

Institutions and financial holding groups subject to German regulations are required to have adequate levels of own funds in the interest of meeting their obligations to creditors and, in particular, to secure the assets entrusted to them.

According to the CRR and the Banking Act, in conjunction with the German Solvency Regulation (*Solvabilitätsverordnung*, ''**Solvency Regulation**''), an institution has an adequate level of own funds if, at close of business on each day, it is able to fulfill the capital adequacy requirements in relation to risks of counterparty default (risk of non-performance of debtors), operational risks (risk of losses due to failure of internal systems or as a consequence of external events) as well as the own fund requirements with relation to market risks. Market risks include foreign currency risks, commodity risks and trading book position risks. These requirements must also be fulfilled by the institutional and financial holding groups on a consolidated basis. The CRR as well as the German Banking Act and the Solvency Regulation contain detailed provisions for the calculation of own funds and the risk positions that are to be backed by own funds. For example, the minimum requirement for the highest form of equity capital, the Common Equity Tier 1 capital, is being progressively raised from the current 2% of risk-weighted assets to 4.5% by January 1, 2015. The minimum requirements for the core capital, which consists of the Common Equity Tier 1 capital and Additional Tier 1 capital, will be increased from the current 4% of risk-weighted assets to 6% over the same period. A bank's total capital, which consists of Tier 1 and Tier 2 capital, must amount to 8% of risk-weighted assets. Additionally, banks will be required to add capital reserves in the form of a capital conservation buffer, which must consist of Common Equity Tier 1 capital and amounts to 2.5% of risk-weighted assets. This capital conservation buffer is to be supplemented by an anti-cyclical capital buffer of up to 2.5% of risk-weighted assets, consisting of Common Equity Tier 1 capital, and which is designed to cover all losses. Further, an anti-cyclical capital buffer is to be accumulated during phases of excessive credit growth at the discretion of the national supervisory authority. To ensure that the own funds remain within the bandwidth of these capital buffers, dividend payouts are restricted. During periods of stress in the economic and financial sector, the buffer can be used to cover losses.

For information on current developments in capital adequacy requirements, see ''— *Current developments*''.

10.2.3 Liquidity requirements

As a credit institution, Volkswagen Bank must invest its funds such that sufficient liquidity is ensured at all times. The liquidity requirements are specified in more detail by the German Liquidity Regulation (*Liquiditätsverordnung*), according to which the liquidity of an institution is considered to be sufficient if the payment obligations becoming due within a month do not exceed the funds available during the same period. The institution must also calculate observation ratios for maturity bands over a period of up to twelve months that indicate, in each case, the ratio between funds and payment obligations in the respective maturity bands. The liquidity ratio and the observation ratios must be reported to the German Central Bank on a monthly basis.

For information on current developments in liquidity requirements, see ''— *Current developments*''.

10.2.4 Organization and risk management

According to the Banking Act, institutions and financial holding groups must maintain a proper business organization that includes appropriate and effective risk management.

Under BaFin's risk management framework, appropriate and effective risk management includes specifying strategies and establishing internal monitoring procedures, taking into account the risk bearing capacity of the relevant institution. The internal monitoring procedures consist of internal control systems and internal auditing functions. The internal monitoring system comprises rules regarding the structural and operational arrangements and processes for identifying, assessing, treating, monitoring and communicating risks.

The risk management framework also sets forth provisions for risk management at the group level. The group-related requirements extend to strategies, risk-bearing capacity, risk management and risk controlling processes, procedural provisions and group auditing. The way risk management is implemented at group level depends on the nature, scope, complexity and level of risk, as well as the possibilities afforded by corporate law.

The German ring-fencing act (*Gesetz zur Abschirmung von Risiken und zur Planung und Sanierung und Abwicklung von Kreditinstituten*, "**Ring-Fencing Act**") was published on August 12, 2013. Under the Banking Act as amended by the Ring-Fencing Act, credit institutions which BaFin determines to be systemically important must draw up recovery plans. BaFin will draw up resolution plans for such institutions. BaFin will continuously monitor the resolvability of (all German) credit institutions and is given specific powers to enhance resolvability. The revised Banking Act further provides for the separation of proprietary trading and lending to hedge funds and other highly leveraged funds from deposit-taking and requires the transfer of such activities to a financially, organizationally and legally independent financial trading entity (*Finanzhandelsinstitut*) upon reaching a certain threshold. Volkswagen Bank does not currently reach or exceed such threshold. BaFin is given powers to impose additional separation requirements. Finally the Ring-Fencing Act introduces more detailed risk management requirements and provides for criminal liability of managers under certain circumstances where a credit institution does not comply with risk management obligations.The ECB, the European Banking Authority ("**EBA**") and the BaFin regularly assess risks and vulnerabilities in the European banking sector, in particular by conducting stress tests on credit institutions such as the Volkswagen Financial Services AG group. The outcome of these stress tests may be published and may therefore have a negative impact on investors' confidence in the financial market as such or in specific institutions such as the Volkswagen Financial Services AG group.

For a description of risk management in Volkswagen's Financial Services Division, see "*Business of the Volkswagen Group — Volkswagen's Divisions and their Products and Services — Financial Services Division — Risk management in the Financial Services Division*".

10.2.5 Holders of significant interests

The Banking Act also includes a number of requirements and empowers BaFin to take action with respect to individuals and companies owning a significant interest in an institution. For example, BaFin may suspend an institution's license if there are facts justifying the assumption that the holder of a significant interest or its representative appointed by law or according to the articles of association is not reliable or does not, for other reasons, meet the requirements in the interest of a sound and prudent management of the institution. In relation to Volkswagen Bank and Volkswagen Leasing, Volkswagen Financial Services AG, Volkswagen AG and Porsche SE have been reported to BaFin as holders of significant interests.

10.2.6 Deposit protection

As a deposit-taking credit institution, Volkswagen Bank is subject to the statutory deposit protection rules. It is a member of the Compensation Scheme of German Banks. If a creditor is entitled to compensation, such creditor has a direct claim against the Compensation Scheme of German Banks, which is limited to EUR 100,000 as of December 31, 2013.

Volkswagen Bank is also a member of the Deposit Protection Fund of the Association of German Banks, which supplements the government deposit protection by means of a voluntary self-help arrangement. The Deposit Protection Fund protects liabilities towards non-credit institutions, over which not one bank has issued bearer papers, up to a limit of 30% of the liable capital of the credit institution relevant for deposit protection. The 30% limit applies until December 31, 2014 and will incrementally be reduced to 20% from 1 January 1, 2015 onwards, 15% from January 1, 2020 onwards and 8.75% from January 1, 2025 onwards.

The Deposit Protection Fund is funded by an annual contribution from the participating banks. If the resources in the fund are not sufficient, or it is otherwise required in order to enable the fund to perform its tasks, the Association of German Banks may resolve to impose a 50% increase in the annual contribution or levy a special contribution up to one-half of the amount of the annual contribution for each year.

Banks contributing to the Deposit Protection Fund must submit a mandatory declaration to the Association of German Banks of individuals or companies who own the majority of the shares in the relevant bank, or who can exercise a direct or indirect controlling influence on such bank. The declaration contains the obligation to indemnify the Association of German Banks against any losses incurred by it as a result of assistance provided to such bank. Volkswagen Financial Services AG, Volkswagen AG and Porsche SE have submitted such declaration in respect of Volkswagen Bank.

10.2.7 Current developments

In response to the financial crisis, the European Union made various amendments to existing financial markets legislation, in particular in respect of payment services as regards banks affiliated with central institutions, certain own funds items, large exposures, supervisory arrangements and crisis management. These changes were mainly contained in the CRD IV package (implementing the proposals of the Basel Committee on own funds and liquidity requirements for credit institutions) and implemented in Germany by amending the Banking Act. For further information on the CRD IV package, see "*Banking supervision in Germany*" and "*Capital adequacy requirements*".

Many of the provisions of the CRD IV package will only become effective once the European Commission has passed delegated and implementing legislation proposed by the European Banking Authority. Other provisions will become incrementally effective. Similarly, some of the provisions of the Banking Act as amended will become effective incrementally or require implementing regulations. The final content of the CRD IV package is therefore not definite in all respects and final rulemaking will take several years in some areas.

In particular, the CRR requires the Commission to review and report on whether the CRR should contain a requirement that Additional Tier 1 or Tier 2 capital instruments are to be written down in the event of a determination that an institution is no longer viable by December 31, 2015.

A liquidity coverage requirement (meaning a minimum amount of unencumbered, high quality liquid assets to endure short term liquidity stress) will be incrementally introduced from January 1, 2015 onwards while net stable funding requirements (meaning a minimum amount of long term stable sources for refinancing) will be subject to an observation period before further legislative measures may be proposed by the European Commission by December 31, 2016. Procuring the assets required to meet such new liquidity and funding requirements could lead banks to incur considerable extra costs.

A political agreement to regulate the recovery and resolution of credit institutions throughout the European Union in a Bank Recovery and Resolution Directive ("**BRRD**") has been reached on 11 December 2013. While the final text of the BRRD has yet to be drawn up on the basis of the political agreement the last available draft text indicates that the proposal would, if adopted, require EU member states to introduce special resolution powers covering banks and certain investment firms and financial holding companies, as well as EU branches of non-EU firms. The text envisaged that new powers of the authorities include the right to write down certain debts of a failed institution or convert them into equity (''bail-in''). This bail-in tool is intended to ensure that capital instruments fully absorb losses at the point of non-viability of the issuing institution. Credit institutions would be required to maintain a certain amount of own funds and eligible liabilities which can be used for bail-in. EU member states would be required to implement these changes and bring them into force from January 1, 2015. Each EU member state may determine a later date for the implementation of the bail-in tool provided that the bail-in tool is transposed into national law by January 1, 2016.

The Regulation (EU) No 1022/2013 dated October 22, 2013 and the Regulation (EU) No 1024/2013 dated October 15, 2013 will incrementally create a single supervisory mechanism for the oversight of banks and other credit institutions (''**SSM**'') for a number of EU member states including Germany. Under the Regulations establishing the SSM specific tasks related to financial stability and banking supervision will be given to the ECB and the existing Regulation (EC) No 1093/2010 on the establishment of EBA will be aligned with the modified framework for banking supervision. The SSM is expected to become fully operational on November 4, 2014 and will empower the ECB to directly supervise banks in the euro area and in other EU member states which decide to join the ''Banking Union''. The European Commission has further proposed a single resolution mechanism (''**SRM**'') which is intended to provide for an integrated single system for dealing with failing banks. On 20 March 2014 the European Parliament published a press release stating that a preliminary agreement on the SRM has been reached. The effects of the ECB assuming its banking supervision function cannot currently be predicted and it is unclear whether this will result in Volkswagen Bank GmbH incurring further costs.

On January 29, 2014, the European Commission has published a proposal for a regulation on structural measures improving the resilience of EU credit institutions. The proposal aims at preventing large credit institutions from engaging in risky activities and proprietary trading. Under certain conditions, these activities would have to be separated from deposit taking activities. While it cannot currently be predicted if and in what form the proposal will be implemented, such implementation would likely require amendments to existing German legislation. For further information on separation requirements under existing German legislation, see ''*Organization and risk management*''.

Additionally, a political agreement has been reached in December 2013 to amend Directive 94/19/EC concerning deposit guarantee schemes. While the text of the Directive has not yet been finalized, the European Parliament has issued a press release which indicates that the revised Directive will, amongst other things, provide for prompter payouts. The press release further states that generally the funds available for reimbursing depositors in times of difficulty must reach 0.8% of covered deposits within 10 years of the system's entry into force and that banks will be required to contribute to the funds according to their risk profiles, with those exercising riskier activities contributing more. These changes may, once finalised and implemented in Germany, expose Volkswagen Bank GmbH to additional, and possibly considerable, costs, the extent of which cannot be foreseen at this time.

Lastly, additional supervisory regulations to avoid further financial crises, should be expected.

11. MAJOR SHAREHOLDERS

The following table contains the names of the legal and natural persons who hold direct or indirect voting rights in the Company as of the date of this Offering Memorandum. The Company has received notifications in accordance with the German Securities Trading Act (WpHG — *Wertpapierhandelsgesetz*) indicating that the following shareholders hold more than 3% of the ordinary voting shares of the Company:

		Number of voting rights		
Shareholders subject to the notification requirement	**Residence or location**	**Held directly[1]**	**Attribution[1]**	**Total[1]**
Porsche Gesellschaft m.b.H	Salzburg	0.37%	52.73%	53.10%
Porsche Holding Gesellschaft m.b.H.	Salzburg	–	53.10%	53.10%
Porsche Piech GmbH & Co. KG	Salzburg	–	53.10%	53.10%
Porsche Piech Holding GmbH	Salzburg	–	53.10%	53.10%
Ahorner, Mag. Josef	Austria	–	50.73%	50.73%
Ahorner Alpha Beteiligungs GmbH	Grünwald	–	50.73%	50.73%
Ahorner Beta Beteiligungs GmbH	Grünwald	–	50.73%	50.73%
Ahorner Holding GmbH	Salzburg	–	50.73%	50.73%
Dipl.-Ing. Dr. h.c. Ferdinand Piëch GmbH	Salzburg	–	50.73%	50.73%
Dr. Hans-Michel Piëch GmbH	Salzburg	–	50.73%	50.73%
Familie Porsche Beteiligung GmbH	Grünwald	–	50.73%	50.73%
Familie Porsche Holding GmbH	Salzburg	–	50.73%	50.73%
Familie Porsche Privatstiftung	Salzburg	–	50.73%	50.73%
Familien Porsche-Daxer-Piech Beteiligung GmbH	Grünwald	–	50.73%	50.73%
Familien Porsche-Kiesling Beteiligung GmbH	Grünwald	–	50.73%	50.73%
Ferdinand Alexander Porsche GmbH	Grünwald	–	50.73%	50.73%
Ferdinand Karl Alpha Privatstiftung	Vienna	–	50.73%	50.73%
Ferdinand Piech GmbH	Grünwald	–	50.73%	50.73%
Ferdinand Porsche Holding GmbH	Salzburg	–	50.73%	50.73%
Ferdinand Porsche Privatstiftung	Salzburg	–	50.73%	50.73%
Gerhard Anton Porsche GmbH	Salzburg	–	50.73%	50.73%
Gerhard Porsche GmbH	Grünwald	–	50.73%	50.73%
Hans-Michel Piech GmbH	Grünwald	–	50.73%	50.73%
Hans-Peter Porsche GmbH	Grünwald	–	50.73%	50.73%
Ing. Hans-Peter Porsche GmbH	Austria	–	50.73%	50.73%
Kiesling, Mag. Louise	Austria	–	50.73%	50.73%
LK Holding GmbH	Salzburg	–	50.73%	50.73%
Louise Daxer-Piëch GmbH	Salzburg	–	50.73%	50.73%
Louise Daxer-Piech GmbH	Grünwald	–	50.73%	50.73%
Piëch, Dipl.-Ing. Dr. h.c. Ferdinand	Austria	–	50.73%	50.73%
Piëch, Dr. Hans-Michel	Austria	–	50.73%	50.73%
Porsche Automobil Holding SE	Stuttgart	50.73%	–	50.73%
Porsche GmbH	Stuttgart	–	50.73%	50.73%
Porsche, Dr. Oliver	Austria	–	50.73%	50.73%
Porsche, Dr. Wolfgang	Germany	–	50.73%	50.73%
Porsche, Gerhard Anton	Austria	–	50.73%	50.73%
Porsche, Ing. Hans-Peter	Austria	–	50.73%	50.73%
Porsche, Kai Alexander	Austria	–	50.73%	50.73%
Porsche, Mark Philipp	Austria	–	50.73%	50.73%
Porsche, Peter Daniell	Austria	–	50.73%	50.73%
Porsche, Prof. Ferdinand Alexander	Austria	–	50.73%	50.73%
Porsche Wolfgang 1. Beteiligungs GmbH & Co. KG	Stuttgart	–	50.73%	50.73
Porsche Wolfgang 1. Beteiligungsverwaltungs GmbH	Stuttgart	–	50.73%	50.73
Prof. Ferdinand Alexander Porsche GmbH	Salzburg	–	50.73%	50.73%
Wolfgang Porsche GmbH	Stuttgart	–	50.73%	50.73%
State of Lower Saxony	Hanover	0.00%	20.00%	20.00%
Hannoversche Beteiligungsgesellschaft mbH	Hanover	20.00%	–	20.00%
Qatar Holding Germany GmbH	Frankfurt/Main	16.99%*	–	16.99%
Qatar Holding LLC	Doha	10.22%*	6.78%	16.99%
Qatar Holding Luxembourg II S.à.r.l.	Luxembourg	–	16.99%	16.99%
Qatar Holding Netherlands B.V.	Amsterdam	–	16.99%	16.99%
Qatar Investment Authority	Doha	–	16.99%	16.99%
State of Qatar	Doha	–	16.99%	16.99%

1 Percentages are rounded.

* These positions cannot be added.

12. RELATED PARTY TRANSACTIONS

Persons related to Volkswagen AG include its principal shareholders, including Porsche SE, which is indirectly controlled by the Porsche and Piëch families, together with the State of Lower Saxony and the State of Qatar. See ''*Major Shareholders*''.

In addition to the direct and indirect equity interests and voting rights in Volkswagen AG held by Porsche SE and the Porsche and Piëch families, members of the Porsche and Piëch families serve on the governing bodies of Volkswagen AG, AUDI AG, MAN SE and Porsche Holding Gesellschaft m.b.H. Salzburg, as well as Porsche SE and its affiliated companies. For additional information, see ''*Board of Management and Supervisory Board*''.

The Porsche and Piëch families also hold significant interests in Porsche Familienholding GmbH and Porsche Gesellschaft m.b.H., both based in Salzburg. Following Porsche Gesellschaft m.b.H.'s exercise of its put option, Volkswagen acquired Porsche Holding's operating trading business as of March 1, 2011. See ''*Business of the Volkswagen Group — Creation of an Integrated Automotive Group with Porsche — Comprehensive Agreement*''.

In 2013, Volkswagen rendered supplies and services to related parties totaling EUR 14,731 million (EUR 15,651 million in 2012 and EUR 15,001 million in 2011). Volkswagen's total sales revenue amounted to EUR 197,007 million in 2013 (EUR 192,676 million in 2012 and EUR 159,337 million in 2011). For more information concerning the amounts of the supplies and services transacted, as well as outstanding receivables and liabilities between consolidated companies of the Volkswagen Group and related parties, please refer to note 42 to the Company Annual Financial Statements for 2013 and the Company Annual Financial Statements for 2012 and note 40 to the Company Annual Financial Statements for 2011.

All business relations with unconsolidated subsidiaries, joint ventures, associates and other related parties are, in the opinion of the Company, conducted on arm's length terms.

12.1 Relationships of the Volkswagen Group with Porsche SE and the Porsche and Piëch families

12.1.1 Porsche SE

Volkswagen maintains legal and business relationships with Porsche SE, which holds 50.73% of Volkswagen AG's voting capital.

12.1.1.1 Relationships under company law, dual mandates

Members of Volkswagen's Supervisory Board and Board of Management serve simultaneously on the boards of Porsche SE. For example, Prof. Dr. Dr. h. c. mult. Martin Winterkorn is the Chairman of the Board of Management for Volkswagen and the Chairman of the Executive Board of Porsche SE and Hans Dieter Pötsch is a member of the Board of Management of Volkswagen and a member of the Executive Board of Porsche SE. For additional information, see ''*Board of Management and Supervisory Board*''.

By way of internal rules, Volkswagen AG ensures that both members of the Board of Management, in the performance of their duties, separate their functions as member of Volkswagen AG's Board of Management and as member of Porsche SE's Executive Board and act in accordance with applicable statutory provisions.

12.1.1.2 Contractual relationships

In the second half of 2009, Volkswagen AG, Porsche SE, Porsche AG, the ordinary shareholders of Porsche SE except for the State of Qatar (i.e. at that time Porsche Gesellschaft mit beschränkter Haftung, Stuttgart, Familie Porsche Beteiligung GmbH, Grünwald, Familien Porsche-Daxer-Piëch Beteiligung GmbH, Grünwald, Ferdinand Piëch GmbH, Grünwald and Hans-Michel Piëch GmbH, Grünwald (collectively, ''**SE Ordinary Shareholders**'')) and certain other parties entered into comprehensive agreements, including the Comprehensive Agreement, on creating an integrated automotive group with Porsche. See ''*Business of the Volkswagen Group — Creation of an Integrated Automotive Group with Porsche — Comprehensive Agreement*''.

In the Comprehensive Agreement, Porsche SE and the SE Ordinary Shareholders agreed, among other things, that they would not, at least up to and including 2020, take any steps, undertake any actions or submit any declarations that would serve to enter into a control and profit and loss transfer agreement with Volkswagen AG.

In accordance with the Comprehensive Agreement, Porsche SE voted at the extraordinary general meeting of Volkswagen AG on December 3, 2009 to confirm the existing majority requirement of more than four-fifths of the share capital represented in adopting resolutions, to create a right for the State of Lower Saxony to appoint members to the Supervisory Board and to authorize the issuance of up to 135 million new preferred shares with preemptive rights.

As one component of the concept for creating an integrated automotive group with Porsche SE, Volkswagen entered into an agreement for the acquisition of Porsche Holding's operating trading business. The agreement was structured as a put option in favor of Porsche Gesellschaft m.b.H., which exercised the put option on November 10, 2010. All shares of Porsche Holding were transferred to Volkswagen on March 1, 2011 for a consideration of EUR 3.3 billion.

In September 2011, Volkswagen AG and Porsche SE reached the conclusion that, due to continuing legal hurdles, the planned merger could not be implemented within the timeframe provided in the Comprehensive Agreement. In addition to the intended merger, the Comprehensive Agreement provided for the integrated automotive group to be achieved through the exercise of put and call options, which were never utilized. The tax treatment of the put/call options provided for in the Comprehensive Agreement did not allow the automotive business to be integrated on economically feasible terms before the second half of 2014.

At the beginning of July 2012, Volkswagen AG and Porsche SE announced that they had agreed on an accelerated integration model, which was implemented as planned on August 1, 2012.

Under the structure developed jointly by Volkswagen AG and Porsche SE, Porsche SE contributed its indirect 50.1 percent holding in Porsche AG to Volkswagen AG effective as of August 1, 2012. Therefore, Volkswagen now holds 100 percent of the shares of Porsche AG via Porsche Holding Stuttgart GmbH (formerly: Porsche Zweite Zwischenholding GmbH). Besides a share consideration Volkswagen paid EUR 4,495 million to Porsche SE as further consideration. The cash consideration is based on the equity value of EUR 3,883 million for the remaining shares of Porsche AG as set out in the Comprehensive Agreement, and also comprises a number of adjustment items. Among other things, Porsche SE has been remunerated for dividend payments that it would have received from its indirect stake in Porsche AG as well as for half of the present value of the net synergies realizable as a result of the accelerated integration, which amount to a total of approximately EUR 320 million.

The accelerated integration model was based on the German Reorganization Tax Act (*Umwandlungssteuergesetz*) and the German Taxation of Reorganizations Circular (*Umwandlungssteuererlass*) published at the end of 2011, as well as advance rulings from the relevant tax authorities.

For more information on the integrated automotive group, see ''*Business of the Volkswagen Group — Creation of an Integrated Automotive Group with Porsche*''.

12.1.2 Porsche and Piëch families

The Porsche and Piëch families have significant interests in Porsche SE, Porsche Familienholding GmbH and Porsche Gesellschaft m.b.H.

Members of the Porsche and Piëch families are represented on Volkswagen AG's Supervisory Board. These are Hon.-Prof. Dr. techn. h.c. Dipl.-Ing. ETH Ferdinand K. Piëch, Dr. jur. Hans Michel Piëch, Ursula Piëch, Dr. jur. Ferdinand Oliver Porsche and Dr. rer. comm. Wolfgang Porsche. See ''*Board of Management and Supervisory Board — Supervisory Board*''.

As described under ''*Business of the Volkswagen Group — Creation of an Integrated Automotive Group with Porsche — Comprehensive Agreement*'', Volkswagen AG, Porsche SE, Porsche AG, the SE Ordinary Shareholders and certain other parties agreed to create an integrated automotive group with Porsche.

12.2 Relationships of the Volkswagen Group with the State of Lower Saxony

The State of Lower Saxony holds, directly and indirectly, approximately 20% of Volkswagen AG's voting capital. See ''*Major Shareholders*''.

In accordance with Volkswagen AG's articles of association, the State of Lower Saxony is entitled to appoint two members of the Supervisory Board of Volkswagen AG for as long as it directly or indirectly holds at least 15% of Volkswagen AG's ordinary shares.

Transactions with the State of Lower Saxony and private-law entities of the State of Lower Saxony are, in the opinion of the Company, conducted on arm's length terms. In addition, the State of Lower Saxony and its private-law entities have not instructed Volkswagen to enter into, or refrain from entering into, any transactions.

12.3 Relationships of the Volkswagen Group with the State of Qatar

The State of Qatar indirectly holds approximately 17% of Volkswagen AG's voting capital and has two representatives, Dr. Hussain Ali Al-Abdulla and Mr. Ahmad Al-Sayed on Volkswagen AG's Supervisory Board.

The State of Qatar acquired 10% of the ordinary shares of Porsche SE in August 2009 and participated in the company's capital increase in April 2011 in proportion to its shareholding. In June 2013, the Porsche and Piëch families bought back all shares in Porsche SE held indirectly by the State of Qatar.

On January 23, 2012 Volkswagen entered into a joint venture agreement with Qatar Holding LLC, the Qatar Science and Technology S.P.C. and Porsche AG. The joint venture company was subsequently established on June 21, 2012. The purpose of the joint venture company is, among other things, the establishment of laboratory and testing facilities, training programs and studies of fuels and materials science in the automotive field.

Qatar Holding LLC participated significantly in Volkswagen's EUR 1.2 billion offering of mandatory convertible notes in June 2013.

13. BOARD OF MANAGEMENT AND SUPERVISORY BOARD

As required by the German Stock Corporation Act, Volkswagen AG has a two-tier board system, consisting of a Supervisory Board (*Aufsichtsrat*) and a Board of Management (*Vorstand*).

13.1 Board of Management

The Board of Management is directly responsible for managing the Company.

Pursuant to the articles of association of the Company, the Company is represented by two members of the Board of Management or by one member of the Board of Management and an authorized signatory.

The number of members of the Board of Management is determined by the Supervisory Board. The Board of Management must consist of at least three members. The Board of Management of Volkswagen AG has nine members. Pursuant to German statutory requirements, one member of the Board of Management must be assigned the responsibility for labor matters.

The members of the Board of Management are appointed by the Supervisory Board for a maximum term of five years. The Supervisory Board may also reappoint a member of the Board of Management or extend such member's term of office, in each case for a maximum of five years. The Supervisory Board can revoke the appointment of a member of the Board of Management before the expiration of his term of office for good cause, for example for gross violation of duties or if the general shareholders' meeting declares it no longer has confidence in such member of the Board of Management, unless the vote of "no confidence" was based on grounds that are obviously not objective.

The Board of Management adopts resolutions by a simple majority of the votes cast. If there is a tied vote, the Chairman has the casting vote.

According to the articles of association of the Company, the Board of Management requires the prior approval of the Supervisory Board to take certain measures and to enter into certain transactions which are of particular importance to the Company or which entail exceptional economic risks. Article 9 of the articles of association contains a list of transactions requiring the approval of the Supervisory Board, such as establishing and closing branch offices, setting up and relocating production facilities, or investing under investment programs that must be regularly submitted to the Supervisory Board and investing outside these investment programs, insofar as the costs exceed certain thresholds in the individual case. In addition, the rules of procedure of the Board of Management contain details and additions to these approval reservations. Moreover, the Supervisory Board may require its approval for additional types of transactions. It may also generally give its approval to certain types of transactions in advance or subject to certain conditions, such as approvals of limits.

The Board of Management provides the Supervisory Board with regular, timely and comprehensive information on all matters relevant to the Company and the Volkswagen Group with regard to planning, business developments, risks and risk management. It reports on deviations of the course of business from agreed plans and goals and identifies the reasons. In general, the Board of Management must provide the Supervisory Board with a long-term plan for the group on an annual basis and must report on significant deviations from the existing plan.

The Supervisory Board may request special reports from the Board of Management at any time. In addition, the Board of Management and the Supervisory Board report on the corporate governance of the Company in the annual report.

13.1.1 Members of the Board of Management

The names of the members of the Board of Management of Volkswagen AG and their respective age are listed below.

Name	Age	Position at Volkswagen AG
Prof. Dr. Dr. h. c. mult. Martin Winterkorn . . .	66	Chairman, Research and Development, Chairman of the Executive Board of Porsche Automobil Holding SE
Dr. rer. pol. h. c. Francisco Javier Garcia Sanz	56	Procurement
Prof. Dr. rer. pol. Dr.-Ing. E. h. Jochem Heizmann	62	China
Christian Klingler	45	Sales and Marketing
Dr.-Ing. E. h. Michael Macht	53	Production
Prof. Dr. rer. pol. Horst Neumann	64	Human Resources and Organization
Dr. h. c. Leif Östling	68	Commercial Vehicles
Hans Dieter Pötsch	63	Finance and Controlling, Chief Financial Officer of Porsche Automobil Holding SE
Prof. Rupert Stadler	50	Chairman of the Board of Management of AUDI AG

There are no family relationships between any of the individuals listed above.

Prof. Dr. Dr. h. c. mult. Martin Winterkorn was born in 1947 in Leonberg, Germany. He studied metallurgy and metal physics at the University of Stuttgart from 1966 to 1973. In 1977, he received his doctorate from the Max-Planck-Institute for Metal Research in Stuttgart. His professional career began in 1977 as a specialist assistant in the research division ''Process Engineering'' at Robert Bosch GmbH. From 1978 to 1981 he headed the refrigerant compressor development group ''Substances and Processes'' at Robert Bosch GmbH and Bosch-Siemens-Hausgeräte GmbH. In 1981, Prof. Dr. Dr. h. c. mult. Dr.-Ing. E. h. Winterkorn joined Audi AG as assistant to the Member of the Board for Quality Assurance. In 1983, he assumed responsibility for ''Measuring Technology/Sampling and Test Laboratory'' at AUDI, and he became the Head of Audi Quality Assurance in 1990. In 1993, Prof. Dr. Dr. h. c. mult. Winterkorn became the Head of ''Group Quality Assurance'' at Volkswagen AG and was appointed General Representative of Volkswagen AG in March 1994. He was also responsible for Volkswagen Group Product Management from June 1995 onward. In January 1996, Prof. Dr. Dr. h. c. mult. Winterkorn became a member of the Board of Management of the Volkswagen brand in the area of Technical Development. Starting in July 2000, he was the member of the Board of Management of Volkswagen AG responsible for Research and Development. In 2002, Prof. Dr. Dr. h. c. mult. Winterkorn was appointed Chairman of the Board of Management of AUDI AG, and he assumed responsibility for Technical Development at AUDI AG on January 1, 2003. In his capacity as Chairman of the Board of Management of AUDI AG, he was also a Member of the Board of Management of Volkswagen AG. At the beginning of 2007, Prof. Dr. Dr. h. c. mult. Winterkorn assumed the position of Chairman of the Board of Management of Volkswagen AG. On February 1, 2007, the Supervisory Board of Volkswagen AG in addition made Prof. Dr. Dr. h. c. mult. Winterkorn responsible for the group-wide function of Research and Development. At the same time, he assumed the Chairmanship of the Board of Management of the Volkswagen Group. Since 2007, Prof. Dr. Dr. h. c. mult. Winterkorn has also been Chairman of the Board of Directors of Scania AB. In November 2009, Prof. Dr. Dr. h. c. mult. Winterkorn, in addition to his already existing functions, joined the Executive Board of Porsche SE and assumed the position of Chairman. Prof. Dr. Dr. h. c. mult. Winterkorn works in many ways for the exchange of knowledge and experience between industry and science. In 2003, he was awarded the title of honorary professor by the Budapest University of Technology and Economics, Hungary, where he regularly gives guest lectures. Since 2004, Prof. Dr. Dr. h. c. mult. Winterkorn has also been an honorary professor at the Technical University of Dresden, Germany, in the field ''Light-weight Construction Materials in Automotive Construction''. In

July 2007, he received the title of honorary professor of the Tongji University in Shanghai, China, with which Volkswagen AG has maintained close scientific relations for many years. In May 2011, Prof. Dr. Dr. h. c. mult. Winterkorn received an honorary doctorate (Dr.-Ing. E. h.) from Chemnitz University of Technology.

Alongside his office as Chairman of the Board of Management of Volkswagen AG and other offices on the supervisory boards of Volkswagen Group companies and other significant investees, Prof. Dr. Dr. h. c. mult. Winterkorn is a member of the executive, administrative, or supervisory bodies and/or is a partner in the following enterprises or companies as of December 31, 2013:

- FC Bayern München AG, Munich (Member of the Supervisory Board)

Dr. rer. pol. h. c. Francisco Javier Garcia Sanz was born in Madrid, Spain, in 1957. In 1976, he completed his training as a wholesale and export merchant at Rewe Handelsgesellschaft mbH in Mainz-Hechtsheim, Germany. He then studied business management at the Business School in Wiesbaden, Germany. Dr. rer. pol. h. c. Francisco Javier Garcia Sanz began his professional career at Adam Opel AG in Rüsselsheim in 1979. From 1986 to 1988, he was the chemicals purchasing agent at Opel in Rüsselsheim, subsequently holding the position of Director Supply and Export at GM Turkey in Izmir, Turkey for two years. In 1990, Dr. rer. pol. h. c. Francisco Javier Garcia Sanz was appointed Purchasing Executive GM Europe (Electric) at GM Europe. From 1992 to March 1993, he was Executive Director for World Wide Purchasing at GM Corporation in Detroit. In April 1993, he was appointed Head of Electric/Electronic Procurement at Volkswagen and from December 1993 to the end of 1996, he was the Head of Group Electric/Electronics Procurement. In addition, he was a member of the management of SEAT, S.A., Spain, from September 8, 1995 to December 31, 1996. Effective July 1, 2001, Dr. rer. pol. h. c. Francisco Javier Garcia Sanz was appointed member of the Board of Management of Volkswagen AG with responsibility for Procurement. At the same time, he is a member of the Volkswagen brand Board of Management responsible for Procurement, a function he has held since November 1996. In addition, Dr. rer. pol. h. c. Francisco Javier Garcia Sanz was appointed Chairman of the Board of Directors of SEAT, S.A., Spain in June 2007. He is also President of ANFAC, the Spanish automobile manufacturers association. Since 2007, Dr. rer. pol. h. c. Francisco Javier Garcia Sanz has also been a member of the Board of Directors of Scania AB. On November 19, 2008, Dr. rer. pol. h. c. Francisco Javier Garcia Sanz was awarded an honorary doctorate by the Institute of Business Administration at the University of Stuttgart, Germany.

Alongside his office as member of the Board of Management of Volkswagen AG and other offices on the supervisory boards of Volkswagen Group companies and other significant investees, Dr. rer. pol. h. c. Francisco Javier Garcia Sanz is a member of the executive, administrative, or supervisory bodies and/or is a partner in the following enterprises or companies as of December 31, 2013:

- Criteria CaixaHolding, S.A., Barcelona, Spain (Member of the Board of Directors)
- HOCHTIEF Aktiengesellschaft, Essen (Member of the Supervisory Board)

Prof. Dr. rer. pol. Dr.-Ing. E. h. Jochem Heizmann was born in 1952 in Speyer/Rhein, Germany. In 1975, he completed a degree in industrial engineering at the University of Karlsruhe (TH), Germany. In 1980, he received his doctorate from, the University of Karlsruhe (TH), Germany. Prof. Dr. rer. pol. Heizmann started his career in the car manufacturing industry at AUDI NSU AUTO UNION AG in Ingolstadt, Germany, in 1982, where he held various leading roles, including Head of the Technological Development Department, followed by the Assembly (Vehicle Production) Department. In 1991, Prof. Dr. rer. pol. Dr.-Ing. E. h. Heizmann joined Volkswagen AG as Head of Central Planning for Engine Production in Wolfsburg. In 1993, he was appointed Head of Production Planning for the Volkswagen brand. In this capacity, Prof. Dr. rer. pol. Dr.-Ing. E. h. Heizmann was responsible for planning, series production start-up and commissioning of production facilities for new vehicles and engines worldwide. He was also responsible for tools and devices construction at Volkswagen in Wolfsburg. On January 1, 2000, Prof. Dr. rer. pol. Dr.-Ing. E. h. Heizmann was appointed General Technical Manager and Spokesman for the management of Volkswagen Sachsen GmbH and Volkswagen Sachsen Immobilienverwaltung GmbH. In this capacity, he was responsible for the vehicle plant in Mosel/Zwickau, Germany, and the engine factory in Chemnitz, Germany. From February 2001 until the end of January 2007, he was a member of the Board of Management of AUDI AG responsible for Production. From February 1, 2007 to September 30, 2010, Prof. Dr. rer. pol. Dr.-Ing. E. h. Heizmann was member of the Board of Management of Volkswagen AG with responsibility for ‘Group Production’. Additionally, from October 1, 2007, to September 30, 2009, Prof. Dr. rer. pol. Dr.-Ing. E. h. was member of the Board of Management of Volkswagen Passenger Cars with responsibility for ‘Production and Logistics’. With effect from September 1, 2012, the Supervisory Board of Volkswagen AG appointed Prof. Dr. rer. pol. Dr.-Ing. E. h. Heizmann member of the Board of Management of Volkswagen AG with responsibility for the new Group function of ‘China’. Prof. Dr. rer. pol. Dr.-Ing. E. h. Heizmann was a member of the Board of Management of Volkswagen AG with responsibility for ‘Group Commercial Vehicles’ from October 1, 2010 to August 31, 2012. Prof. Dr. rer. pol. Dr.-Ing. E. h. Heizmann was made a guest professor of Tongji University in Shanghai on March 16, 2004. On December 1, 2006, Prof. Dr. rer. pol. Dr.-Ing. E. h. Heizmann was named an honorary professor of the mechanical engineering faculty at Chemnitz University of Technology. On October 14, 2010, Prof. Dr. rer. pol. Dr.-Ing. E. h. Heizmann received an honorary doctorate with the academic title of Dr.-Ing. E. h. from Chemnitz University of Technology.

Alongside his office as member of the Board of Management of Volkswagen AG and other offices on the supervisory boards of Volkswagen Group companies and other significant investees, Prof. Dr. rer. pol. Dr.-Ing. E. h. Heizmann is a member of the executive, administrative, or supervisory bodies and/or is a partner in the following enterprises or companies as of December 31, 2013:

- Lufthansa Technik AG, Hamburg (Member of the Supervisory Board)
- OBO Bettermann GmbH & Co. KG, Menden (Member of the Advisory Board)

Christian Klingler was born in 1968 in Innsbruck, Austria. After studying business administration at the University of Innsbruck, he assumed responsibility for building up networks of importers and retailers in various markets for Porsche Inter Auto (Austria). He managed expansion projects and the establishment of the French market activities for Porsche Holding Austria, starting in 1995. In 1998, he joined the Board of Management of the PGA Group, a distributor of various automotive brands in Europe based in Paris and in 2002 became the chairman of the PGA Group. From 2004 to 2008, Mr. Klingler was a member of the senior management of Porsche Holding Austria. In August 2008, he was named General Representative of Volkswagen AG and appointed to the Board of Management of the Volkswagen brand where he is responsible for sales and marketing. Effective January 1, 2010, Mr. Klingler was appointed member of the Board of Management of Volkswagen AG with responsibility for Sales and Marketing.

Alongside his office as member of the Board of Management of Volkswagen AG and other offices on the supervisory boards of Volkswagen Group companies and other significant investees, Mr. Klingler is a member of the executive, administrative, or supervisory bodies and/or is a partner in the enterprise or company listed below as of December 31, 2013:

- Messe Frankfurt GmbH, Frankfurt am Main (Member of the Supervisory Board)

Dr.-Ing. E. h. Michael Macht was born in Stuttgart, Germany, in 1960. He studied mechanical engineering at Stuttgart University from 1981 to 1986 and subsequently worked as a scientist at Fraunhofer Institute for Industrial Engineering IAO, where he was responsible for the implementation of restructuring and organizational projects with major companies. Dr.-Ing. E. h. Macht started his career in the automotive industry at Dr. Ing. h.c. F. Porsche AG, where he was a specialist for engine planning from 1990 to 1991. He took charge of the work systems section in 1991, before serving as Director’s Assistant for production and materials development in 1992, where among other things he developed the concept and organization of the PVP Porsche improvement process. In 1993, he became Personal Assistant to the Chairman of the Board of Management of Dr. Ing. h.c. F. Porsche AG, developing and implementing the P.O.L.E. program (process optimization through supplier integration). In 1994, Dr.-Ing. E. h. Macht was named Managing Director of the newly-established Porsche Consulting GmbH, a position he held until he joined the Board of Management of Dr. Ing. h.c. F. Porsche AG in 1998. Effective October 1, 2010, Dr.-Ing. E. h. Macht was appointed member of the Board of Management of Volkswagen AG with responsibility for Group Production. Dr.-Ing. E. h. Macht was Chairman of the Board of Management of Dr. Ing. h.c. F. Porsche AG and a member of the Board of Management of Porsche Holding SE from July 23, 2009 to September 30, 2010. Prior to that, he was the member of the Board of Management in charge of Production and Logistics of Dr. Ing. h.c. F. Porsche AG from June 1998 to July 2009. On November 19, 2010, Mr. Macht received an honorary doctorate with the academic title of Dr.-Ing. E. h. from Stuttgart University.

Alongside his office as member of the Board of Management of Volkswagen AG, Dr.-Ing. E. h. Macht holds other offices on the supervisory boards of Volkswagen Group companies and other significant investees as of December 31, 2013.

Prof. Dr. rer. pol. Horst Neumann was born in 1949 in Leverkusen, Germany. He studied economics and social sciences in Hamburg and Berlin from 1967 to 1973. In 1995, he was awarded his doctorate in political science in Berlin. Prof. Dr. rer. pol. Neumann began his professional career in 1973 as assistant to the Senator for Economic Affairs in Berlin. From 1978 to 1994, he worked in the economics department of the Board of the IG Metall Union in Frankfurt/Main, Germany, and from 1983, he was its Deputy Manager. At the same time, he was a member of the Supervisory Boards of Motorenwerke Mannheim AG (1981 to 1986), Adam Opel AG (1985 to 1995) and Rasselstein AG (1986 to 1994). From 1994 to 2000, Prof. Dr. rer. pol. Neumann was a member of the Board of Management and Personnel Director at Rasselstein GmbH and Rasselstein Hoesch GmbH, a subsidiary of the ThyssenKrupp Group in Andernach and Neuwied. In 2001, he became member of the Board of Management and Labor Director at ThyssenKrupp Elevator AG, Düsseldorf, Germany. In July 2002, he became a member of the Board of Management of AUDI AG with responsibility for Human Resources. Effective December 1, 2005, Prof. Dr. rer. pol. Neumann was appointed member of the Board of Management of Volkswagen AG and of the Board of Management of the Volkswagen Passenger Car brand with responsibility for Human Resources. Since January 2007, he is responsible for Human Resources and Organization. On October 15, 2009, Prof. Dr. rer. pol. Neumann was awarded an honorary professorship from Tongji University, China.

Alongside his office as member of the Board of Management of Volkswagen AG and other offices on the supervisory boards of Volkswagen Group companies and other significant investees, Prof. Dr. rer. pol. Neumann is a member of the executive, administrative, or supervisory bodies and/or is a partner in the following enterprise or company as of December 31, 2013:

- Wolfsburg AG, Wolfsburg (Chairman of the Supervisory Board)

Dr. h.c. Leif Östling was born in Luleå, Sweden, in 1945. He holds a Master of Engineering degree from Chalmers University of Technology, Gothenburg, Sweden (1971) and a Master of Economics degree from Gothenburg University of Economics (1972). Leif Östling started his career at the Scania Truck Division of the Saab-Scania Group as a trainee in 1972. During the period 1972-1977 he held various positions within Scania. He became Head of Long-term Planning in 1977, and in 1981 he assumed the position of Head of Sales and Marketing at Scania Nederland B.V. He was additionally responsible for Market Continental Europe. In 1983 he was appointed Managing Director of Scania Nederland B.V. In 1988 Leif Östling became Head of Market Sector Overseas Production and Deputy Head of the Scania Truck Division within the Saab-Scania Group. The year after he assumed the position of Head of the Scania Truck Division and Executive Vice President of Saab-Scania AB, too. When Scania became an independent corporation in 1994 which is also quoted on the Swedish Stock exchange, Leif Östling was appointed President and CEO of Scania AB. He headed up Scania AB in this position up until his appointment as member of the Board of Management of Volkswagen AG with effect from September 1, 2012. In 2003, Leif Östling received an honorary doctorate with the academic title of Dr. h.c. from the

Engineering from the Royal Institute of Technology in Stockholm (KTH) and from Luleå University of Technology, Sweden.

Alongside his office as member of the Board of Management of Volkswagen AG and other offices on the supervisory boards of Volkswagen Group companies and other significant investees, Mr. Östling is a member of the executive, administrative, or supervisory bodies and/or is a partner in the following enterprises or companies as of December 31, 2013:

- SKF AB, Gothenburg, Sweden (Chairman of the Board of Directors)
- EQT Holdings AB, Stockholm, Sweden (Member of the Board of Directors)

Hans Dieter Pötsch was born in Traun bei Linz, Austria, in 1951. He studied industrial engineering at the Technical University in Darmstadt, Germany. He started his professional career at BMW, where he worked from 1979 until 1987, most recently as Head of Group Controlling. He then moved to Trumpf GmbH & Co. KG in Ditzingen, Germany, as General Manager for Finance and Administration. From 1991 until 1995, Mr. Pötsch was Chairman of the Board of Management of Traub AG, Reichenbach, Germany. In July 1995, Mr. Pötsch moved to Dürr AG in Stuttgart, Germany, where, until the end of 2002, he was Chairman of the Board of Management and also responsible for the central functions of ''Quality Management, Planning, Internal Auditing and Company Communications''. Effective January 1, 2003, Mr. Pötsch was appointed full member of the Board of Management of Volkswagen AG. Effective September 5, 2003, he assumed responsibility for the Finance and Controlling Division of the Volkswagen AG Board of Management. Since 2007, he has also been a member of the Board of Directors of Scania AB. Effective November 25, 2009, Mr. Pötsch joined the Executive Board of Porsche SE and became its Chief Financial Officer.

Alongside his office as member of the Board of Management of Volkswagen AG and other offices on the supervisory boards of Volkswagen Group companies and other significant investees, Mr. Pötsch is a member of the executive, administrative, or supervisory bodies and/or is a partner in the following enterprise or company as of December 31, 2013:

- Bertelsmann SE & Co. KGaA, Gütersloh (Member of the Supervisory Board)

Prof. Rupert Stadler was born in Titting (Bavaria), Germany, in 1963. He studied business management as well as finance, banking and investment in Augsburg, Germany. After graduating in business management, he started his professional career at Philips Kommunikation Industrie AG in Nuremberg, Germany. In 1990, Prof. Stadler joined AUDI AG, Ingolstadt, where he assumed various controlling positions in Sales and Marketing. In 1994, he moved to Volkswagen/Audi España SA, Barcelona, as Commercial Director. In that capacity, he was responsible for Controlling, Accounting, Personnel and Organization. From 1997, he was Head of the Board of Management's Office for the Volkswagen Group, and, from January 2002, also Head of Group Product Planning. In 2003, Prof. Stadler assumed responsibility for the Finance and Organization Division on the AUDI AG Board of Management. Since January 1, 2007, he has been Chairman of the AUDI AG Board of Management. Effective January 1, 2010, Prof. Stadler was appointed member of the Board of Management of Volkswagen AG in his capacity as Chairman of the Board of Management of AUDI AG.

Alongside his office as member of the Board of Management of Volkswagen AG and other offices on the supervisory boards of Volkswagen Group companies and other significant investees, Prof. Stadler is a member of the executive, administrative, or supervisory bodies and/or is a partner in the following enterprise or company as of December 31, 2013:

- FC Bayern München AG, Munich (Vice Chairman of the Supervisory Board)

13.1.2 *Compensation of members of the Board of Management*

The following table shows the compensation of the Board of Management members listed above in 2013.

	Component of compensation		
	Total	Fixed	Variable[1]
		(in EUR)	
Prof. Dr. Dr. h. c. mult. Martin Winterkorn	15,005,862	1,907,862	13,098,000
Dr. rer. pol. h. c. Francisco Javier Garcia Sanz	6,410,517	1,241,017	5,169,500
Prof. Dr. rer. pol. Jochem Heizmann	5,932,845	1,209,945	4,722,900
Christian Klingler	6,187,217	1,241,017	4,946,200
Dr.-Ing. E. h. Michael Macht	5,963,917	1,241,017	4,722,900
Prof. Dr. rer. pol. Horst Neumann	6,187,217	1,241,017	4,946,200
Dr. h.c. Leif Östling	5,933,026	1,210,126	4,722,900
Hans Dieter Pötsch	6,410,517	1,241,017	5,169,500
Prof. Rupert Stadler	6,051,510	1,105,310	4,946,200
Total	**64,082,628**	**11,638,328**	**52,444,300**

1 The variable compensation consists of a bonus, which relates to the business development of the previous two years, and the long term incentive, which is calculated based on an observation period of four years. The bonus amount depends mainly on the results and the economic situation of the Company.

Pension obligations for members of the Board of Management amounted to EUR 107,676,518 as of December 31, 2013. EUR 9,416,406 was added to the pension provisions in 2013. Retired members of the Board of Management and their surviving dependents received EUR 9,977,972 in 2013. Obligations for pensions for this group of persons amounted to EUR 140,165,675 as of December 31, 2013.

13.1.3 *Shares held by members of the Board of Management*

As of December 31, 2013, Dr. Garcia Sanz held 10 ordinary shares and 89 preferred shares in the Company. The remaining members of the Board of Management held no shares in the Company as of December 31, 2013

13.2 Supervisory Board

The Supervisory Board advises the Board of Management on managing the Company and supervises its conduct of the business. In this regard, the Supervisory Board may demand special reports from the Board of Management at any time. In addition, the Board of Management must report to the Supervisory Board on a regular basis about the business of the Company and fundamental matters of business planning.

In accordance with German statutory law and the Company's articles of association, the Supervisory Board consists of 20 members, of whom 10 are shareholder representatives and 10 are elected by the employees.

Pursuant to the Company's articles of association, the German Federal State of Lower Saxony is entitled to appoint two of the shareholder representatives to the Supervisory Board of the Company, as long as the State of Lower Saxony directly or indirectly holds at least 15% of the ordinary shares of the Company. The Supervisory Board membership of Olaf Lies and Stephan Weil are based on this right. The remaining shareholder representatives on the Supervisory Board are elected by the general shareholders' meeting.

The members of the Supervisory Board are elected for a term that ends upon the close of the general shareholders' meeting which resolves the discharge of members from their supervisory duties for the fourth year following the start of their terms of office. The year in which the term of appointment commences is not included in this calculation. A member of the Supervisory Board may resign from his position at any time by giving the Supervisory Board Chairman one month's prior written notice.

A Supervisory Board member elected by the general shareholders' meeting without being bound by an election proposal, i.e. a member elected outside the special rules for the election of employee representatives, may be removed by the general shareholders' meeting at any time before the expiration of his appointment without cause, by resolution adopted by a majority of three quarters of the votes cast.

Resolutions of the Supervisory Board require a majority of the votes cast, unless otherwise provided in the articles of association or by law. If there is a tie vote on the Supervisory Board, and a second vote on the same matter also results in a tie, the Supervisory Board Chairman has two votes. The deputy Chairman is not entitled to a second vote. Resolutions on setting up or relocating production facilities require a two-thirds majority of the members of the Supervisory Board.

13.2.1 Committees

The Supervisory Board has formed the following four committees: the Executive Committee, the Mediation Committee, the Audit Committee and the Nomination Committee.

In connection with the creation of the Integrated Automotive Group, the Supervisory Board formed the Committee for Major Shareholder Business Relationships and the Integrated Automotive Group Committee, which were dissolved on September 21, 2012. The Executive Committee assumed the tasks of the Committee for Major Shareholder Business Relationships that remained upon its dissolution.

The Executive Committee is composed of three shareholder representatives and three employee representatives, while the Nomination Committee consists of the shareholder representatives in the Executive Committee. All other committees are composed of two shareholder representatives and two employee representatives.

The responsibilities of the Executive Committee include preparing the resolutions of the Supervisory Board and deciding on contractual matters regarding the Board of Management. The following persons are members of the Executive Committee: Hon.-Prof. Dr. techn. h.c. Dipl.-Ing. ETH Ferdinand K. Piëch (Chairman), Berthold Huber (Deputy Chairman), Bernd Osterloh, Dr. rer. comm. Wolfgang Porsche, Stephan Weil (since February 22, 2013) and Stephan Wolf (since January 25, 2013). The Executive Committee of the Supervisory Board met four times during 2013.

The Mediation Committee is responsible, in accordance with the German Co-Determination Act, for appointing the members of the Board of Management. The following persons are members of the Mediation Committee: Hon.-Prof. Dr. techn. h.c. Dipl.-Ing. ETH Ferdinand K. Piëch (Chairman), Berthold Huber (Deputy Chairman), Bernd Osterloh and Stephan Weil (since February 22, 2013). The Mediation Committee was not required to meet in 2013.

The Audit Committee prepares the advice and resolutions of the Supervisory Board on accounting matters. This includes approval of the annual financial statements of Volkswagen AG and the consolidated financial statements, questions relating to accounting and risk management, particularly reviewing the risk monitoring system for compliance issues, and the independence of the external auditor and commissioning an external auditor to audit the annual and consolidated financial statements, including establishing focal points for the audit and agreeing on fees. The Supervisory Board may assign additional tasks to the Audit Committee. The following persons are members of the Audit Committee: Dr. jur. Ferdinand Oliver Porsche (Chairman), Peter Mosch (Deputy Chairman since January 25, 2013), Annika Falkengren and Babette Fröhlich. The Audit Committee met five times in 2013.

The task of the Nomination Committee is to suggest suitable candidates to the Supervisory Board who it may propose for election to the general shareholders' meeting. The following persons are members of the Nomination Committee: Hon.-Prof. Dr. techn. h.c. Dipl.-Ing. ETH Ferdinand K. Piëch (Chairman), Dr. rer. comm. Wolfgang Porsche and Stephan Weil (since February 22, 2013). The Nomination Committee met once in 2013.

13.2.2 Members of the Supervisory Board

The names of the members of the Supervisory Board of Volkswagen AG and their respective ages as of March 31, 2014 are listed below. Information regarding their principal business activities performed outside Volkswagen AG, including other principal directorships, listed below is as of December 31, 2013 unless otherwise indicated.

Name, Position	Age	Principal activities outside Volkswagen AG
Hon.-Prof. Dr. techn. h.c. Dipl.-Ing. ETH Ferdinand K. Piëch Chairman	76	• AUDI AG, Ingolstadt[1] • Dr. Ing. h.c. F. Porsche AG, Stuttgart[1] • MAN SE, Munich (Chairman)[1] • Porsche Automobil Holding SE, Stuttgart[1] • Ducati Motor Holdings S.p.A., Bologna[3] • Porsche Gesellschaft m.b.H., Salzburg[3] • Porsche Holding Gesellschaft m.b.H., Salzburg[3] • Porsche Piech Holding GmbH, Salzburg[3] • Scania AB, Södertälje[3] • Scania CV AB, Södertälje[3]
Berthold Huber* Deputy Chairman IG Metall	63	• AUDI AG, Ingolstadt (Deputy Chairman)[1] • Porsche Automobil Holding SE, Stuttgart[1] • Siemens AG, Munich (Deputy Chairman)[1]
Dr. Hussain Ali-Abdulla Board Member of Qatar Holding LLC	57	• Gulf Investment Corporation, Safat, Kuwait[3] • Masraf Al Rayan, Doha (Chairman)[3] • Qatar Exchange, Doha (Chairman)[3] • Qatar Investment Authority, Doha[3] • Qatar Holding LLC, Doha[3]
Ahmad Al-Sayed CEO of the Qatar Investment Authority and Managing Director (CEO) of Qatar Holding LLC	37	• Canary Wharf Group, London[3] • Qatar Exchange, Doha (Deputy Chairman)[3] • Qatar National Bank, Doha[3]
Jürgen Dorn* Chairman of the Works Council at the MAN Truck & Bus AG Munich plant, Chairman of the General Works Council of MAN Truck & Bus AG and Chairman of the Group Works Council and the SE Works Council of MAN SE	47	• MAN SE, Munich[1] • MAN Truck & Bus AG, Munich (Deputy Chairman)[1]
Annika Falkengren President and Group Chief Executive of Skandinaviska Enskilda Banken AB	51	• Münchener Rückversicherungs-Gesellschaft AG, Munich[1] • Securitas AB, Stockholm[3]
Dr. jur. Hans-Peter Fischer* Chairman of the Board of Management of Volkswagen Management Association	54	• Volkswagen Pension Trust e.V., Wolfsburg[3]
Uwe Fritsch* Chairman of the Works Council at the Volkswagen AG Braunschweig plant	57	• Eintracht Braunschweig GmbH & Co. KGaA, Braunschweig[3] • Phantoms Basketball Braunschweig GmbH, Braunschweig[3]

Name, Position	Age	Principal activities outside Volkswagen AG
Babette Fröhlich* IG Metall, Department head for coordination of Executive Board duties and planning	48	• MTU Aero Engines AG, Munich[1]
Olaf Lies Minister of Economic Affairs, Labor and Transport for the Federal State of Lower Saxony	46	• Deutsche Messe AG, Hanover[1]
Hartmut Meine* Director of the Lower Saxony and Saxony-Anhalt Regional Office of IG Metall	61	• Continental AG, Hanover[1] • KME Germany GmbH, Osnabrück[1]
Peter Mosch* Chairman of the General Works Council of AUDI AG	41	• AUDI AG, Ingolstadt[1] • Porsche Automobil Holding SE, Stuttgart[1] • Dr.-Richard-Bruhn-Hilfe, Altersversorgung der AUTO UNION GmbH, VVaG, Ingolstadt[1]
Bernd Osterloh* Chairman of the General and Group Works Councils of Volkswagen AG	57	• Autostadt GmbH, Wolfsburg[1] • Porsche Automobil Holding SE, Stuttgart[1] • Wolfsburg AG, Wolfsburg[1] • Allianz für die Region GbH, Braunschweig[3] • Porsche Holding Gesellschaft m.b.H., Salzburg[3] • VfL Wolfsburg-Fußball GmbH, Wolfsburg[3] • Volkswagen Immobilien GmbH, Wolfsburg[3]
Dr. jur. Hans Michel Piëch Lawyer in private practice	72	• AUDI AG, Ingolstadt[1] • Dr. Ing. h.c. F. Porsche AG, Stuttgart[1] • Porsche Automobil Holding SE, Stuttgart[1] • Porsche Cars Great Britain Ltd., Reading[3] • Porsche Cars North America Inc., Wilmington[3] • Porsche Gesellschaft m.b.H., Salzburg (Chairman)[3] • Porsche Holding Gesellschaft m.b.H., Salzburg[3] • Porsche Ibérica S.A., Madrid[3] • Porsche Italia S.p.A., Padua[3] • Porsche Piech Holding GmbH, Salzburg (Chairman)[3] • Schmittenhöhebahn AG, Zell am See[3] • Volksoper Wien GmbH, Vienna[3]
Ursula Piëch Supervisory Board member of AUDI AG	57	• AUDI AG, Ingolstadt[1]
Dr. jur. Ferdinand Oliver Porsche Member of the Board of Management of Familie Porsche AG Beteiligungsgesellschaft	52	• AUDI AG, Ingolstadt[1] • Dr. Ing. h.c. F. Porsche AG, Stuttgart[1] • Porsche Automobil Holding SE, Stuttgart[1] • PGA S.A., Paris[3] • Porsche Holding Gesellschaft m.b.H., Salzburg[3] • Porsche Lizenz- & Handelsgesellschaft mbH & Co. KG, Bietigheim-Bissigen[3]

Name, Position	Age	Principal activities outside Volkswagen AG
Dr. rer. comm. Wolfgang Porsche Chairman of the Supervisory Board of Porsche Automobil Holding SE; Chairman of the Supervisory Board of Dr. Ing. H.c. F. Porsche AG	70	• AUDI AG, Ingolstadt[1] • Dr. Ing. h.c. F. Porsche AG, Stuttgart (Chairman)[1] • Porsche Automobil Holding SE, Stuttgart (Chairman)[1] • Familie Porsche AG Beteiligungsgesellschaft, Salzburg (Chairman)[3] • Porsche Cars Great Britain Ltd., Reading[3] • Porsche Cars North America Inc., Wilmington[3] • Porsche Gesellschaft m.b.H., Salzburg[3] • Porsche Holding Gesellschaft m.b.H., Salzburg[3] • Porsche Ibérica S.A., Madrid[3] • Porsche Italia S.p.A., Padua[3] • Porsche Piech Holding GmbH, Salzburg (Deputy Chairman)[3] • Schmittenhöhebahn AG, Zell am See[3]
Stephan Weil Minister-President of the Federal State of Lower Saxony	55	
Stephan Wolf* Deputy Chairman of the General and Group Works Council of Volkswagen AG	47	• Wolfsburg AG, Wolfsburg[1] • Sitech Sitztechnik GmbH, Wolfsburg[3] • Volkswagen Pension Trust e.V., Wolfsburg[3]
Thomas Zwiebler* Chairman of the Works Council for Volkswagen Commercial Vehicles	48	

* Employee representative.

1 Membership of statutory supervisory boards in Germany.

2 Group appointments to statutory supervisory boards.

3 Comparable appointments in Germany and abroad.

The following family relationships exist between the members of the Supervisory Board: Hon.-Prof. Dr. techn. h.c. Dipl.-Ing. ETH Ferdinand K. Piëch and Ursula Piëch are married. Furthermore, Hon.-Prof. Dr. techn. h.c. Dipl.-Ing. ETH Ferdinand K. Piëch and Dr. jur. Hans Michel Piëch are brothers and both are cousins of Dr. rer. comm. Wolfgang Porsche. In addition, Dr. jur. Ferdinand Oliver Porsche is a nephew of the aforementioned members of the Supervisory Board. There are no family relationships between the remaining members of the Supervisory Board.

13.2.3 Compensation of members of the Supervisory Board

According to the articles of association of the Company, the members of the Supervisory Board of Volkswagen AG receive the following compensation each year, in addition to reimbursement of their expenses:

- Fixed compensation of EUR 6,000, payable after the end of the year.
- Variable compensation of EUR 2,500 for every dividend of EUR 0.03 per ordinary share as resolved by the general shareholders' meeting, which is distributed to the shareholders over and above a dividend of EUR 0.15 per ordinary share. This compensation is payable after the general shareholders' meeting that adopts a resolution on the allocation of profits.

The Chairman of the Supervisory Board receives triple the amount, his Deputy and the Chairman of a Supervisory Board committee each receive double the amount and the members of a Supervisory Board committee receive one and a half times the amount. If a member performs several functions, compensation is limited to the highest amount established for a function.

For participation in a meeting of the Supervisory Board, each member receives an attendance fee of EUR 1,000 in addition to reimbursement of expenses. The Company reimburses each Supervisory Board member for the VAT applicable to his compensation. Members of the Supervisory Board who are also members of the Supervisory Board of other companies of the Volkswagen Group may receive additional compensations by these companies.

In 2013, the aggregate compensation of the Supervisory Board of the Company amounted to EUR 9,774,530. It comprised a fixed component and for members of the Supervisory Board of the Company a variable component that is linked to the amount of the dividend paid and the number of meetings attended. The fixed components of compensation (including attendance fees) amounted to EUR 528,671 and the variable components of compensation amounted to EUR 9,245,859.

The following table shows the compensation of the Supervisory Board members in 2013.

	Component of compensation		
	Fixed	**Variable**	**Total**
		(in EUR) (unaudited)	
Hon.-Prof. Dr. techn. h.c. Dipl.-Ing. ETH Ferdinand K. Piëch	121,000	1,068,300	1,189,300
Berthold Huber[1]	37,500	736,067	773,567
Dr. Hussain Ali Al-Abdulla	11,000	320,833	331,833
Jassim Al Kuwari (until April 25, 2013)	2,917	102,488	105,405
Jörg Bode (until February 19, 2013)[2]	808	43,223	44,032
Ahmad Al-Sayed (since June 28, 2013)	4,050	163,090	167,140
Jürgen Dorn (since January 1, 2013)[1]	53,000	355,833	408,833
Annika Falkengren	13,000	481,250	494,250
Dr. jur. Hans-Peter Fischer (since January 1, 2013)[1]	11,000	320,833	331,833
Uwe Fritsch[1]	11,000	320,833	331,833
Babette Fröhlich[1]	14,000	481,250	495,250
Olaf Lies (since February 19, 2013)[2]	10,192	277,610	287,802
David McAllister (until February 19, 2013)[2]	1,213	64,835	66,048
Hartmut Meine[1]	11,000	320,833	331,833
Peter Mosch[1]	29,800	541,356	571,156
Bernd Osterloh[1]	14,000	481,250	495,250
Dr. jur. Hans Michel Piëch	37,500	368,033	405,533
Ursula Piëch	18,125	350,333	368,458
Dr. jur. Ferdinand Oliver Porsche	40,500	712,467	752,967
Dr. rer. Comm. Wolfgang Porsche	49,500	528,450	577,950
Stephan Weil (since February 19, 2013)[1]	12,767	415,301	428,068
Stephan Wolf (since January 1, 2013)[1]	13,800	470,556	484,356
Thomas Zwiebler[1]	11,000	320,833	331,833
Total	**528,671**	**9,245,859**	**9,774,530**

1 In accordance with the guidelines of the German Federation of Trade Unions, these employee representatives have requested that their Supervisory Board compensation be remitted to the Hans-Böckler Foundation.

2 Under section 5(3) of the Ministers' Act of Lower Saxony, these Supervisory Board members must remit the compensation paid for their activities on the Supervisory Board to the State of Lower Saxony to the extent that the compensation exceeds EUR 6,200 per year. Compensation in this context means Supervisory Board compensation and attendance fees to the extent the amount of the fees exceeds EUR 200.

13.2.4 Shares held by members of the Supervisory Board

As of December 31, 2013, Dr. jur. Hans-Peter Fischer held 150 preferred shares in the Company, Uwe Fritsch held 2 ordinary shares in the Company, Bernd Osterloh held 30 ordinary shares and 198 preferred shares in the Company, Dr. jur. Hans Michel Piëch held 1,168 preferred shares in the Company, Ursula Piëch held 30 ordinary shares in the Company, Stephan Wolf held 10 ordinary shares in the Company and Thomas Zwiebler held 10 ordinary shares and 173 preferred shares in the Company. The other members of the Supervisory Board did not hold any shares in the Company as of December 31, 2013.

The members of the Supervisory Board Hon.-Prof. Dr. techn. h.c. Dipl.-Ing. ETH Ferdinand K. Piëch, Dr. jur. Hans Michel Piëch, Dr. jur. Ferdinand Oliver Porsche and Dr. rer. comm. Wolfgang Porsche also have an indirect interest in Porsche Automobil Holding SE and Porsche Gesellschaft m.b.H., which collectively hold approximately 53% of the ordinary shares of Volkswagen AG (see also the overview in the section ''*Major Shareholders*'').

13.3 Conflicts of Interest and Related Party Transactions

Some of the members of the Board of Management and the Supervisory Board are also members of executive bodies of Volkswagen Group companies, which are companies in which the Company has a substantial interest, and of key shareholders of the Company, so-called dual mandates.

Such dual mandates are, for example, held by the Chairman of the Supervisory Board of Volkswagen AG, Hon.-Prof. Dr. techn. h.c. Dipl.-Ing. ETH Ferdinand K. Piëch, the Chairman of the Board of Management of Volkswagen AG, Prof. Dr. Dr. h. c. mult. Martin Winterkorn, the CFO of Volkswagen AG, Hans Dieter Pötsch and by the members of the Board of Management of Volkswagen AG, Dr. rer. pol. h.c. Francisco Javier Garcia Sanz and Dr. h.c. Leif Östling, who are simultaneously members of the Board of Directors of Scania AB, with Prof. Dr. Dr. h. c. mult. Martin Winterkorn holding the position of Chairman of the Board of Directors. Prof. Dr. Dr. h. c. mult. Martin Winterkorn, Dr. rer. pol. h.c. Francisco Javier Garcia Sanz, Prof. Dr. rer. pol. Dr.-Ing. E. h. Horst Neumann and Hans Dieter Pötsch are also members of the Supervisory Board of AUDI AG, with Prof. Dr. Dr. h. c. mult. Martin Winterkorn holding the position of Chairman of the Supervisory Board. The member of the Board of Management, Prof. Rupert Stadler, is simultaneously the Chairman of the Board of Management of AUDI AG.

Hon.-Prof. Dr. techn. h.c. Dipl.-Ing. ETH Ferdinand K. Piëch, Chairman of the Supervisory Board, is simultaneously Chairman of the Supervisory Board of MAN SE. The members of the Board of Management of Volkswagen AG, Dr. h.c. Leif Östling, Hans Dieter Pötsch and Prof. Rupert Stadler, as well as Prof. Dr. Dr. h. c. mult. Martin Winterkorn are also members of the Supervisory Board of MAN SE.

Dual mandates also exist in relation to key shareholders of Volkswagen AG and the members of its governing bodies. For example, the Chairman of the Board of Management of Volkswagen AG, Prof. Dr. Dr. h. c. mult. Martin Winterkorn, and the CFO, Hans Dieter Pötsch, are simultaneously members of the Executive Board of Porsche Automobil Holding SE (the Chairman and the CFO, respectively) and members of the Supervisory Board of Dr. Ing. h.c. F. Porsche AG, Porsche Holding Gesellschaft m.b.H., Salzburg, Porsche Austria G.m.b.H., Salzburg, and Porsche Retail G.m.b.H., Salzburg.

Dr. jur. Hans Michel Piëch, Dr. jur. Ferdinand Oliver Porsche, Berthold Huber, Peter Mosch and Bernd Osterloh are simultaneously members of the Supervisory Board of Volkswagen AG and members of the Supervisory Board of Porsche Automobil Holding SE. Hon.-Prof. Dr. techn. h.c. Dipl.-Ing. ETH Ferdinand K. Piëch is simultaneously a member of the Supervisory Board of Porsche Automobil Holding SE and Chairman of the Supervisory Board of Volkswagen AG. Dr. rer. comm. Wolfgang Porsche, Chairman of the Supervisory Board of Porsche Automobil Holding SE, is simultaneously a member of the Supervisory Board of Volkswagen AG.

Hon.-Prof. Dr. techn. h.c. Dipl.-Ing. ETH Ferdinand K. Piëch, Dr. jur. Hans Michel Piëch and Dr. jur. Ferdinand Oliver Porsche are simultaneously members of the Supervisory Board of Volkswagen AG and members of the Supervisory Board of Dr. Ing. h.c. F. Porsche AG. Dr. rer. comm. Wolfgang Porsche, Chairman of the Supervisory Board of Dr. Ing. h.c. F. Porsche AG, is simultaneously a member of the Supervisory Board of Volkswagen AG.

Hon.-Prof. Dr. techn. h.c. Dipl.-Ing. ETH Ferdinand K. Piëch, Dr. jur. Hans Michel Piëch, Dr. jur. Ferdinand Oliver Porsche, Dr. rer. comm. Wolfgang Porsche, Berthold Huber, Peter Mosch and Ursula Piëch are members of the Supervisory Board of Volkswagen AG and members of the Supervisory Board of AUDI AG.

Due to the dual mandates, there could be instances in which there arises a conflict of interest in the structuring of business relationships between Volkswagen companies, as well as with other companies outside the Volkswagen Group, or a disadvantageous exercise of influence over the Volkswagen Group's business. This is particularly the case given the background that, due to the overlap of personnel and the Volkswagen's Group structure, decision-making within the Board of Management and the Supervisory Board cannot take place as independently as would be the case for subsidiaries which are not as connected with their parent company in the same manner. To the extent that conflicts of interest occur, the relevant members deal with them in a responsible manner and in accordance with legal requirements.

There are no employment contracts between Volkswagen AG or any of its subsidiaries and members of the Supervisory Board or the Board of Management of Volkswagen AG which provide for benefits at the end of the employment relationship. In the event of regular termination of service, however, members of the Board of Management of Volkswagen AG are entitled to a pension, including a surviving dependents' pension as well as the use of company cars for the period in which they receive their pension.

Hon.-Prof. Dr. techn. h.c. Dipl.-Ing. ETH Ferdinand K. Piëch, Ursula Piëch, Dr. jur. Hans Michel Piëch, Dr. jur. Ferdinand Oliver Porsche and Dr. rer. comm. Wolfgang Porsche are members of the Supervisory Board and are indirect owners of voting rights in Volkswagen AG, as described above and under "*Major Shareholders*". For information regarding related party transactions involving these persons directly or their affiliates, refer to "*Related Party Transactions — Relationships of the Volkswagen Group with Porsche SE and the Porsche and Piëch families*".

14. EXCHANGE RATE INFORMATION

The following tables sets forth information regarding the noon buying rates for euro in New York City as certified for customs purposes by the Federal Reserve Bank of New York expressed in U.S. dollars per euro during the periods and as of the dates shown (''**noon buying rates**''). The average exchange rate for the periods shown is the average of the month-end rates during the period, except for monthly average rates, which are determined by averaging the daily rates during the respective months. Unless otherwise noted, the rate used for the translations was U.S.$ 1.3779 per EUR 1.00, the noon buying rate on December 31, 2013. On May 14, 2014, the euro market bid price at noon New York time as indicated by Bloomberg was EUR 0.7290 per U.S.$1.00, which equates to U.S.$1.3717 per EUR 1.00.

Solely for the convenience of the reader, this Offering Memorandum contains translations of certain euro amounts into U.S. dollars at specified rates. These translations should not be construed as representations that the euro amounts actually represent such U.S. dollar amounts or could be converted into U.S. dollars at the rate indicated.

The following tables show the noon buying rates in U.S. dollars per euro.

Year Ended December 31,	High	Low	Average	Period End
2009	1.5100	1.2547	1.3936	1.4332
2010	1.4536	1.1959	1.3262	1.3269
2011	1.4875	1.2926	1.3931	1.2973
2012	1.3463	1.2062	1.2909	1.3186
2013	1.3816	1.2774	1.3283	1.3779

Year Ending December 31, 2014	High	Low	Average	Period End
First Quarter	1.3927	1.3500	1.3705	1.3777
April, 2014	1.3898	1.3704	1.3810	1.3870

The above rates may vary slightly from the rates used for translating foreign currencies into euro in the preparation of the consolidated financial statements of Volkswagen AG.

15. TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions (the "Conditions") that shall be applicable to the U.S.$1,450,000,000 1.250% Notes due 2017 (the "A Notes"), the U.S.$1,000,000,000 2.125% Notes due 2019 (the "B Notes"), the U.S.$500,000,000 Floating Rate Notes due 2017 (the "C Notes"), the U.S.$250,000,000 Floating Rate Notes due 2016 (the "D Notes") and the U.S.$300,000,000 Floating Rate Notes due 2015 (the "E Notes" and, together with the A Notes, the B Notes, the C Notes and the D Notes, the "Notes"). These terms and conditions shall be incorporated by reference into each Global Note (as defined below) and each Note in definitive form. All capitalized terms that are not defined in these Conditions will have the meanings given to them in the Fiscal and Paying Agency Agreement (as defined below).

Unless the context requires otherwise, references in these Conditions to any law, statutory provision or legislative enactment of mandatory effect are subject to amendment to the extent that such law, provision or legislative enactment is altered or re-enacted with retroactive effect.

References herein to the Notes shall mean (i) the global Notes (each, a "**Global Note**") and (ii) any Notes in definitive form.

The Notes are issued on May 23, 2014 (the "**Issue Date**") pursuant to a fiscal and paying agency agreement dated May 21, 2014 (as amended and supplemented from time to time, the "**Fiscal and Paying Agency Agreement**") among Volkswagen Group of America Finance, LLC (the "**Issuer**"), Volkswagen Aktiengesellschaft (the "**Guarantor**"), Citibank, N.A., London Branch as fiscal agent, calculation agent, transfer agent and paying agent (the "**Fiscal Agent**", "**Calculation Agent**", "**Transfer Agent**" and "**Paying Agent**", respectively) and Citigroup Global Markets Deutschland AG as registrar (the "**Registrar**" and, together with the Fiscal Agent, the Calculation Agent, the Transfer Agent and the Paying Agent, the "**Agents**"), and with the benefit of a deed of covenant dated the Issue Date and executed by the Issuer in relation to the Notes (as amended and supplemented from time to time, the "**Deed of Covenant**"), and a Guarantee dated the Issue Date and executed by the Guarantor in relation to the guarantee of the Notes (as amended and supplemented from time to time, the "**Guarantee**"). The Noteholders (as defined herein) are deemed to have notice of all of the provisions of the Fiscal and Paying Agency Agreement, the Deed of Covenant and the Guarantee applicable to them.

The Notes will be unconditionally and irrevocably guaranteed by Volkswagen Aktiengesellschaft, in its capacity as Guarantor, pursuant to the Guarantee. Under the Guarantee, the Guarantor has guaranteed the due and punctual payment of all amounts due under the Notes and the Deed of Covenant as and when the same shall become due and payable. The original of the Guarantee is held by the Fiscal Agent on behalf of the Noteholders.

The Notes that are initially offered and sold in the United States to persons who are both qualified institutional buyers (each, a "**Qualified Institutional Buyer**") (as defined in Rule 144A ("**Rule 144A**") under the U.S. Securities Act of 1933, as amended (the "**Securities Act**")) and qualified purchasers (each, a "**Qualified Purchaser**") (as defined in Section 2(a)(51) of the U.S. Investment Company Act of 1940, as amended (the "**Investment Company Act**")) will be represented by beneficial interests in one or more global notes (the "**Rule 144A Global Notes**") in registered form without interest coupons, which will be deposited on or about the Issue Date with the custodian for, and registered in the name of Cede & Co. as nominee of, The Depository Trust Company ("**DTC**").

The Notes that are offered and sold in reliance on Regulation S ("**Regulation S**") under the Securities Act will be represented by beneficial interests in one or more global notes (the "**Regulation S Global Notes**") in registered form without interest coupons, which will be deposited on or about the Issue Date with, and registered in the name of a nominee for, a common depositary for Euroclear Bank SA/NV, as operator of the Euroclear System ("**Euroclear**") and Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**").

As used herein, the term "**Global Notes**" refers to both the Rule 144A Global Notes and the Regulation S Global Notes.

Beneficial interests in the Rule 144A Global Notes may be held only through DTC (or any successor clearing system) and its participants. Beneficial interests in the Regulation S Global Notes may be held only through Euroclear or Clearstream, Luxembourg (or any respective successor clearing system) and their respective participants. Investors may hold their interests in the Global Notes directly through DTC, Euroclear or Clearstream, Luxembourg if they are participants in the respective clearing system or indirectly through organizations which are participants in the respective clearing system.

Noteholders will hold beneficial interests in the Global Notes through DTC, Euroclear or Clearstream, Luxembourg, as the case may be, in book-entry form. Notes in definitive form will only be issued under the limited circumstances set forth below.

The Notes (including any beneficial interest in a Global Note) will be subject to certain restrictions on transfer set forth in the Notes and the Fiscal and Paying Agency Agreement. The Global Notes and any Notes issued in definitive form will bear a legend regarding the restrictions as set forth under "**Purchase and Transfer Restrictions**" of the offering memorandum dated May 15, 2014 relating to the Notes (the "**Offering Memorandum**"). Under certain circumstances, transfers may be made only upon receipt by the Registrar and Transfer Agent of a written certification (in the form provided in the Fiscal and Paying Agency Agreement). By acquisition of an interest in a Global Note, the investor is deemed to understand that the Issuer may receive a list of participants holding positions in its securities from one or more book-entry depositories.

The Notes will not be listed on any securities exchange or quoted on any automated quotation system. There is currently no public market for the Notes.

Any reference to "**Noteholders**" or "**holders**" shall mean the persons in whose name the Notes are registered and shall, in relation to any Notes represented by a Global Note, be construed as provided below.

Copies of the Fiscal and Paying Agency Agreement, the Deed of Covenant and the Guarantee are available for inspection at the specified offices of each of the Agents.

The statements in these Terms and Conditions include summaries of, and are subject to, the detailed provisions of the Fiscal and Paying Agency Agreement.

1. Form, Denomination and Title

The Notes will be issued only in registered form and serially numbered, in denominations of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof (the "**Specified Denomination**").

Subject as set out below, title to the Notes will pass upon registration of transfers in accordance with the provisions of the Fiscal and Paying Agency Agreement. The Issuer, the Guarantor and any Agent will (except as otherwise required by law or ordered by a court having jurisdiction or an official authority) deem and treat the registered holder of any Note as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any Global Note, without prejudice to the provisions set out in the next two succeeding paragraphs.

For so long as any of the Notes is represented by a Regulation S Global Note held on behalf of Euroclear and/or Clearstream, Luxembourg, each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Guarantor and the Agents as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes, for which purpose the registered holder of the relevant Regulation S Global Note shall be treated by the Issuer, the Guarantor and any Agent as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Global Note and the expressions ''**Noteholder**'' and ''**holder of Notes**'' and related expressions shall be construed accordingly.

For so long as DTC or its nominee is the registered owner or holder of a Rule 144A Global Note, DTC or such nominee, as the case may be, will be considered the sole owner or holder of the Notes represented by such Rule 144A Global Note for all purposes under the Fiscal and Paying Agency Agreement and the Notes, except to the extent that, in accordance with DTC's published rules and procedures, any ownership rights may be exercised by its participants or beneficial owners through participants.

Notes that are represented by a Global Note will be transferable only in accordance with the rules and procedures for the time being of DTC, Euroclear and Clearstream, Luxembourg, as the case may be.

2. Transfers

(a) Transfers within Global Notes: Subject to the procedures and limitations described in the Fiscal and Paying Agency Agreement, including the transfer restrictions set forth in Schedule 3 thereto, transfers of beneficial interests within a Global Note may be made without delivery to the Issuer, the Guarantor or the Fiscal Agent of any written certifications or other documentation by the transferor or transferee.

(b) Transfers of interests in Global Notes: Transfers of beneficial interests in Global Notes will be effected by DTC, Euroclear or Clearstream, Luxembourg, as the case may be, and, in turn, by other participants and, if appropriate, indirect participants in such clearing systems acting on behalf of beneficial transferors and transferees of such interests. A beneficial interest in a Global Note will, subject to compliance with all applicable legal and regulatory restrictions, be transferable for Notes in definitive form or for a beneficial interest in another Global Note only in Specified Denominations and only in accordance with the rules and operating procedures for the time being of DTC, Euroclear or Clearstream, Luxembourg, as the case may be, and in accordance with the terms and conditions specified in the Fiscal and Paying Agency Agreement. Transfers of a Rule 144A Global Note shall be limited to transfers of such Rule 144A Global Note, in whole but not in part, to another nominee of DTC or to a successor of DTC or such successor's nominee. Transfers of a Regulation S Global Note shall be limited to transfers of such Regulation S Global Note, in whole but not in part, to another nominee of Euroclear and Clearstream, Luxembourg or to a successor of Euroclear or Clearstream, Luxembourg or such successor's nominee.

(c) Transfers between the Global Notes: A beneficial interest in a Regulation S Global Note may be transferred to a person who wishes to take delivery of such beneficial interest through a Rule 144A Global Note only upon receipt by the Transfer Agent of a written certification (in the form provided in the Fiscal and Paying Agency Agreement) from the transferor to the effect that the transferor (i) reasonably believes that the transferee is a Qualified Institutional Buyer who is also a Qualified Purchaser purchasing for its own account (or for the account of one or more Qualified Institutional Buyers over which account it exercises sole investment discretion), (ii) is transferring such note in a transaction meeting the requirements of Rule 144A and (iii) has notified the transferee of the restrictions on transfer and the representations set forth under the heading on transfer set forth under the heading ''*Purchase and Transfer Restrictions*'' of the Offering Memorandum.

Beneficial interests in a Rule 144A Global Note may be transferred to a person who takes delivery in the form of an interest in a Rule 144A Global Note without any written certification from the transferor or the transferee, and each transferee of a Rule 144A Global Note, in making its purchase, will be subject to certain restrictions and must be able to make and will be deemed to have made certain acknowledgements, representations and agreements for itself and for each account for which it is purchasing as set forth under the heading ''*Purchase and Transfer Restrictions — Rule 144A Notes*'' of the Offering Memorandum.

Beneficial interests in a Rule 144A Global Note may be transferred to a person who takes delivery in the form of an interest in a Regulation S Global Note only upon receipt by the Transfer Agent of a written certification (in the form provided in the Fiscal and Paying Agency Agreement) from the transferor to the effect that such transfer is being made in compliance with the restrictions and representations set forth under the heading ''*Purchase and Transfer Restrictions*'' of the Offering Memorandum and in accordance with Rule 904 of Regulation S. No representation can be made by the Issuer as to the availability of the exemption provided by Rule 144 for resale of an interest in a Rule 144A Global Note.

Any beneficial interest in a Rule 144A Global Note that is transferred to a person who takes delivery in the form of a beneficial interest in a Regulation S Global Note will, upon transfer, cease to be a beneficial interest in such Rule 144A Global Note and will become a beneficial interest in the Regulation S Global Note and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to a beneficial interest in such Regulation S Global Note for so long as such person retains such an interest.

Any beneficial interest in a Regulation S Global Note that is transferred to a person who takes delivery in the form of a beneficial interest in a Rule 144A Global Note will, upon transfer, cease to be a beneficial interest in such Regulation S Global Note and will become a beneficial interest in the Rule 144A Global Note and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to a beneficial interest in such Rule 144A Global Note for so long as such person retains such an interest.

(d) Transfers or Exchanges from Global Notes to Definitive Notes: Each Global Note may be exchangeable, in whole or in part, for Notes in definitive, registered form (each, a ''**Definitive Note**''):

(i) if the Global Note is held by or on behalf of DTC:

(A) if DTC notifies the Issuer that it is unwilling or unable to hold the applicable Global Note or DTC ceases to be a clearing agency registered under the U.S. Securities Exchange Act of 1934, as amended (the ''**Exchange Act**''), and in each case the Issuer does not appoint a successor depositary which shall be registered under the Exchange Act within 90 days of the Issuer's receiving such notice or DTC's ceasing to be so registered;

(B) if a payment default has occurred and is continuing; or

(C) if, in the event of a bankruptcy or liquidation default pursuant to Condition 10(d) and (e) respectively, the Issuer (or failing whom, the Guarantor) fails to make payment on the Notes when due.

(ii) if the Global Note is held by or on behalf of Euroclear or Clearstream, Luxembourg:

(A) if Euroclear or Clearstream, Luxembourg, as the case may be, is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business

(B) if a payment default has occurred and is continuing; or

(C) if, in the event of a bankruptcy or liquidation default pursuant to Condition 10(d) and (e) respectively, the Issuer (or failing whom, the Guarantor) fails to make payment on the Notes when due.

(e) Transfer of Definitive Notes: Upon the terms and subject to the conditions set forth in the Fiscal and Paying Agency Agreement, a Definitive Note may be transferred in whole or in part (in Specified Denominations). In order to effect any such transfer (i) the holder or holders must (A) surrender the Note for registration of the transfer of the Note (or the relevant part of the Note) at the specified office of the Registrar or the Transfer Agent, with the form of transfer thereon duly executed by the holder or holders thereof or his or their attorney or attorneys duly authorized in writing and (B) complete and deposit such other certifications as may be required by the Registrar or, as the case may be, the Transfer Agent and

(ii) the Registrar or, as the case may be, the Transfer Agent must, after due and careful enquiry, be satisfied with the documents of title and the identity of the person making the request. Any such transfer will be subject to such reasonable regulations as the Issuer and the Registrar may from time to time prescribe (the initial such regulations being set out in Schedule 3 to the Fiscal and Paying Agency Agreement). Subject as provided above, the Registrar or, as the case may be, the Transfer Agent will, within five business days (being for this purpose a day, other than a Saturday or Sunday, on which banks are open for business in the city where the specified office of the Registrar or, as the case may be, the relevant Transfer Agent is located (a ''**Definitive Note Business Day**'')) of the request (or such longer period as may be required to comply with any applicable fiscal or other laws or regulations) authenticate and deliver, or procure the authentication and delivery of, at its specified office to the transferee or (at the risk of the transferee) send by uninsured mail to such address as the transferee may request, a new Definitive Note of a like aggregate nominal amount to the Note (or the relevant part of the Note) transferred. In the case of the transfer of part only of a Definitive Note, a new Definitive Note in respect of the balance of the Note not transferred will be so authenticated and delivered or (at the risk of the transferor) sent by uninsured mail to the address of the transferor as the transferor may request.

Upon the transfer, exchange or replacement of Definitive Notes set forth in Schedule 1, Part III to the Fiscal and Paying Agency Agreement, the Issuer will deliver only Definitive Notes that bear such legend.

(f) Exchange and Costs: Exchanges and transfers of Notes on registration, transfer or partial redemption shall be effected without charge by or on behalf of the Issuer, the Registrar or the Transfer Agents, but upon payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity as the Registrar or the relevant Transfer Agent may require), which tax or charge shall be borne by the relevant Noteholder. Holders of Definitive Notes may exchange such Notes for interests in a Global Note of the same type at any time.

3. Status of the Notes and the Guarantee

(a) Notes: The Notes constitute direct, unconditional, unsubordinated and (subject to Condition 4) unsecured obligations of the Issuer and shall at all times rank pari passu and without any preference among themselves. The payment obligations of the Issuer under the Notes and of the Guarantor under the Guarantee shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 4, at all times rank at least equally with all other unsecured and unsubordinated indebtedness of the Issuer and the Guarantor, respectively, present and future.

(b) Guarantee: The Guarantor has unconditionally and irrevocably guaranteed the due payment of all sums expressed to be payable by the Issuer under the Notes. Its obligations in that respect are contained in the Guarantee. The Guarantee will be the direct, unconditional, unsubordinated and (subject to Condition 4) unsecured obligations of the Guarantor and shall at all times rank pari passu with all other outstanding unsecured and unsubordinated obligations of the Guarantor, present and future.

4. Negative Pledge

(a) So long as any of the Notes remain outstanding (as defined in the Fiscal and Paying Agency Agreement), the Issuer shall not create or permit to subsist any mortgage, charge, pledge, lien or other form of encumbrance or security interest (each, a ''**Security Interest**'') upon the whole or any part of its respective assets or revenues of whatever nature present or future, to secure any notes or bonds, or any guarantee of or indemnity in respect of thereof, unless at the same time or prior thereto the Issuer's obligations under the Notes are secured equally and ratably therewith or benefit from a Security Interest or guarantee or indemnity in substantially identical terms thereto to the extent permitted by applicable law or regulation. For the avoidance of doubt, this undertaking shall not apply to any Security Interest provided in connection with asset backed securities issued by the Issuer, or by a special purpose vehicle where the Issuer is the originator of the underlying assets.

(b) So long as any of the Notes remain outstanding (as defined in the Fiscal and Paying Agency Agreement), neither the Guarantor nor any of the Guarantor's Principal Subsidiaries (as defined below) shall create or permit to subsist any Security Interest upon the whole or any part of its respective assets or revenues of whatever nature present or future, to secure any Relevant Debt (as defined below) or any guarantee of or indemnity in respect thereof, unless at the same time or prior thereto the Issuer's obligations under the Notes are secured equally and ratably therewith or benefit from a Security Interest or guarantee or indemnity in substantially identical terms thereto to the extent permitted by applicable law or regulation. For the avoidance of doubt, this undertaking shall not apply to any Security Interest provided in connection with asset backed securities issued by the Guarantor or any of the Guarantor's Principal Subsidiaries, or by a special purpose vehicle where the Guarantor or any of the Guarantor's Principal Subsidiaries is the originator of the underlying assets.

''**Relevant Debt**'' means any present or future indebtedness for borrowed money in the form of, or represented by, bonds, notes or other securities that are for the time being, or are capable of being, quoted, listed or ordinarily dealt in on any stock exchange, over-the-counter market or other securities market.

''**Principal Subsidiary**'' means at any time

(a) each of AUDI AG, Porsche AG, SEAT S.A., ŠKODA Auto A.S., Volkswagen Financial Services AG, Volkswagen Bank GmbH and Volkswagen Leasing GmbH; and

(b) any Subsidiary of Volkswagen Aktiengesellschaft (other than a Securitization Entity) which has consolidated sales revenues which exceed 10% of the consolidated total sales revenues of the Volkswagen Group. Compliance with this provision shall be determined by reference to the most recent audited consolidated profit and loss accounts of the Volkswagen Group and such Subsidiary.

''**Securitization Entity**'' means a special purpose entity created to facilitate one or more financings of receivables, loans, installment sales contracts, leases and/or leased assets, floor plan or other loans or leases to vehicle dealers or similar or related assets and for which Volkswagen Aktiengesellschaft and its Principal Subsidiaries do not provide recourse for credit losses or residual value losses.

''**Subsidiary**'' means, as to any Person, any corporation, association or other business entity in which such Person or one or more of its Subsidiaries or such Person and one or more of its Subsidiaries owns sufficient equity or voting interests to enable it or them (as a group) ordinarily, in the absence of contingencies, to elect a majority of the directors (or Persons performing similar functions) of such entity, and any partnership or joint venture if more than a 50% interest in the profits or capital thereof is owned by such Person or one or more of its Subsidiaries or such Person and one or more of its Subsidiaries (unless such partnership can and does ordinarily take major business actions without the prior approval of such Person or one or more of its Subsidiaries).

''**Person**'' means an individual, partnership, corporation, limited liability company, association, trust, unincorporated organization, or a government or agency or political subdivision thereof.

''**Volkswagen Group**'' means Volkswagen Aktiengesellschaft together with its consolidated subsidiaries, including the Issuer.

5. Interest

(a) Fixed Interest Rate: Each of the A Notes and the B Notes (together, the ''**Fixed Rate Notes**'') bears interest from and including the Issue Date at a rate of 1.250% per annum in the case of the A Notes (the ''**A Note Rate of Interest**'') and 2.125% per annum in the case of the B Notes (the ''**B Note Rate of Interest**''), payable semi-annually in arrears on May 23 and November 23 in each year (each, a ''**Fixed Rate Interest Payment Date**'') commencing on November 23, 2014 up to (and including) May 23, 2017 in the case of the A Notes (the ''**A Note Maturity Date**'') and May 23, 2019 in the case of the B Notes (the ''**B Note Maturity Date**''). The amount of interest payable on the Fixed Rate Notes on a Fixed Rate Interest Payment Date shall be calculated on the basis of a 360-day year consisting of twelve 30-day months (unadjusted, following Payment Day).

(b) Floating Interest Rate:

(i) Each of the C Notes, the D Notes and the E Notes (together, the ''**Floating Rate Notes**'') bears interest from and including the Issue Date at a floating interest rate of U.S.$ LIBOR plus 0.37% per annum in the case of the C Notes (the ''**C Note Rate of Interest**''), U.S.$ LIBOR plus 0.22% per annum in the case of the D Notes (the ''**D Note Rate of Interest**'') and U.S.$ LIBOR plus 0.17% per annum in the case of the E Notes (the ''**E Note Rate of Interest**'' and, together with the A Note Rate of Interest, the B Note Rate of Interest, the C Note Rate of Interest and the D Note Rate of Interest, the ''**Rates of Interest**'' and each, a ''**Rate of Interest**''), payable quarterly in arrears on February 23, May 23, August 23 and November 23 in each year (each, a ''**Floating Rate Interest Payment Date**'') commencing on August 23, 2014 up to (and including) May 23, 2017 in the case of the C Notes (the ''**C Note Maturity Date**''), May 23, 2016 in the case of the D Notes (the ''**D Note Maturity Date**'') and November 23, 2015 in the case of the E Notes (the ''**E Note Maturity Date**'' and, together with the A Note Maturity Date, the B Note Maturity Date, the C Note Maturity Date and the D Note Maturity Date, the ''**Maturity Dates**'' and each, a ''**Maturity Date**''). The amount of interest payable on the Floating Rate Notes on a Floating Rate Interest Payment Date shall be calculated on the basis of the actual number of days in the relevant Floating Rate Interest Period divided by 360 (adjusted, modified following Payment Day).

''**U.S.$ LIBOR**'' means, with respect to each Floating Rate Interest Period, the interest rate (determined by the Calculation Agent as of the Interest Determination Date immediately preceding such Floating Rate Interest Period) on the basis of the offered rate (expressed as a percentage per annum) for deposits in U.S. dollars for a period equal to such Floating Rate Interest Period, commencing on the second London Business Day immediately following such Interest Determination Date, which appears on the display page designated LIBOR01 on the Reuters Service (or any other such page as may replace that page on that service, or such other service as may be nominated as the information vendor for the purpose of displaying comparable rates) as of approximately 11:00 a.m. London time, on such Interest Determination Date. With respect to an Interest Determination Date on which no rate appears on the Reuters LIBOR Page as of approximately 11:00 a.m., London time, on such Interest Determination Date, the Calculation Agent will request the principal London offices of each of four major reference banks in the London interbank market to provide the Calculation Agent with a quotation of the rate at which deposits of U.S. dollars for a period equal to such Floating Rate Interest Period, commencing on the second London Business Day immediately following such Interest Determination Date, are offered by it to prime banks in the London interbank market as of approximately 11:00 a.m., London time, on such Interest Determination Date in an amount that is representative for a single transaction in that market at that time. If fewer than two such quotations are provided, U.S.$ LIBOR for such Interest Determination Date will be the arithmetic mean of the rates quoted as of approximately 11:00 a.m., N.Y. City time, on such Interest Determination Date by three major banks in the City of New York selected by the Calculation Agent for loans in U.S. dollars to leading European banks for a period equal to such Floating Rate Interest Period, commencing on the second London Business Day immediately following such Interest Determination Date and in an amount that is representative for a single transaction in that market at that time.

''**Floating Rate Interest Period**'' means the period beginning on (and including) the Issue Date and ending on (but excluding) the first Floating Rate Interest Payment Date and each successive period beginning on (and including) a Floating Rate Interest Payment Date and ending on (but excluding) the next succeeding Floating Rate Interest Payment Date; *provided* that if any Floating Rate Interest Payment Date falls on a day that is not a Payment Day, such Floating Rate Interest Payment Date shall for the purpose of this definition be deemed to fall on the next day that is a Payment Day, unless that day falls in the next calendar month, in which case such Floating Rate Interest Payment Date shall be deemed to fall on the immediately preceding Payment Day. ''**Payment Day**'' means any day which is a day on which (a) the Trans-European Automated Real-time Gross settlement Express Transfer system (TARGET2) is open for business and (b) commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in New York City.

''**Interest Determination Date**'' for a Floating Rate Interest Period means the second London Business Day prior to the first day of such Floating Rate Interest Period.

''**London Business Day**'' means any day that is not a Saturday or Sunday, and that is not a day on which banking institutions are generally authorized or obligated by law, regulation or executive order to close in London.

(i) The Calculation Agent will, as soon as practicable after 11:00 a.m., London time, on each Interest Determination Date in relation to each Floating Rate Interest Period, calculate the amount of interest (the ''**Floating Rate Interest Amount**'') payable in respect of each Floating Rate Note for such Floating Rate Interest Period. The Floating Rate Interest Amount will be calculated by applying the relevant Rate of Interest in respect of such Floating Rate Note for such Floating Rate Interest Period to an increment of U.S.$1,000 (rounding the resultant figure to the nearest whole cent, with U.S.$0.005 rounded upwards), multiplied by the nominal amount of such Floating Rate Note divided by 1,000.

(ii) All determinations, calculations and quotations made or obtained for the purposes of calculating each Rate of Interest in respect of the Floating Rate Notes and each Floating Rate Interest Amount, whether by the Calculation Agent or the relevant banks in the London or New York interbank market (or any of them) will, in the absence of willful default or manifest error, be binding on the Issuer, the Calculation Agent, the Paying Agent, the Fiscal Agent and all holders of the Floating Rate Notes. No holder shall, in the absence of willful default or manifest error, be entitled to proceed against the Calculation Agent, the Paying Agent, the Fiscal Agent or the relevant banks in the London or New York interbank market (or any of them) in connection with the exercise or non-exercise by them of their powers, duties and discretions.

(iii) The Calculation Agent will cause the C Note Rate of Interest, the D Note Rate of Interest and the E Note Rate of Interest, and the Floating Rate Interest Amount for each respective Floating Rate Interest Period and the relevant Floating Rate Interest Payment Date to be notified in accordance with Condition 14 (*Notices*) on or as soon as practicable after the Interest Determination Date. If the Floating Rate Notes become due and payable pursuant to Condition 6(b) (*Redemption, Purchase and Cancellation — Redemption for Tax Reasons*) or Condition 10 (*Events of Default*) other than on a Floating Rate Interest Payment Date, the accrued interest and the Floating Interest Rate payable in respect of the Floating Rate Notes shall nevertheless continue to be calculated as previously described by the Calculation Agent in accordance with this provision but no publication of the relevant Rate of Interest for the Floating Rate Notes or the Floating Rate Interest Amount so calculated need be made.

(c) Accrual of Interest: Interest shall cease to accrue on each Note on the due date for redemption unless, upon due presentation, payment is improperly withheld or refused, in which event interest shall continue to accrue at the relevant Rate of Interest until the earlier of the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Noteholders that, with immediate effect, upon further presentation of the Note being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation.

6. Redemption, Purchase and Cancellation

(a) Final Redemption: Unless previously redeemed or purchased and cancelled as provided below, each Note shall be finally redeemed on the relevant Maturity Date specified herein, in each case at its principal amount in U.S. dollars.

(b) Redemption for Taxation Reasons: The A Notes, the B Notes, the C Notes, the D Notes or the E Notes or all of the Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Noteholders in accordance with

Condition 14 (which notice shall be irrevocable), if: (i) the Issuer or the Guarantor (or any successor to the Issuer or the Guarantor) has or will become obliged to pay Additional Amounts (as defined in Condition 8) as a result of any change in, or amendment to, the laws or regulations of any Tax Jurisdiction (as defined in Condition 8), or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date of the Offering Memorandum (or, in the case of a successor to the Issuer or the Guarantor that is organized in or a resident for tax purposes of a jurisdiction other than the United States or Germany, the date of such succession), and (ii) such obligation cannot be avoided by the Issuer (or the Guarantor, as the case may be) taking reasonable measures available to it; provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer (or the Guarantor, as the case may be) would be obliged to pay such Additional Amounts were a payment in respect of the Notes to be redeemed (or the Guarantee, as the case may be) then due. Before the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Fiscal Agent a certificate signed by a duly authorized officer of the Issuer (or the Guarantor, as the case may be) stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal advisers of recognized standing to the effect that the Issuer (or the Guarantor, as the case may be) has or will become obliged to pay such Additional Amounts as a result of such change or amendment. Notes redeemed pursuant to this Condition 6(b) will be redeemed at a price equal to 100% of the principal amount of the Notes to be redeemed then outstanding plus accrued and unpaid interest on the principal amount being redeemed (and all Additional Amounts, if any) to (but excluding) the date of redemption.

(c) Redemption at the Option of the Issuer: The Issuer may redeem the A Notes or the B Notes, in whole or in part, at any time and from time to time at the Issuer's election, upon not less than 30 nor more than 60 days' notice in accordance with Condition 14, at a redemption price equal to the greater of (i) 100% of the principal amount of the Notes to be redeemed, and (ii) as determined by the Quotation Agent (as defined below), the sum of the present values of the remaining scheduled payments of principal and interest on the Notes to be redeemed (not including any portion of such payments of interest accrued as of the date of redemption) discounted to the date of redemption on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate (as defined below) plus 10 basis points for the A Notes and 10 basis points for the B Notes plus, in each case, accrued and unpaid interest thereon to the date of redemption. In connection with such optional redemption, the following defined terms apply:

"**Treasury Rate**" means, with respect to any redemption date, the rate per annum equal to the semiannual equivalent yield to maturity of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date;

"**Comparable Treasury Issue**" means the U.S. Treasury security selected by the Quotation Agent as having a maturity comparable to the remaining term of the Notes to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the Notes to be redeemed;

"**Comparable Treasury Price**" means, with respect to any redemption date, (i) the average of the Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest such Reference Treasury Dealer Quotations, or (ii) if the Fiscal Agent obtains fewer than three such Reference Treasury Dealer Quotations, the average of all such quotations;

"**Quotation Agent**" means the Reference Treasury Dealer appointed by the Issuer;

"**Reference Treasury Dealer**" means (i) each of BNP Paribas Securities Corp., Citigroup Global Markets Inc., Merrill Lynch, Pierce, Fenner & Smith Incorporated and RBS Securities Inc. or their respective applicable affiliate dealers and their respective successors; provided, however, that if the foregoing shall cease to be a primary U.S. Government securities dealer in New York City (a "**Primary**

Treasury Dealer''), the Issuer shall substitute therefor another Primary Treasury Dealer; and (ii) at least two other Primary Treasury Dealers selected by the Issuer; and

''**Reference Treasury Dealer Quotations**'' means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Quotation Agent, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Fiscal Agent by such Reference Treasury Dealer at 5:00 p.m., Eastern Standard Time, on the third business day preceding such redemption date.

(d) Purchases: The Issuer, the Guarantor and any of their subsidiaries may at any time purchase Notes in the open market or otherwise at any price. Such Notes may be held, resold (subject to the restrictions on sale and resale set forth in the Fiscal and Paying Agency Agreement) or, at the option of the Issuer, surrendered to the Fiscal Agent or Registrar, as the case may be, for cancellation. Any Notes so purchased, while held by or on behalf of the Issuer, the Guarantor or any of their respective subsidiaries, shall not entitle the holder to vote at any meeting of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Condition 11(a).

(e) Cancellation: Any Notes purchased by or on behalf of the Issuer, the Guarantor or any of their subsidiaries may, at the option of the Issuer, Guarantor or the relevant subsidiary, as the case may be, be surrendered for cancellation. Any Notes so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer and the Guarantor in respect of any such Notes shall be discharged.

7. Payments

(a) Method of Payment: Subject as provided below, payments will be made by credit or transfer to an account in U.S. dollars maintained by the payee with, or, at the option of the payee, by a check in U.S. dollars drawn on, a bank in New York City. Payments will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 8.

(b) Payment procedures:

(i) Payments of principal in respect of each Note (whether or not in global form) will be made against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the Note at the specified office of the Registrar or any of the Paying Agent. Such payments will be made by transfer to the Designated Account (as defined below) of the holder (or the first named of joint holders) of the Note appearing in the register of holders of the Notes maintained by the Registrar (the ''**Register**'') at the close of business on the business day (being for this purpose a day on which banks are open for general business in the city where the specified office of the Registrar is located) prior to the relevant due date (the ''**Record Date**''). If (i) a holder does not have a Designated Account or (ii) the principal amount of the Notes held by a holder is less than U.S.$1,000,000, payment will instead be made by a check in U.S. dollars drawn on a Designated Bank (as defined below). For these purposes, ''**Designated Account**'' means the account maintained by a holder with a Designated Bank and identified as such in the Register and ''**Designated Bank**'' means a bank in New York City.

(ii) Payments of interest in respect of each Note (whether or not in global form) will be made by transfer to the Designated Account of the holder (or the first named of joint holders) of the Note appearing in the Register at the close of business on the Record Date (or in the case of Notes in definitive form, at the close of business on the 15th day (whether or not such 15th day is a business day) before the Record Date) at his address shown in the Register on the Record Date. If a holder does not have a Designated Account, payment will instead be made by a check in U.S. dollars drawn on a Designated Bank. Payment of the interest due in respect of each Note on redemption and the final installment of principal will be made in the same manner as payment of the principal amount of such Note.

(iii) Holders will not be entitled to any interest or other payment for any delay in receiving any amount due in respect of any Note as a result of a check posted in accordance with this Condition arriving after the due date for payment or being lost in the post. No commissions or expenses shall be charged to such holders by the Registrar in respect of any payments of principal or interest in respect of the Notes.

(iv) None of the Issuer, the Guarantor and the Agents will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

(c) General provisions concerning payments: The holder of a Global Note shall be the only person entitled to receive payments in respect of Notes represented by such Global Note and the Issuer or, as the case may be, the Guarantor will be discharged by payment to, or to the order of, the holder of such Global Note in respect of each amount so paid. Each of the persons shown in the records of DTC, Euroclear or Clearstream, Luxembourg as the beneficial holder of a particular nominal amount of Notes represented by such Global Note must look solely to DTC, Euroclear or Clearstream, Luxembourg, as the case may be, for his share of each payment so made by the Issuer or, as the case may be, the Guarantor to, or to the order of, the holder of such Global Note. Street name and other indirect holders should consult their banks or brokers for information on how they will receive payments.

(d) Payment day:

(i) Fixed Rate Notes. If the date for payment of any amount in respect of any Fixed Rate Note is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day and shall not be entitled to further interest or other payment in respect of such delay.

(ii) Floating Rate Notes. If the date for payment of any amount in respect of any Floating Rate Note is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day, unless that day falls in the next calendar month, in which case the holder thereof shall be entitled to payment on the immediately preceding Payment Day.

(e) Interpretation of principal and interest: References in these Conditions to (i) "**principal**" shall be deemed to include any premium payable in respect of the Notes and all other amounts in the nature of principal payable pursuant to Condition 6 or any amendment or supplement to it, (ii) "**interest**" shall be deemed to include all interest amounts and all other amounts payable pursuant to Condition 5 or any amendment or supplement to it and (iii) "**principal**" and/or "**interest**" shall be deemed to include any Additional Amounts that may be payable under this Condition.

8. Taxation

All payments of principal and interest in respect of the Notes or under the Guarantee by or on behalf of the Issuer or the Guarantor shall be made free and clear of, and without withholding or deduction for, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by any Tax Jurisdiction (as defined below), unless such withholding or deduction is required by law. In that event, the Issuer or the Guarantor, as the case may be, shall pay such additional amounts (the "**Additional Amounts**") as shall result in receipt by holders that are not subject to income tax in the United States on a net income basis of such amounts as would have been received by them had no such withholding or deduction been required, except that no such Additional Amounts shall be payable:

(a) in respect of any tax, assessment or governmental charge (including backup withholding) that would not have been so withheld or deducted but for:

(i) the beneficial owner or the holder, or a fiduciary, settlor, beneficiary, member or shareholder of, or possessor of a power over, the holder if the holder is an estate, trust, partnership, limited liability company, corporation or other entity, or a person holding a power over an estate or trust administered by a fiduciary holder, being considered as: (w) being or having been present or engaged in a trade or business in the United States or having or having had a permanent establishment in the United States, (x) having a current or former relationship with the United States, including a relationship as a citizen or resident thereof, (y) being or having been a foreign or domestic personal holding company, a passive foreign investment company or a controlled foreign corporation with respect to the United States, a corporation that has accumulated earnings to avoid United States federal income tax or a private foundation or other tax-exempt organization, (z) being or having been a ''10-percent shareholder'' of the Company as defined in section 871(h)(3) of the United States Internal Revenue Code of 1986, as amended, or the Code, or any successor provision or being or having been a bank whose receipt of interest on a note is described in section 881(c)(3)(A) of the Code or any successor provision;

(ii) the failure of the holder or any other person to comply with certification, information, documentation, reporting or other similar requirements concerning the nationality, residence, identity or connection with the United States of the holder or beneficial owner of such note, (including, but not limited to, the failure to provide U.S. Internal Revenue Service, or IRS, Form W-8BEN, W-8BEN-E or W-8ECI or any subsequent versions thereof), or any other certification, information, documentation, reporting or other similar requirement under United States income tax laws or regulations that would establish entitlement to otherwise applicable relief or exemption from any tax, assessment or governmental charge;

(iii) the failure of the holder to present the Note for payment (where such presentation is required) within 30 days of the Relevant Date (as defined below); or

(iv) the presentation of the Note by or on behalf of a holder or beneficial owner of the Note (where such presentation is required) for payment in one location if the holder or beneficial owner would have been able to avoid such tax by presenting the Note for payment elsewhere;

(b) in respect of any estate, inheritance, gift, sales, excise, transfer, wealth or personal property tax or a similar tax, assessment or governmental charge;

(c) in respect of any any tax, assessment or other governmental charge required to be withheld by any paying agent from any payment of principal of or interest on any note, if such payment can be made without such withholding by any other paying agent;

(d) in respect of a tax, assessment or governmental charge that is imposed otherwise than by withholding by the Issuer, the Guarantor or one of their agents from the payment;

(e) in respect of any withholding or deduction imposed on a payment to an individual that is required to be made pursuant to European Council Directive 2003/48/EC (as amended from time to time) or any law implementing or complying with, or introduced in order to conform to, such Directive; or

(f) in respect of any combination of the foregoing clauses.

As used in these Conditions,

''**Tax Jurisdiction**'' means, with respect to any payment made under the Notes by the Issuer or Guarantor, any jurisdiction or any political subdivision or taxing authority thereof or therein in which the Issuer or Guarantor is organized, is a resident for tax purposes or conducts business; and

''**Relevant Date**'' means, with respect to any payment due from the Issuer or Guarantor, the date on which such payment becomes due or, if the full amount payable has not been received by the Paying Agent on or prior to such due date, the date on which, the full amount having been so received, notice to that effect shall have been given to the holders of the Notes.

Notwithstanding any other provision of these Terms and Conditions, any amounts to be paid in respect of the Notes or under the Guarantee by or on behalf of the Issuer or the Guarantor will be paid net of any deduction or withholding imposed or required pursuant to Sections 1471 through 1474 of the Code, any current or future regulations or official interpretations thereof, any agreement entered into pursuant to Section 1471(b) of the Code, or any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement entered into in connection with the implementation of such Sections of the Code (''FATCA Withholding''). Neither the Issuer, the Guarantor, nor any other Person will be required to pay Additional Amounts on account of any FATCA Withholding.

9. Prescription

Claims against the Issuer and/or the Guarantor for payment in respect of the Notes shall be prescribed and become void unless made within 10 years (in the case of principal) or five years (in the case of interest) from the applicable due date.

10. Events of Default

If any of the following events (''**Events of Default**'') occurs and is continuing:

(a) the Issuer fails to pay principal, interest or Additional Amounts due thereon within 15 days from the relevant due date; or

(b) the Issuer fails duly to perform any other obligation arising from the Notes or the Guarantor fails to perform any obligation arising from the Guarantee which failure is not capable of remedy or, if such failure is capable of remedy, such failure continues for more than 45 days after the Fiscal Agent has received notice thereof from a Noteholder; or

(c) the Issuer or the Guarantor announces its inability to meet its financial obligations or ceases its payments; or

(d) a court opens bankruptcy or other insolvency proceedings against the Issuer or the Guarantor, or such proceedings are instituted and have not been discharged or stayed within 60 days, or the Issuer or the Guarantor applies for or institutes such proceedings or offers or makes an arrangement for the benefit of its creditors generally; or

(e) the Issuer or the Guarantor goes into liquidation unless this is done in connection with a merger or other form of combination with another company and such company assumes in writing all obligations contracted by the Issuer or the Guarantor, as the case may be, under the Notes or the Guarantee; or

(f) the Guarantee is not (or is claimed by the Guarantor not to be) in full force and effect,

then any Noteholder may, by written notice to the Issuer at the specified office of the Fiscal Agent, effective upon the date of receipt thereof by the Fiscal Agent, declare any of the Notes held by it to be forthwith due and payable whereupon the same shall become forthwith due and payable at their principal amount, together with accrued interest (if any) to the date of repayment, without presentment, demand, protest or other notice of any kind.

11. Meetings of Noteholders; Modifications and Amendments

(a) Meetings of Noteholders: The Fiscal and Paying Agency Agreement contains provisions for convening meetings of the Noteholders of the A Notes (''**Tranche A Noteholders**''), meetings of the Noteholders of the B Notes (the ''**Tranche B Noteholders**''), meetings of the Noteholders of the C Notes (the ''**Tranche C Noteholders**''), meetings of the Noteholders of the D Notes (the ''**Tranche D Noteholders**'') meetings of the Noteholders of the E Notes (the ''**Tranche E Noteholders**'') and meetings of all Noteholders, in each case to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined below) of certain modifications of the relevant Notes or the provisions of the Fiscal and Paying Agency Agreement. Such a meeting may be convened by the Issuer or Noteholders holding not less than one-twentieth in nominal amount of the A Notes in respect of matters affecting the interests of the Tranche A Noteholders only, the B Notes in respect of matters affecting the interests of the Tranche B Noteholders only, the C Notes in respect of matters affecting the interests of the Tranche C Noteholders only, the D Notes in respect of matters affecting the interests of the Tranche D Noteholders only the E Notes in respect of matters affecting the interests of the Tranche E Noteholders only and all Noteholders in respect of any matter affecting the interest of all Noteholders, in each case for the time being remaining outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing not less than one-half in nominal amount of the relevant Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing the relevant Noteholders whatever the nominal amount of the relevant Notes so held or represented. An Extraordinary Resolution passed at any meeting of the Tranche A Noteholders shall be binding on all the Tranche A Noteholders, an Extraordinary Resolution passed at any meeting of the Tranche B Noteholders shall be binding on all the Tranche B Noteholders, an Extraordinary Resolution passed at any meeting of the Tranche C Noteholders shall be binding on all the Tranche C Noteholders, an Extraordinary Resolution passed at any meeting of the Tranche D Noteholders shall be binding on all the Tranche D Noteholders, an Extraordinary Resolution passed at any meeting of the Tranche E Noteholders shall be binding on all the Tranche E Noteholders and an Extraordinary Resolution passed at any meeting of all Noteholders shall be binding on all the Noteholders, in each case whether or not they are present at the meeting, provided that no Extraordinary Resolution passed at a meeting of the Tranche A Noteholders only shall be binding on any of the Tranche B Noteholders, any of the Tranche C Noteholders, any of the Tranche D Noteholders or any of the Tranche E Noteholders, no Extraordinary Resolution passed at a meeting of the Tranche B Noteholders only shall be binding on any of the Tranche A Noteholders, any of the Tranche C Noteholders, any of the Tranche D Noteholders or any of the Tranche E Noteholders, no Extraordinary Resolution passed at a meeting of the Tranche C Noteholders only shall be binding on any of the Tranche A Noteholders, any of the Tranche B Noteholders, any of the Tranche D Noteholders or any of the Tranche E Noteholders, no Extraordinary Resolution passed at a meeting of the Tranche D Noteholders only shall be binding on any of the Tranche A Noteholders, any of the Tranche B Noteholders, any of the Tranche C Noteholders or any of the Tranche E Noteholders, and no Extraordinary Resolution passed at a meeting of the Tranche E Noteholders only shall be binding on any of the Tranche A Noteholders, any of the Tranche B Noteholders, any of the Tranche C Noteholders or any of the Tranche D Noteholders.

(b) Notwithstanding Condition 11(a) above, no Extraordinary Resolution shall be passed or become effective, and no other modification of the A Notes, the B Notes, the C Notes, the D Notes or the E Notes or any provision of the Fiscal and Paying Agency Agreement shall have any effect, in each case, without the consent of the holder of each Note that would be affected thereby, if the effect of such Extraordinary Resolution or other modification would be to:

(i) change the maturity of the principal of any A Note, B Note, C Note, D Note or E Note, or reduce the principal amount thereof, or reduce the rate or extend the time of payment of any installment of interest thereon, or change the place or currency of payment of principal of, or interest on, any A Note, B Note, C Note, D Note or E Note, or change the Issuer's or the Guarantor's obligation to pay Additional Amounts, impair or affect the right of any Noteholder to institute suit for the enforcement of any such payment on or after the due date thereof (or in the case of redemption, on or after the redemption date) or change in any manner adverse to the interests of the Tranche A Noteholders, the Tranche B Noteholders, the Tranche C Noteholders, the Tranche D Noteholders and/or the Tranche E Noteholders the terms and provisions of the Guarantees in respect of the due and punctual payment of principal amount of the A Notes, the B Notes, the C Notes, the D Notes or the E Notes then outstanding plus accrued and unpaid interest (and all Additional Amounts, if any); or

(ii) reduce the aforesaid requirement for consent of the Tranche A Noteholders, the Tranche B Noteholders, the Tranche C Noteholders, the Tranche D Noteholders, the Tranche E Noteholders or all Noteholders, as applicable.

(c) The Issuer, the Guarantor and the Fiscal Agent may, without the consent of any of the Noteholders or the need for any meeting of Noteholders to be convened pursuant to Condition 11(a), from time to time and at any time, enter into a fiscal and paying agency agreement or fiscal and paying agency agreements supplemental thereto for one or more of the following purposes:

(i) to convey, transfer, assign, mortgage or pledge to the Fiscal Agent or another person as security for the Notes any property or assets;

(ii) to evidence the succession of another person to the Issuer or the Guarantor, or successive successions, and the assumption by the successor person of the covenants, agreements and obligations of the Issuer or the Guarantor, pursuant to the Fiscal and Paying Agency Agreement;

(iii) to evidence and provide for the acceptance of appointment of a successor or successors to the Fiscal Agent in any of its capacities;

(iv) to add to the covenants of the Issuer or the Guarantor, such further covenants, restrictions, conditions or provisions as the Issuer or the Guarantor, as the case may be, shall reasonably consider to be for the protection of the Noteholders, and to make the occurrence, or the occurrence and continuance, of a default in any such additional covenants, restrictions, conditions or provisions an Event of Default under the Notes permitting the enforcement of all or any of the several remedies provided in the applicable fiscal and paying agency agreement; provided that, in respect of any such additional covenant, restriction, condition or provision, such supplemental fiscal and paying agency agreement may provide for a particular period of grace after default (which may be shorter or longer than that allowed in the case of other defaults) or may provide for an immediate enforcement upon such an Event of Default or may limit the right of any of the Tranche A Noteholders of a majority in aggregate principal amount of the A Notes, the Tranche B Noteholders of a majority in aggregate principal amount of the B Notes, the Tranche C Noteholders of a majority in aggregate principal amount of the C Notes, the Tranche D Noteholders of a majority in aggregate principal amount of the D Notes, the Tranche E Noteholders of a majority in aggregate principal amount of the E Notes or all Noteholders of a majority in aggregate principal amount of all Notes, as the case may be, to waive such an Event of Default;

(v) to modify the restrictions on, and procedures for, resale and other transfers of the Notes pursuant to law, regulation or practice relating to the resale or transfer of restricted securities generally;

(vi) to cure any ambiguity or to correct or supplement any provision contained in the Fiscal and Paying Agency Agreement, the Notes or the Guarantees, or in any supplemental agreement, which may be defective or inconsistent with any other provision contained therein or in any supplemental agreement or to make such other provision in regard to matters or questions arising under the Fiscal and Paying Agency Agreement or under any supplemental agreement as the Issuer may deem necessary or desirable and which will not adversely affect the interests of the Noteholders to which such provision relates in any material respect; and

(vii) to ''reopen'' the A Notes, the B Notes, the C Notes, the D Notes and/or the E Notes and create and issue further A Notes, B Notes, C Notes, D Notes and/or E Notes, as applicable, in accordance with Condition 13 below.

''**Extraordinary Resolution**'' means a resolution passed at a meeting of the Tranche A Noteholders, a meeting of the Tranche B Noteholders, a meeting of the Tranche C Noteholders, a meeting of the Tranche D Noteholders, a meeting of the Tranche E Noteholders or a meeting of all Noteholders, as applicable, in each case duly convened and held in accordance with the provisions contained in these Conditions by a majority consisting of not less than three-fourths of the persons voting thereat upon a show of hands or if a poll shall be duly demanded then by a majority consisting of not less than three-fourths of the votes given on the poll.

12. Replacement of Notes

If a Note is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws and regulations, at the specified office of the Fiscal Agent and of the Registrar (in the case of Definitive Notes) or such other Paying Agent or Transfer Agent, as the case may be, as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Noteholders, in each case on payment by the claimant of the fees, costs, taxes and duties incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, inter alia, that if the allegedly lost, stolen or destroyed Note is subsequently presented for payment, there shall be paid to the Issuer on demand the amount payable by the Issuer in respect of such Notes and otherwise as the Issuer may require. Mutilated or defaced Notes must be surrendered before replacements will be issued.

13. Further Issues

The Issuer may from time to time without the consent of the Noteholders create and issue further notes having in each such case the same terms and conditions as the A Notes, the B Notes, the C Notes, the D Notes or the E Notes, other than the issue price and, if applicable, the first interest payment date (so that, for the avoidance of doubt, references in the conditions of such Notes to "**Issue Date**" shall be to the first issue date of the Notes) and so that the same shall be consolidated and form a single series with the A Notes, the B Notes, the C Notes, the D Notes or the E Notes, as the case may be, and references in these Conditions to the "**A Notes**", the "**B Notes**", the "**C Notes**", the "**D Notes**" or the "**E Notes**", as the case may be, shall be construed accordingly, provided, however, that in the event any further notes are not fungible with the Notes issued in this Offering for U.S. federal income tax purposes such non-fungible further notes will be issued with a separate CUSIP, ISIN or other identifying number so that they are distinguishable from the Notes.

14. Notices

Any notice to the Noteholders will be given (i) so long as the Notes are represented by Global Notes, by delivery of the relevant notice to DTC, Euroclear or Clearstream, Luxembourg for communication by each of them to entitled participants, or (ii) in the case of Definitive Notes, by first class mail or (if posted to an address overseas) by airmail to the holders (or the first named of joint holders) at their respective addresses recorded in the Register and will be deemed to have been given on the fourth day after mailing.

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together (in the case of any Definitive Note) with the relative Note or Notes, with the Registrar. Whilst any of the Notes are represented by a Global Note, such notice may be given by any holder of a Note to the Paying Agent or the Registrar through DTC, Euroclear and/or Clearstream, Luxembourg, as the case may be, in such manner as the Paying Agent, the Registrar and DTC, Euroclear and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose.

15. Issuer Right to Require a Resale

If at any time the Issuer determines in good faith that a holder of any Notes (or of any beneficial interest therein) is in breach, at the time given, of any of the representations and agreements contained under the heading "**Purchase and Transfer Restrictions**" in the Offering Memorandum, the Issuer may require such holder to transfer such Notes (or interest therein) to a transferee acceptable to the Issuer who is able to and who does make all of the representations and agreements set forth in "**Purchase and Transfer Restrictions**". Pending such transfer, such holder will be deemed not to be the Noteholder of such Notes for any purpose, including but not limited to receipt of principal and interest on such Notes, and such holder will be deemed to have no interest whatsoever in such Notes except as otherwise required to sell its interest therein as described in this paragraph.

16. Currency Indemnity

Any amount received or recovered in a currency other than the currency in which payment under the relevant Note is due (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction, in the insolvency, winding-up or dissolution of the Issuer or the Guarantor or otherwise) by any Noteholder in respect of any sum expressed to be due to it from the Issuer or the Guarantor shall only constitute a discharge to the Issuer or the Guarantor, as the case may be, to the extent of the amount in the currency of payment under the relevant Note that the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If the amount received or recovered is less than the amount expressed to be due to the recipient under any Note (such amount being the ''**shortfall**''), the Issuer failing whom the Guarantor shall, to the fullest extent permitted by applicable law, indemnify the recipient in an amount equal to the shortfall and, if a purchase is made, against the cost of making any such purchase. For the purposes of this Condition, it shall be sufficient for the Noteholder to demonstrate that a shortfall would have arisen had an actual purchase been made. These indemnities constitute a separate and independent obligation from the Issuer's and the Guarantor's other obligations, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any Noteholder and shall continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Note or any other judgment or order.

17. Agents

The names of the initial Agents and their initial specified offices are set forth in the Fiscal and Paying Agency Agreement.

The Issuer and the Guarantor are entitled to terminate the appointment of any Agent and/or appoint additional or other Agents and/or approve any change in the specified office through which any Agent acts, provided that:

(a) there will at all times be a Paying Agent and a Registrar;

(b) there will at all times be a Paying Agent in a Member State of the European Union that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC (as amended from time to time) or any law implementing or complying with, or introduced in order to conform to, such Directive;

(c) there will at all times be a Paying Agent in a jurisdiction within Continental Europe, other than the jurisdiction in which the Issuer or the Guarantor is incorporated; and

(d) so long as any Note is outstanding, there will at all times be a Calculation Agent.

Any termination, appointment or change shall take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 nor more than 45 days prior written notice thereof, which notice shall expire not less than 30 days before or after any due date for payment of any principal or interest in respect of the Notes, shall have been given to the Noteholders in accordance with Condition 14.

In acting under the Fiscal and Paying Agency Agreement, the Agents act solely as agents of the Issuer and the Guarantor and do not assume any obligation to, or relationship of agency or trust with, any Noteholders. The Fiscal and Paying Agency Agreement contains provisions permitting any entity into which any Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor agent.

18. Governing Law, Jurisdiction and Service of Process

(a) Governing Law: The Notes (and any non-contractual obligations arising out of or in connection with them), the Deed of Covenant and the Fiscal and Paying Agency Agreement are governed by, and shall be construed in accordance with, English law.

(b) The Guarantee of the Guarantor is governed by German law.

(c) Jurisdiction: The courts of England are to have non-exclusive jurisdiction to settle any disputes that may arise out of or in connection with any Notes, the Deed of Covenant and the Fiscal and Paying Agency

Agreement and accordingly any legal action or proceedings arising out of or in connection with any Notes, the Deed of Covenant and the Fiscal and Paying Agency Agreement (''**Proceedings**'') may be brought in such courts. Each of the Issuer and the Guarantor irrevocably submits to the jurisdiction of the courts of England and waives any objection to Proceedings in such courts on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum.

(d) The non-exclusive place of jurisdiction for all legal proceedings arising out of or in connection with the Guarantee against the Guarantor is Frankfurt am Main, Germany.

(e) Service of Process: Each of the Issuer and the Guarantor irrevocably appoints Volkswagen Group United Kingdom Limited, Yeomans Drive, Blakelands, Milton Keynes MK14 5AN, United Kingdom as their agent in England to receive, for it and on its behalf, service of process in any Proceedings in England. Such service shall be deemed completed on delivery to such process agent (whether or not it is forwarded to and received by the Issuer or the Guarantor). If for any reason such process agent ceases to be able to act as such or no longer has an address in England, each of the Issuer and the Guarantor irrevocably agrees to appoint a substitute process agent and shall immediately notify Noteholders of such appointment in accordance with Condition 14. Nothing shall affect the right to serve process in any manner permitted by law.

(f) Consent to Enforcement: Each of the Issuer and the Guarantor consents generally in respect of any Proceedings to the giving of any relief or the issue of any process in connection with such Proceedings including (without limitation) the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any judgment or award which may be made or given in such Proceedings.

(g) Waiver of Immunity: To the extent that either the Issuer or the Guarantor may in any jurisdiction claim for itself or its assets or revenues immunity from suit, execution, attachment (whether in aid of execution, before the making of a judgment or an award or otherwise) or other legal process including in relation to the enforcement of an arbitration award and to the extent that such immunity (whether or not claimed) may be attributed in any such jurisdiction to the Issuer, the Guarantor or their respective assets or revenues, each of the Issuer and the Guarantor agrees not to claim and irrevocably waives such immunity to the full extent permitted by the laws of such jurisdiction.

19. Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

16. FORM OF GUARANTEE OF THE NOTES

GUARANTEE AND NEGATIVE PLEDGE

by
VOLKSWAGEN AKTIENGESELLSCHAFT,
Wolfsburg, Germany,
(the ''**Guarantor**'')
in favour of the holders of Notes (as defined below) issued by

Volkswagen Group of America Finance, LLC,
Delaware, United States of America,
(the ''**Issuer**'')
under the

U.S.$1,450,000,000 1.250% Guaranteed Notes due 2017 (the ''**A Notes**''),
U.S.$1,000,000,000 2.125% Guaranteed Notes due 2019 (the ''**B Notes**''),
U.S.$500,000,000 Floating Rate Guaranteed Notes due 2017 (the ''**C Notes**''),
U.S.$250,000,000 Floating Rate Guaranteed Notes due 2016 (the ''**D Notes**'') and
U.S.$300,000,000 Floating Rate Guaranteed Notes due 2015 (the ''**E Notes**'' and, together with the A Notes, the B Notes, the C Notes and the D Notes, the ''**Notes**'')

The Guarantor hereby unconditionally and irrevocably guarantees to the holder of (i) each Note and (ii) any direct rights arising in relation to such Note (''**Direct Rights**'') pursuant to a deed of covenant relating to the Notes and dated the date hereof (the ''**Deed of Covenant**'') (in each case, a ''**Holder**'') the due payment of the amounts corresponding to the principal of and interest, if any, on the respective Notes or Direct Rights in accordance with the respective terms applicable to such Notes or Direct Rights.

The intent and purpose of this Guarantee and Negative Pledge is to ensure that the Holders under all circumstances, whether factual or legal, and regardless of the motives or considerations by reason of which the Issuer may fail to effect payment, shall receive the amounts payable as principal and interest, if any, on the dates provided for in the Terms and Conditions (the ''**Conditions**'') applicable to the respective Notes.

The Guarantor expressly guarantees the payment of principal of, and interest, if any, on, all Notes or Direct Rights.

The Guarantor further undertakes, as long as Notes or Direct Rights are outstanding, but only up to the time all amounts of principal and interest, if any, have been placed at the disposal of the Fiscal Agent, not to provide for any other Bond Issue, including any guarantee or indemnity in respect thereof, any security upon its assets without at the same time having the Holders share equally and rateably in such security. For the avoidance of doubt, this undertaking shall not apply to security provided in connection with asset backed securities issued by (i) the Issuer, (ii) a special purpose vehicle where the Issuer is the originator of the underlying assets, (iii) the Guarantor or any of the Guarantor's Principal Subsidiaries, or (iv) a special purpose vehicle where the Guarantor or any of the Guarantor's Principal Subsidiaries is the originator of the underlying assets. For the purposes of this Guarantee and Negative Pledge, ''**Bond Issue**'' shall mean an issue of debt securities which is, or is intended to be, or is capable of being, quoted, listed or dealt in on any stock exchange, over-the-counter or other securities market.

This Guarantee and Negative Pledge is given in respect of any and all Notes which are or will be issued by the Issuer on or after the date hereof and any Direct Rights relating thereto.

This Guarantee and Negative Pledge and all undertakings contained herein constitute a contract for the benefit of the Holders from time to time as third party beneficiaries pursuant to § 328 (1) BGB (German Civil Code)[1]. They give rise to the right of each such Holder to require performance of the obligations undertaken herein directly from the Guarantor, and to enforce such obligations directly against the Guarantor.

Any Holder has the right in case of non-performance of any payments on the Notes or the Direct Rights to enforce the Guarantee by filing a suit directly against the Guarantor without the need to take prior proceedings against the Issuer.

Citibank, N.A., London Branch, which accepted this Guarantee and Negative Pledge in its capacity as Fiscal Agent, does not act in a relationship of agency or trust, a fiduciary or in any other similar capacity for the Holders.

All payments of principal and interest under this Guarantee by the Guarantor shall be made free and clear of, and without withholding or deduction for, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed informally, unless such withholding or deduction is required by German law. In that event, subject to the provisions of the Conditions, the Guarantor shall pay Additional Amounts to the Holders.

Terms used in this Guarantee and Negative Pledge and not otherwise defined herein shall have the meaning attributed to them in the Conditions.

The rights and obligations arising from this Guarantee and Negative Pledge shall in all respects be determined in accordance with German law. Place of performance shall be Frankfurt am Main.

The original version of this Guarantee and Negative Pledge shall be delivered to, and kept by, Citibank, N.A., London Branch.

The non-exclusive place of jurisdiction for all legal proceedings arising out of or in connection with this Guarantee and Negative Pledge against the Guarantor shall be Frankfurt am Main.

On the basis of a copy of this Guarantee and Negative Pledge certified as being a true copy by a duly authorized officer of Citibank, N.A., London Branch, each Holder may protect and enforce in his own name his rights arising under this Guarantee and Negative Pledge in any legal proceedings against the Guarantor or to which such Holder and the Guarantor are parties, without the need for production of the original version of this Guarantee and Negative Pledge in such proceedings.

Wolfsburg, 2014

Volkswagen Aktiengesellschaft
as Guarantor

By: ____________________

By: ____________________

Citibank, N.A., London Branch
as Fiscal Agent

By: ____________________

[1] An English language translation of § 328 (1) German Civil Code would read as follows: "A contract may stipulate performance for the benefit of a third party, to the effect that the third party acquires the right directly to demand performance."

17. BOOK-ENTRY, DELIVERY AND FORM

The information set out below in connection with DTC, Euroclear or Clearstream, Luxembourg, which are collectively referred to as the clearing systems, is subject to any change in or reinterpretation of the rules, regulations and procedures of the clearing systems currently in effect. The information in this section concerning the clearing systems has been obtained from sources that we believe to be reliable, but neither the Issuer nor the Guarantor nor any Initial Subscriber takes any responsibility for the accuracy thereof. Investors wishing to use the facilities of any of the clearing systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant clearing system. Neither the Issuer nor the Guarantor nor any Initial Subscriber nor any affiliate of any of the above or any person by whom any of the above is controlled (as such term is defined in the Securities Act) will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial interests in the Notes held through the facilities of any clearing system or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

17.1 General

All Notes will be in registered form, without interest coupons attached.

The Notes that are initially offered and sold in the United States to Qualified Institutional Buyers and Qualified Purchasers will be represented by beneficial interests in one or more global notes (the ''**Rule 144A Global Notes**''), which will be deposited on or about the Issue Date with the custodian for, and registered in the name of, Cede & Co. as nominee of DTC. Beneficial interests in a Rule 144A Global Note may be held only through DTC at any time.

The Notes that are offered and sold in reliance on Regulation S will be represented by beneficial interests in one or more global notes (the ''**Regulation S Global Notes**''), which will be deposited on or about the Issue Date with, and registered in the name of a nominee for, a common depositary for Euroclear Bank SA/NV, as operator of the Euroclear System (''**Euroclear**'') and Clearstream Banking, société anonyme (''**Clearstream, Luxembourg**''). Beneficial interests in a Regulation S Global Note may be held only through Euroclear or Clearstream, Luxembourg at any time.

Noteholders will hold beneficial interests in the Notes through DTC, Euroclear or Clearstream, Luxembourg, as the case may be, in book-entry form. Notes in definitive form will only be issued under the limited circumstances set forth under ''— *Exchanges of interests in Global Notes for Definitive Notes*'' below.

As used in this Offering Memorandum, ''**Global Notes**'' refers to both the Rule 144A Global Notes and the Regulation S Global Notes.

The Notes (including any beneficial interest in a Global Note) will be subject to certain restrictions on transfer set forth in the Notes and the Fiscal and Paying Agency Agreement and under ''*Purchase and Transfer Restrictions*''. The Global Notes and any Notes issued in definitive form will bear a legend regarding the restrictions as set forth under ''*Purchase and Transfer Restrictions*''. Under certain circumstances, transfers may be made only upon receipt by the transfer agent or the registrar of a written certification (in the form provided in the Fiscal and Paying Agency Agreement). By acquisition of an interest in a Global Note, the investor is deemed to understand that the Issuer and the Guarantor may receive a list of participants holding positions in its securities from one or more book-entry depositories. See ''*Terms and Conditions of the Notes*'' and ''*Purchase and Transfer Restrictions*''.

The Notes will not be listed on any securities exchange or quoted on any automated quotation system.

17.2 Exchanges of interests in Global Notes for Definitive Notes

17.2.1 Exchange

Each Global Note will be exchangeable, free of charge to the holder, in whole or in part, for Notes in definitive, registered form (''**Definitive Notes**'') if:

(a) a Global Note is held by or on behalf of:

(i) DTC, and DTC notifies the Issuer that it is unwilling or unable to hold the applicable Global Note or the depositary ceases to be a clearing agency registered under the Exchange Act, and in each case the Issuer does not appoint a successor depositary which shall be registered under the Exchange Act within 90 days, or

(ii) Euroclear or Clearstream, Luxembourg, and Euroclear or Clearstream, Luxembourg, as the case may be, is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business; or

(b) a payment default has occurred and is continuing; or

(c) in the event of bankruptcy or liquidation default pursuant to the terms and conditions of the Notes, the Issuer (or failing whom, the Guarantor) fails to make payment on the Notes when due.

On or after the Exchange Date, the holder of the relevant Global Note may surrender such Global Note to or to the order of the registrar or any transfer agent. In exchange for the relevant Global Note, as provided in the Fiscal and Paying Agency Agreement, the registrar will deliver, or procure the delivery of, an equal aggregate amount of duly executed and authenticated Definitive Notes in or substantially in the form set out in the relevant schedule to the Fiscal and Paying Agency Agreement.

The registrar will not register the transfer of, or exchange of interests in, a Global Note for Definitive Notes for a period of 15 calendar days immediately preceding the due date for redemption of any of the Notes.

''**Exchange Date**'' means a day falling not later than 30 days after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Fiscal Agent is located and in the city in which DTC, Euroclear or Clearstream, Luxembourg, as the case may be, is located.

17.2.2 Delivery

In such circumstances, the relevant Global Note shall be exchanged in full for Definitive Notes and the Issuer will, at the cost of the Guarantor (but against such indemnity as the registrar or any relevant transfer agent may require in respect of any tax or other duty of whatever nature which may be levied or imposed in connection with such exchange), cause sufficient Definitive Notes to be executed and delivered to the registrar for completion, authentication and dispatch to the relevant Noteholders. A person having an interest in a Global Note must provide the registrar with (a) a written order containing instructions and such other information as the Issuer, the Guarantor and the registrar may require to complete, execute and deliver such Notes and (b) in the case of a Rule 144A Global Note only, a fully completed, signed certification substantially to the effect that the exchanging holder is not transferring its interest at the time of such exchange or, in the case of simultaneous sale pursuant to Rule 144A, a certification that the transfer is being made in compliance with the provisions of Rule 144A to a Qualified Institutional Buyer that is also a Qualified Purchaser. Definitive Notes issued in exchange for a beneficial interest in a Rule 144A Global Note shall bear the legend applicable to transfers pursuant to Rule 144A, as set out under ''*Purchase and Transfer Restrictions*''.

17.2.3 Legends

The holder of a Definitive Note may transfer the Notes evidenced thereby in whole or in part in the applicable minimum denomination by surrendering it at the specified office of the registrar or any transfer agent, together with the completed form of transfer thereon. Upon the transfer, exchange or replacement of Definitive Notes bearing the legend set forth under "*Purchase and Transfer Restrictions — Rule 144A Notes*", the Issuer will deliver only Definitive Notes that bear such legend. Upon the transfer, exchange or replacement of Definitive Notes bearing the legend set forth under "*Purchase and Transfer Restrictions — Regulation S Notes*" on or prior to the 40th day after the later of the commencement of the sale of the relevant tranche of Notes and the final delivery date with respect thereto, the Issuer will deliver only Definitive Notes that bear such legend.

Each Definitive Note will benefit from the Guarantee of the Guarantor, in the form set forth herein under "*Form of Guarantee of the Notes*", and will include terms substantially in the form of those set forth in the Fiscal and Paying Agency Agreement.

17.3 Direct Rights

The Noteholders are entitled to the benefit of the Deed of Covenant dated the Issue Date and executed by the Issuer (the "**Deed of Covenant**"). Pursuant to the Deed of Covenant, if at any time any Global Note becomes void in accordance with its terms (such time, the "**Determination Date**"), each holder of an account with DTC, Euroclear or Clearstream, Luxembourg, as the case may be, will have against the Issuer all rights (including the right to receive payments due on the Notes) ("**Direct Rights**") which such accountholder would have had in respect of such Notes if, immediately before the Determination Date, it had been the holder of Definitive Notes.

No further action will be required on the part of the Issuer or any other person for such accountholders to enjoy the Direct Rights, or for each such accountholder to have the benefit of the Conditions as if they had been incorporated *mutatis mutandis* into the Deed of Covenant, provided, however, that nothing in the Deed of Covenant will entitle any such accountholder to receive any payment which has already been made in accordance with the terms of any Global Note.

17.4 Book-Entry Procedures for the Global Notes

For both Rule 144A Global Notes and Regulation S Global Notes, custodial and depository links are to be established between DTC, Euroclear and Clearstream, Luxembourg to facilitate the initial issue of the Notes and cross-market transfers of the Notes associated with secondary market trading. See "*— Book-Entry Ownership — Settlement and Transfer of Notes*".

17.4.1 DTC

DTC has advised the Issuer and the Guarantor as follows: DTC is a limited-purpose trust company organized under the laws of the State of New York, a "banking organization" under the laws of the State of New York, a member of the U.S. Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to the provisions of Section 17A of the Exchange Act. DTC was created to hold securities for its participating organizations (collectively, the "**DTC Direct Participants**") and to facilitate the clearance and settlement of securities transactions between DTC Direct Participants through electronic computerized book-entry changes in accounts of the DTC Direct Participants, thereby eliminating the need for physical movement of certificates. DTC Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. Indirect access to DTC is available to others, such as banks, securities brokers, dealers and trust companies, that clear through or maintain a custodial relationship with a DTC Direct Participant, either directly or indirectly (collectively, the "**DTC Indirect Participants**").

Investors may hold their interests in Rule 144A Global Notes directly through DTC if they are DTC Direct Participants in the DTC system, or as DTC Indirect Participants through organizations which are DTC Direct Participants in such system.

DTC has advised the Issuer and the Guarantor that it will take any action permitted to be taken by a holder of Notes only at the direction of one or more DTC Direct Participants and only in respect of such portion of the aggregate principal amount of the relevant Rule 144A Global Notes as to which such DTC Direct Participant or DTC Direct Participants has or have given such direction. However, in the circumstances described under ''— *Exchange of interests in Global Notes for Definitive Notes*'', DTC will surrender the relevant Rule 144A Global Notes for exchange for individual Rule 144A Definitive Notes (which will bear the legend applicable to transfers pursuant to Rule 144A).

17.4.2 Euroclear and Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg each hold securities for their customers and facilitate the clearance and settlement of securities transactions through electronic book-entry transfer between their respective accountholders. Indirect access to Euroclear and Clearstream, Luxembourg is available to other institutions which clear through or maintain a custodial relationship with an accountholder of either system. Euroclear and Clearstream, Luxembourg provide various services including safekeeping, administration, clearance and settlement of internationally-traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg also deal with domestic securities markets in several countries through established depository and custodial relationships. Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective customers may settle trades with each other. Their customers are worldwide financial institutions including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Investors may hold their interests in Regulation S Global Notes directly through Euroclear or Clearstream, Luxembourg if they are accountholders (together with the DTC Direct Participants, the ''**Direct Participants**'') or indirectly (together with the DTC Indirect Participants, the ''**Indirect Participants**'' and together with Direct Participants, ''**Participants**'') through organizations which are accountholders therein.

17.5 Book-Entry Ownership

17.5.1 DTC

The Rule 144A Global Notes will have a CUSIP number and an ISIN and will be deposited with a custodian for, and registered in the name of, Cede & Co. as nominee of DTC. The custodian and DTC will electronically record the principal amount of the Notes held within the DTC system. The address of DTC is 55 Water Street, New York, New York 10041, United States of America.

17.5.2 Euroclear and Clearstream, Luxembourg

The Regulation S Global Notes will have a CUSIP number, an ISIN and a Common Code and will be registered in the name of a nominee for, and deposited with a common depositary on behalf of, Euroclear and Clearstream, Luxembourg. The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium, and the address of Clearstream, Luxembourg is 42 Avenue JF Kennedy, L-1855, Luxembourg.

17.5.3 Relationship of Participants with Clearing Systems

So long as DTC or its nominee or Euroclear, Clearstream, Luxembourg or the nominee of their common depositary is the registered holder of a Global Note, DTC, Euroclear, Clearstream, Luxembourg or such nominee, as the case may be, will be considered the sole owner or holder of the Notes represented by such Global Note for all purposes under the Fiscal and Paying Agency Agreement and the Notes, subject to and in accordance with the respective rules and procedures of DTC, Euroclear or Clearstream, Luxembourg, as the case may be. Payments of principal, interest and Additional Amounts, if any, in respect of the Global Notes will be made to DTC, Euroclear, Clearstream, Luxembourg or such nominee, as the case may be, as the registered holder thereof.

The Issuer and the Guarantor expect that, upon receipt of any payment in respect of Notes evidenced by a Global Note, the common depositary by whom such Note is held, or nominee in whose name it is registered, will immediately credit the relevant participants' or accountholders' accounts in the relevant clearing system with payments in amounts proportionate to their respective beneficial interests in the principal amount of the relevant Global Note as shown on the records of the relevant clearing system or its nominee. The Issuer and the Guarantor also expect that payments by Direct Participants in any clearing system to owners of beneficial interests in any Global Note held through such Direct Participants in any clearing system will be governed by standing instructions and customary practices. Save as aforesaid, such persons shall have no claim directly against the Issuer or the Guarantor in respect of payments due on the Notes for so long as the Notes are evidenced by such Global Note and the obligations of the Issuer and the Guarantor will be discharged by payment to the registered holder, as the case may be, of such Global Note in respect of each amount so paid. Neither the Issuer nor the Guarantor nor any Initial Subscriber nor any affiliate of any of the above or any person by whom any of the above is controlled (as such term is defined in the Securities Act) will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

17.5.4 Settlement and Transfer of Notes

Subject to the rules and procedures of each applicable clearing system, purchases of Notes held within a clearing system must be made by or through Direct Participants in such clearing system, which will receive a credit for such Notes on the clearing system's records. The ownership interest of each actual purchaser of each such Note (the "**Beneficial Owner**") will in turn be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from any clearing system of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which such Beneficial Owner entered into the transaction.

Transfers of ownership interests in Notes held within the clearing system will be effected by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in such Notes, unless and until interests in any Global Note held within a clearing system are exchanged for Definitive Notes.

No clearing system has knowledge of the actual Beneficial Owners of the Notes held within such clearing system and their records will reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers. Conveyance of notices and other communications by the clearing systems to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

The laws of some jurisdictions may require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer interests in a Global Note to such persons may be limited. Because DTC, Euroclear and Clearstream, Luxembourg can only act on behalf of Direct Participants, who in turn act on behalf of Indirect Participants, the ability of a person having an interest in a Global Notes to pledge such interest to persons or entities which do not participate in the relevant clearing system, or otherwise take actions in respect of such interest, may be affected by the lack of a physical certificate in respect of such interest.

17.5.5 Trading between DTC Participants

Secondary market sales of book-entry interests in Notes between DTC participants will occur in the ordinary way in accordance with DTC rules and will be settled using the procedures applicable to U.S. corporate debt obligations in DTC's Same Day Funds Settlement System.

17.5.6 Trading between Euroclear and/or Clearstream, Luxembourg Accountholders

Secondary market sales of book-entry interests in Notes held through Euroclear or Clearstream, Luxembourg to purchasers of book-entry interests in Notes through Euroclear or Clearstream, Luxembourg will be conducted in accordance with the normal rules and operating procedures of Euroclear and Clearstream, Luxembourg and will be settled using the procedures applicable to conventional eurobonds.

17.5.7 Trading between DTC Seller and Euroclear/Clearstream, Luxembourg Purchaser

When a book-entry interest in Notes is to be transferred from the account of a DTC participant holding a beneficial interest in a Rule 144A Global Note to the account of a Euroclear or Clearstream, Luxembourg accountholder wishing to purchase a beneficial interest in a Regulation S Global Note (subject to such certification procedures as are provided in the Fiscal and Paying Agency Agreement), the DTC participant will deliver instructions for delivery to the relevant Euroclear or Clearstream, Luxembourg accountholder to DTC by 12:00 noon, New York City time, on the settlement date. Separate payment arrangements are required to be made between the DTC participant and the relevant Euroclear or Clearstream, Luxembourg accountholder. On the settlement date, the custodian of the Rule 144A Global Notes will instruct the registrar to (i) decrease the amount of Notes registered in the name of Cede & Co. and evidenced by a Rule 144A Global Note and (ii) increase the amount of Notes registered in the name of the nominee of the common depositary for Euroclear and Clearstream, Luxembourg and evidenced by a Regulation S Global Note. Book-entry interests will be delivered free of payment to Euroclear or Clearstream, Luxembourg, as the case may be, for credit to the relevant accountholder on the first business day following the settlement date.

17.5.8 Trading between Euroclear/Clearstream, Luxembourg Seller and DTC Purchaser

When book-entry interests in the Notes are to be transferred from the account of a Euroclear or Clearstream, Luxembourg accountholder to the account of a DTC participant wishing to purchase a beneficial interest in a Rule 144A Global Note (subject to such certification procedures as are provided in the Fiscal and Agency Agreement), the Euroclear or Clearstream, Luxembourg accountholder must send to Euroclear or Clearstream, Luxembourg delivery free of payment instructions by 7:45 p.m., Brussels or Luxembourg time, one business day prior to the settlement date. Euroclear or Clearstream, Luxembourg, as the case may be, will in turn transmit appropriate instructions to the common depositary for Euroclear and Clearstream, Luxembourg and the registrar to arrange delivery to the DTC participant on the settlement date. Separate payment arrangements are required to be made between the DTC participant and the relevant Euroclear or Clearstream, Luxembourg accountholders, as the case may be. On the settlement date, the common depositary for Euroclear and Clearstream, Luxembourg will (i) transmit appropriate instruction to the custodian of the Rule 144A Global Notes who will in turn deliver such book-entry interests in the Notes free of payment to the relevant account of the DTC participant and (ii) instruct the registrar to (a) decrease the amount of Notes registered in the name of the nominee of the common depositary for Euroclear and Clearstream, Luxembourg and evidenced by a Regulation S Global Note and (b) increase the amount of Notes registered in the name of Cede & Co. and evidenced by a Rule 144A Global Note.

17.6 Limitation on Responsibilities

Although the foregoing sets out the procedures of DTC, Euroclear and Clearstream, Luxembourg in order to facilitate the transfers of interests in the Notes among participants of DTC, Euroclear and Clearstream, Luxembourg, none of DTC, Euroclear or Clearstream, Luxembourg is under any obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuer, the Guarantor, the fiscal agent, the registrar, any paying agent, any transfer agent, any Initial Subscriber or any affiliate of any of the above, or any person by whom any of the above is controlled for the purposes of the Securities Act, will have any responsibility for the performance by DTC, Euroclear, Clearstream, Luxembourg or their respective direct or indirect participants or accountholders for their respective obligations under the rules and procedures governing their operations or for the sufficiency of any purpose of the arrangements described above.

17.7 Payments

So long as any of the Notes remains outstanding, the Issuer and the Guarantor will maintain an office or agency in London (a) where the Notes may be presented for payment (by the Issuer pursuant to the Notes or by the Guarantor pursuant to the Guarantee), (b) in the case of the Issuer, where the Notes may be presented for registration of transfer and for exchange and (c) where notices and demands to or upon the Issuer, or the Guarantor or under the Fiscal and Paying Agency Agreement may be served. The Issuer and the Guarantor, as applicable, will give the Fiscal Agent written notice of the location of any such office or agency and of any change of location thereof. The Issuer and the Guarantor, as applicable, will initially designate Citibank, N.A., London Branch, in London for such purposes.

The Issuer or Guarantor, may also from time to time designate one or more other offices or agencies where the Notes may be presented or surrendered for any or all such purposes or where such notices or demands maybe served and may from time to time rescind such designations; provided, however, that no such designation or rescission shall in any manner relieve the Issuer, or any Guarantor, of any obligation to maintain an office or agency in the London for such purposes; and provided further, however, that the Issuer, or the Guarantor, will, to the extent possible as a matter of law, maintain a paying agent with a specified office in a Member State of the European Union that will not be obligated to withhold or deduct tax pursuant to the European Council Directive 2003/48/EC (as amended from time to time) which was adopted on June 3, 2003 or any law implementing or complying with, or introduced in order to conform to, such Directive. The Issuer, or the Guarantor, shall give written notice to the agents of any such designation or rescission and of any such change in the location of any other office or agency.

The Issuer may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any exchange or registration of transfer of Notes and any other expenses (including the fees and expenses of the Agents). No service charge will be made for any such transaction.

No transfer shall be registered (i) for so long as the Notes are represented by the Global Notes, for a period of three business days (as such term is defined in the Fiscal and Paying Agency Agreement) and (ii) if the Notes are represented by Definitive Notes, 15 calendar days, in each case immediately preceding the due date for redemption of any of the Notes.

The Notes will be issued in registered form without coupons and transferable in denominations of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof.

18. TAX CONSIDERATIONS

18.1 U.S. Federal Income Tax Considerations

The discussion of U.S. tax matters set forth in this Offering Memorandum was written in connection with the promotion or marketing by the Issuer of Notes and was not intended or written to be used, and cannot be used, by any person for the purpose of avoiding penalties under U.S. federal, state or local tax law. Each taxpayer should seek advice based on its particular circumstances from an independent tax adviser.

The following summary describes certain U.S. federal income tax consequences of the acquisition, ownership and disposition of a Note by an investor that acquires the Note in the initial offering from the Initial Subscribers at the issue price (the first price at which a substantial amount of the Notes is sold for money to investors) of the Notes and holds it as a capital asset (generally, property held for investment). This summary does not address all aspects of U.S. federal income taxation that may be applicable to a particular investor's decision to acquire, own or dispose of a Note.

The discussion below is based on the Internal Revenue Code of 1986, as amended (the "**Code**"), U.S. Treasury regulations thereunder, and judicial and administrative interpretations thereof, all as of the date of this Offering Memorandum and any of which may at any time be repealed, revoked or modified or subject to differing interpretations, potentially retroactively, so as to result in U.S. federal income tax consequences different from those discussed below. In addition, there can be no assurances that the U.S. Internal Revenue Service (the "**IRS**") would not assert, or that a U.S. court would not uphold, positions concerning the U.S. federal income tax consequences of an investor's acquisition, ownership or disposition of a Note that are contrary to the discussion below.

If an entity or arrangement classified as a partnership for U.S. federal income tax purposes invests in a Note, the U.S. federal income tax consequences to the partners of such partnership will depend on the activities of the partnership and the status of the partners. Such entities or arrangements should consult with their own tax advisers about the consequences to them and the partners of an investment in the Notes.

18.1.1 U.S. Holders

As used herein, the term "**U.S. Holder**" means a beneficial owner of a Note that is for U.S. federal income tax purposes: (i) an individual who is a citizen or resident of the United States; (ii) a corporation created or organized in or under the laws of the United States, any state therein or the District of Columbia; (iii) an estate, the income of which is subject to U.S. federal income taxation regardless of its source; or (iv) a trust if a court within the United States is able to exercise primary jurisdiction over the administration of the trust and one or more U.S. persons have authority to control all substantial decisions of the trust.

This summary does not address all U.S. federal income tax consequences that apply to prospective investors subject to special tax rules, including, among others:

- tax-exempt organizations;
- financial institutions;
- dealers and traders in securities or currencies;
- U.S. Holders that will hold a Note as part of a "straddle," hedging transaction or "conversion transaction" for U.S. federal income tax purposes;
- U.S. Holders that enter into "constructive sale" transactions with respect to the Notes;
- U.S. Holders that own (directly or through attribution) 10% or more of the equity, by vote or value, of the Issuer;

- U.S. Holders that have a ''functional currency'' other than the U.S. dollar;
- Partnerships (or entities treated as partnerships for U.S. federal income tax purposes), or partners therein; and
- certain U.S. expatriates.

In addition this summary does not address consequences to U.S. Holders of the acquisition, ownership and disposition of a Note under federal tax laws other than the regular U.S. federal income tax (such as the alternative minimum tax or the Medicare contribution tax) or the tax laws of any state, locality or other political subdivision of the United States or other countries or jurisdictions.

Prospective purchasers should consult their own tax advisers as to the particular tax considerations for them relating to the purchase, ownership and disposition of a Note, including the applicability of any U.S. federal, state, or local tax laws, or non-U.S. tax laws, any changes in applicable tax laws, and any pending or proposed legislation or regulations.

18.1.1.1 Payments of stated interest

In general, a payment of stated interest on a Note will be taxable to a U.S. Holder as U.S. source ordinary interest income at the time it is accrued or is paid in accordance with the U.S. Holder's method of accounting for U.S. federal income tax purposes.

18.1.1.2 Original issue discount

If the issue price of a Note is less than its principal amount by more than a *de minimis* amount, U.S. Holders will be subject to special U.S. federal income tax rules with respect to this original issue discount (''**OID**''). OID will be considered to be *de minimis* if it is less than .25% of the principal amount multiplied by the number of complete years to maturity. U.S. Holders will be required to include any OID in income for U.S. federal tax purposes as it accrues in accordance with a constant yield method based on a compounding of interest, even though the cash attributable to this income will not be received until a Note is sold, exchanged, redeemed or otherwise disposed.

18.1.1.3 Sale, exchange, redemption, retirement at maturity or other taxable disposition of the Notes

Upon the sale, exchange, redemption, retirement at maturity or other taxable disposition of a Note, a U.S. Holder generally will recognize taxable gain or loss equal to the difference between the amount of cash and the fair market value of any property received on the disposition (except to the extent such cash or property is attributable to accrued and unpaid stated interest, which will be treated like a payment of interest, as described above) and the U.S. Holder's adjusted tax basis in the Note. A U.S. Holder's adjusted tax basis in a Note generally will equal the amount paid for the Note increased by the amount of any OID included in the U.S. Holder's income with respect to the Note.

Any gain or loss that a U.S. Holder recognizes upon the sale, exchange, redemption, retirement at maturity or other taxable disposition of a Note generally will be capital gain or loss and will be U.S. source long-term capital gain or loss if, at the time of the disposition, the U.S. Holder's holding period for the Note is more than one year. The deductibility of capital losses is subject to limitations.

18.1.1.4 Information reporting and backup withholding requirements

U.S. Holders may be subject to information reporting on the amounts paid to them (including OID accrued in the manner described above), unless they provide proof of an applicable exemption. If a U.S. Holder does not provide this proof of exemption, it may be subject to backup withholding on such amounts unless the U.S. Holder provides its taxpayer identification number and otherwise complies with the requirements of the backup withholding rules. The amount of any backup withholding from a payment to a U.S. Holder will be allowed as a credit against the U.S. Holder's U.S. federal income tax liability and may entitle the U.S. Holder to a refund, provided that the required information is timely furnished to the IRS.

U.S. Holders should consult their tax advisers about any additional reporting obligations that may apply as a result of the acquisition, holding or disposition of a Note. Failure to comply with certain reporting obligations could result in the imposition of substantial penalties.

18.1.2 Non-U.S. Holders

As used herein, the term "**Non-U.S. Holder**" means a beneficial owner of a Note that is, for U.S. federal income tax purposes: (i) a nonresident alien individual; (ii) a corporation created or organized in or under the laws of a jurisdiction outside of the United States or of any political subdivision thereof or (iii) an estate or trust the income of which is not subject to U.S. federal income taxation regardless of its source.

The following discussion describes certain U.S. federal income tax consequences of the acquisition, ownership and disposition of a Note by a Non-U.S. Holder. This discussion does not consider the specific facts and circumstances that may be relevant to a particular Non-U.S. Holder. In particular, this discussion does not address potential investors that:

- are Banks;
- own (directly or through attribution) equity possessing 10% or more of the total combined voting power of the Issuer;
- are controlled foreign corporations for U.S. federal income tax purposes that are considered to be related parties of the Issuer;
- are treated as earning income on a Note that is effectively connected with a trade or business of the potential investor in the United States;
- are individuals that are present in the United States for 183 days or more in a taxable year in which they dispose of a Note.

Prospective investors should consult their own tax advisers with regard to the application of the U.S. federal income tax laws to their particular circumstances as well as any tax consequences arising under the laws of any state, local or non-U.S. taxing jurisdiction.

18.1.2.1 U.S. Federal Income Tax and Backup Withholding

A Non-U.S. Holder will not be subject to U.S. federal income tax or backup withholding on payments including OID, if any) on, or gain realized on the sale, exchange or other disposition of, a Note provided that the Non-U.S. Holder certifies on the appropriate IRS Form W-8, under penalties of perjury, that it is not a U.S. person.

THE U.S. FEDERAL INCOME TAX DISCUSSION SET FORTH ABOVE IS INCLUDED FOR GENERAL INFORMATION ONLY AND MAY NOT BE APPLICABLE DEPENDING UPON A HOLDER'S PARTICULAR SITUATION. HOLDERS SHOULD CONSULT THEIR OWN TAX ADVISERS WITH RESPECT TO THE TAX CONSEQUENCES TO THEM OF THE OWNERSHIP AND DISPOSITION OF THE NOTES, INCLUDING THE TAX CONSEQUENCES UNDER OTHER FEDERAL TAX RULES, STATE, LOCAL, NON-U.S. AND OTHER TAX LAWS AND THE POSSIBLE EFFECTS OF CHANGES IN FEDERAL OR OTHER TAX LAWS.

18.2 UK Tax Considerations

The comments below are of a general nature and are based on current UK tax law and published HM Revenue & Customs ("HMRC") practice. Such law may be repealed, revoked or modified (possibly with retrospective effect) and such practice may change, resulting in UK tax consequences different from those discussed below. The comments below deal only with UK

rules relating to information that may need to be provided to HMRC in respect of certain payments on the Notes. They do not deal with any other UK tax consequences of acquiring, owning or disposing of the Notes. Each prospective investor should seek advice based on its particular circumstances from an independent tax advisor.

HMRC have powers to obtain information relating to securities in certain circumstances, including in relation to interest or payments treated as interest and payments derived from securities which are made by persons in the UK This may include details of the beneficial owners of the Notes (or the persons for whom the Notes are held), details of the persons to whom payments derived from the Notes are or may be paid and information and documents in connection with transactions relating to the Notes. Information may be required to be provided by, amongst others, the holders of the Notes, persons by or through whom payments derived from the Notes are made or who receive such payments (or who would be entitled to receive such payments if they were made), persons who effect or are a party to transactions relating to the Notes on behalf of others and certain registrars or administrators. In certain circumstances, the information obtained by HMRC may be provided to tax authorities in other countries.

18.3 EU Savings Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income (the ''**Savings Directive**''), each Member State is required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to, or collected by such a person for, an individual resident in, or certain limited types of entity established in, that other Member State; however, for a transitional period, Austria and Luxembourg may instead apply a withholding system in relation to such payments deducting tax at a rate of 35%. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments. Luxembourg has announced that it will no longer apply the withholding tax system as from January 1, 2015 and will provide details of payments of interest (or similar income) as from this date.

A number of non-EU countries, and certain dependent or associated territories of certain Member States, have adopted similar measures (either provision of information or transitional withholding) in relation to payments made by a person within its jurisdiction to, or collected by such a person for, an individual resident in, or certain limited types of entity established in, a Member State. In addition, the Member States have entered into provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for, an individual resident in, or certain limited types of entity established in, one of those territories.

The European Council formally adopted a Council Directive amending the Savings Directive on March 24, 2014 (the ''**Amending Directive**''). The Amending Directive broadens the scope of the requirements described above. Member States have until January 1, 2016 to adopt the national legislation necessary to comply with the Amending Directive. The changes made under the Amending Directive include extending the scope of the Savings Directive to payments made to, or collected for, certain other entities and legal arrangements. They also broaden the definition of ''interest payment'' to cover income that is equivalent to interest. Investors who are in any doubt as to their position should consult their professional advisers.

If a payment under a Note were to be made by a person in a Member State or another country or territory which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment pursuant to the Savings Directive (as amended from time to time) or any law implementing or complying with, or introduced in order to conform to the Savings Directive, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts under the terms of such Note as a result of the imposition of such withholding tax. The Issuer is, however, required to maintain a Paying Agent in a Member State that will not be obliged to withhold or deduct tax pursuant to the Savings Directive (as amended from time to time) or any such law.

18.4 The Proposed EU Financial Transactions Tax ("FTT")

The European Commission has published a proposal for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**Participating Member States**").

The proposed FTT has a very broad scope and could, if introduced in its current form, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt.

Under current proposals the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a Participating Member State. A financial institution may be, or be deemed to be, "established" in a Participating Member State in a broad range of circumstances, including (i) by transacting with a person established in a Participating Member State or (ii) where the financial instrument which is subject to the dealings is issued in a Participating Member State.

The FTT proposal remains subject to negotiation between the Participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate. Prospective holders of Notes are advised to seek their own professional advice in relation to the FTT.

19. PLAN OF DISTRIBUTION

19.1 Subscription

The Issuer and the Guarantor have entered into a Subscription Agreement dated May 15, 2014 (the "**Subscription Agreement**") with the Initial Subscribers named below (the "**Initial Subscribers**"), for whom BNP Paribas Securities Corp., Citigroup Global Markets Inc., Merrill Lynch, Pierce, Fenner & Smith Incorporated and RBS Securities Inc. are acting as representatives (the "**Representatives**"), pursuant to which, and subject to the terms and conditions set forth therein, the Issuer has agreed to issue and sell to the Initial Subscribers and each Initial Subscriber has severally agreed to subscribe to, the principal amount of the Notes as set forth below:

Initial Subscribers	Principal Amount of A Notes	Principal Amount of B Notes	Principal Amount of C Notes	Principal Amount of D Notes	Principal Amount of E Notes
BNP Paribas Securities Corp.	362,500,000	250,000,000	125,000,000	62,500,000	75,000,000
Citigroup Global Markets Inc.	362,500,000	250,000,000	125,000,000	62,500,000	75,000,000
Merrill Lynch, Pierce, Fenner & Smith Incorporated	362,500,000	250,000,000	125,000,000	62,500,000	75,000,000
RBS Securities Inc.	362,500,000	250,000,000	125,000,000	62,500,000	75,000,000
Total	**1,450,000,000**	**1,000,000,000**	**500,000,000**	**250,000,000**	**300,000,000**

The obligations of the Initial Subscribers under the Subscription Agreement, including their agreement to subscribe to the Notes from the Issuer, are several and not joint. The Subscription Agreement provides that the Initial Subscribers will subscribe, subject to certain conditions precedent, to all the Notes if any of them are subscribed to.

The Initial Subscribers initially propose to offer and sell the Notes of each tranche at the applicable prices set forth on the cover page of this Offering Memorandum. If all of the Notes of a tranche are not sold at the initial offering price, the initial offering price and other selling terms may be changed at any time without notice. The offering of the Notes by the Initial Subscribers is subject to receipt and acceptance and subject to the Initial Subscribers' right to reject any order in whole or in part. The Initial Subscribers may offer and sell Notes through certain of their affiliates.

In the Subscription Agreement, the Issuer and the Guarantor have agreed, jointly and severally, to the extent permitted by the laws of England, to indemnify and hold harmless each Initial Subscriber, its affiliates, directors, officers, partners, employees and controlling persons against certain liabilities in connection with the Offering and to contribute to payments that the Initial Subscribers may be required to make in respect thereof. The Initial Subscribers have agreed to reimburse certain of the Issuer's offering-related expenses.

The Notes are new issues of securities for which there currently are no markets and the Issuer has no intention of listing the Notes on any securities exchange or arranging for their quotation on any automated quotation system. Certain of the Initial Subscribers have advised the Issuer that following the completion of the Offering, they intend to make a market in the Notes of each tranche. They are not obligated to do so, however, and any market-making activities with respect to the Notes may be discontinued at any time at their sole discretion without notice. In addition, such market-making activity will be subject to the limits imposed by the Securities Act and the Exchange Act. Accordingly, the Issuer cannot give any assurance as to the development of any markets or the liquidity of any markets for the Notes.

In connection with the Offering, the Initial Subscribers may engage in over-allotment, stabilizing transactions and syndicate covering transactions. Over-allotment involves sales in excess of the offering size, which creates a short position for the Initial Subscribers. Stabilizing transactions involve bids to purchase the Notes in the open market for the purpose of pegging, fixing or maintaining the prices of the Notes. Syndicate covering transactions involve purchasers of the Notes in the open market after the distribution has been completed in order to cover short positions. Any of these activities may prevent a decline in the market prices of the Notes, and may also cause the prices of the Notes to be higher than they would otherwise be in the absence of these transactions. The Initial Subscribers may conduct these transactions in the over-the-counter market or otherwise. If the Initial Subscribers commence any of these transactions, they may discontinue them at any time.

The Initial Subscribers also may impose a penalty bid. This occurs when a particular Initial Subscriber repays to the Initial Subscribers a portion of the underwriting discount received by it because such Initial Subscriber or its affiliates have repurchased notes sold by or for the account of such Initial Subscriber in stabilizing or short covering transactions.

The Issuer expects that delivery of the Notes will be made against payment therefor on or about the date specified on the cover of this Offering Memorandum, which will be the sixth New York business day following the date of pricing of the Notes (this settlement cycle being referred to as ''T+6''). Under Rule 15c6-1 of the Exchange Act, trades in the secondary market generally are required to settle in three New York business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade the Notes on the date of this Offering Memorandum or the next succeeding New York business days will be required, by virtue of the fact that the Notes initially will settle in T+6, to specify any alternate settlement cycle at the time of any such trade to prevent a failed settlement. Purchasers of the Notes who wish to make such trades should consult their own adviser.

The Initial Subscribers and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities. Some of the Initial Subscribers and their respective affiliates have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with the Issuer, the Guarantor or affiliates of the Issuer or Guarantor. They have received, or may in the future receive, customary fees and commissions for these transactions.

In addition, in the ordinary course of their business activities, the Initial Subscribers and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer, the Guarantor or affiliates of the Issuer or Guarantor. Certain of the Initial Subscribers or their respective affiliates that have a lending relationship with the Issuer, the Guarantor or affiliates of the Issuer or Guarantor routinely hedge their credit exposure to the Issuer, the Guarantor or affiliates of the Issuer or Guarantor consistent with their customary risk management policies. Typically, such Initial Subscribers and their respective affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities of the Issuer, the Guarantor or affiliates of the Issuer or Guarantor, including potentially the Notes offered hereby. Any such short positions could adversely affect future trading prices of the Notes offered hereby. The Initial Subscribers and their respective affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

19.2 Selling Restrictions

19.2.1 United States

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Accordingly, the Notes are being offered and sold only to (i) persons who are both a Qualified Institutional Buyer and a Qualified Purchaser within the United States in each case purchasing for their own account or the account of one or more persons, each of which is a Qualified Institutional Buyer and a Qualified Purchaser, as to which the purchaser exercises sole investment discretion, in transactions meeting the requirements of Rule 144A and (ii) non-U.S. persons located outside the United States in reliance on Regulation S under the Securities Act.

The Notes being offered and sold pursuant to Regulation S may not be offered, sold or delivered in the United States or to, or for the account or benefit of, any U.S. person, unless the Notes are registered under the Securities Act or an exemption from the registration requirements under the Securities Act is available. Terms used above have the meaning given to them by Regulation S and Rule 144A. See ''*Purchase and Transfer Restrictions*''.

In addition, until forty days after the commencement of the offering of the Notes, an offer or sale of Notes within the United States by any dealer (whether or not participating in the offering of the Notes) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A under the Securities Act.

19.2.2 European Economic Area

In relation to each member state of the European Economic Area which has implemented the Prospectus Directive (each, a ''**Relevant Member State**''), with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the ''**Relevant Implementation Date**'') each of the Initial Subscribers has represented, warranted and agreed that it has not made and will not make an offer of Notes to the public in that Relevant Member State prior to the publication of a prospectus in relation to the Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the relevant competent authority in that Relevant Member State, all in accordance with the Prospectus Directive except that each of the Initial Subscribers may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State at any time:

(a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(b) to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive; or

(c) in any other circumstances which do not require the publication by the Issuer of a prospectus pursuant to Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes shall require the Issuer or any of the Initial Subscribers to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an ''**offer of Notes to the public**'' in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State and the expression ''**Prospectus Directive**'' means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression ''**2010 PD Amending Directive**'' means Directive 2010/73/EU.

19.2.3 United Kingdom

Each of the Initial Subscribers has represented, warranted and agreed that:

(a) It has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the ''**FSMA**'') received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the Guarantor; and

(b) It has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

19.2.4 Hong Kong

Each of the Initial Subscribers has severally represented and agreed that:

(a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than (i) to ''professional investors'' as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (ii) in other circumstances which do not result in the document being a ''prospectus'' as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and

(b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to ''professional investors'' as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance.

19.2.5 Japan

Each of the Initial Subscribers has severally represented and agreed that the Notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948, as amended); it will not offer or sell, directly or indirectly, any of the Notes in Japan or to, or for the account or benefit of, any resident of Japan or to, or for the account or benefit of, any resident for reoffering or resale, directly or indirectly, in Japan or to, or for the account or benefit of, any resident of Japan except (i) pursuant to an exemption from the registration requirements of, or otherwise in compliance with, the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948, as amended) and (ii) in compliance with the other relevant laws and regulations of Japan.

19.2.6 Singapore

Each of the Initial Subscribers has severally represented and agreed that this Offering Memorandum has not been and will not be registered as a prospectus with the Monetary Authority of Singapore under the Securities and Futures Act (Chapter 289 of Singapore) (the ''SFA'').

Accordingly, each of the Initial Subscribers severally represents, warrants and agrees that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Memorandum or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the SFA, (ii) to a relevant person pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA or (iii) pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Each of the Initial Subscribers further has severally represented and agreed to notify (whether through the distribution of this Offering Memorandum or otherwise) each of the following relevant persons specified in Section 275 of the SFA which has subscribed or purchased Notes from or through that Initial Subscriber, namely a person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, that securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest in that trust shall not be transferable for 6 months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

   (1) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

   (2) where no consideration is or will be given for the transfer;

   (3) where the transfer is by operation of law;

   (4) as specified in section 276(7) of the SFA; or

   (5) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

20. PURCHASE AND TRANSFER RESTRICTIONS

20.1 General

Because of the following restrictions, purchasers are advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of the Notes.

The offering is being made in accordance with Rule 144A and Regulation S under the Securities Act. The Notes have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction and, accordingly, may not be offered, sold, pledged or otherwise transferred or delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S) except as set forth below.

The Notes (including any beneficial interest in a Global Note) will be subject to certain restrictions on transfer set forth in the Notes and the Fiscal and Paying Agency Agreement. A beneficial interest in a Regulation S Global Note may be transferred to a person who wishes to take delivery of such beneficial interest through a Rule 144A Global Note only upon receipt by the transfer agent of a written certification (in the form provided in the Fiscal and Paying Agency Agreement) from the transferor to the effect that the transferor (i) reasonably believes that the transferee is a Qualified Institutional Buyer who is also a Qualified Purchaser purchasing for its own account (or for the account of one or more Qualified Institutional Buyers over which account it exercises sole investment discretion), (ii) transfers such note in a transaction meeting the requirements of Rule 144A and (iii) has notified the transferee of the restrictions on transfer and the representations described in this section.

Beneficial interests in a Rule 144A Global Note may be transferred to a person who takes delivery in the form of an interest in a Rule 144A Global Note without any written certification from the transferor or the transferee.

Beneficial interests in a Rule 144A Global Note may be transferred to a person who takes delivery in the form of an interest in a Regulation S Global Note only upon receipt by the transfer agent of a written certification (in the form provided in the Fiscal and Paying Agency Agreement) from the transferor to the effect that such transfer is being made in compliance with the restrictions and representations described in this section and in accordance with Rule 904 of Regulation S under the Securities Act.

Any beneficial interest in a Rule 144A Global Note that is transferred to a person who takes delivery in the form of a beneficial interest in a Regulation S Global Note will, upon transfer, cease to be a beneficial interest in such Rule 144A Global Note and become a beneficial interest in the Regulation S Global Note and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to a beneficial interest in such Regulation S Global Note for so long as such person retains such an interest.

Any beneficial interest in a Regulation S Global Note that is transferred to a person who takes delivery in the form of a beneficial interest in a Rule 144A Global Note will, upon transfer, cease to be a beneficial interest in such Regulation S Global Note and become a beneficial interest in the Rule 144A Global Note and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to a beneficial interest in such Rule 144A Global Note for so long as such person retains such an interest.

20.2 Rule 144A Notes

Each purchaser of the Notes (including the registered holders and beneficial owners of the Notes as they exist from time to time, including as a result of transfers, in each case, as of the time of purchase) offered hereby in reliance on Rule 144A (the "**Rule 144A Notes**") must be able to and will be deemed to have represented and agreed, on its own behalf and on behalf of each account for which it is purchasing, as follows:

1. It is a Qualified Institutional Buyer who is also a Qualified Purchaser; is aware the sale of the Notes to it is being made in reliance on Rule 144A; is acquiring such Notes for its own account or the account of a

Qualified Institutional Buyer who is also a Qualified Purchaser as to which the purchaser exercises sole investment discretion; and it and each such account:

(a) is not a broker-dealer which owns and invests on a discretionary basis less than U.S.$25,000,000 in securities of unaffiliated issuers;

(b) is not a plan referred to in paragraph (A)(1)(i)(D) or (A)(1)(i)(E) of Rule 144A or a trust fund referred to in paragraph (A)(1)(i)(F) of Rule 144A that holds the assets of such a plan, if investment decisions with respect to the plan are made by the beneficiaries of the plan;

(c) is not formed for the purpose of investing in the Issuer;

(d) will provide notice of the transfer restrictions described in this ''*Purchase and Transfer Restrictions*'' to any subsequent transferees; and

(e) acknowledges that the Issuer may receive a list of participants holding positions in the Rule 144A Global Notes from one or more book-entry depositaries.

It understands that if at any time the Issuer determines in good faith that a holder of the Notes (or of any beneficial interest therein) is in breach, at the time given, of any of the representations and agreements contained in this ''*Purchase and Transfer Restrictions*'', the Issuer may require such holder to transfer such Notes (or beneficial interest therein) to a transferee acceptable to the Issuer who is able to and who does make all of the representations and agreements set forth in this ''*Purchase and Transfer Restrictions*''. Pending such transfer, such holder will be deemed not to be the holder of such Notes for any purpose, including but not limited to receipt of principal and interest payments on such Notes, and such holder will be deemed to have no interest whatsoever in such Notes except as otherwise required to sell its interest therein as described in this paragraph.

2. It understands that the Issuer is not and will not be registered as an ''investment company'' under the Investment Company Act.

3. It understands and acknowledges that such Rule 144A Notes are being offered only in a transaction not involving any public offering in the United States, within the meaning of the Securities Act, and the Rule 144A Notes offered hereby have not been and will not be registered under the Securities Act and may not be offered, resold, pledged or otherwise transferred except to a person who the seller reasonably believes is both a Qualified Institutional Buyer and a Qualified Purchaser in a transaction meeting the requirements of Rule 144A, in accordance with all applicable securities laws of the states of the United States.

4. It understands and acknowledges that Rule 144A Global Notes (or any interest therein) may be purchased, sold, pledged or otherwise transferred only in minimum principal amounts of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof.

5. Either (a) it is not and is not using the assets of any (i) ''employee benefit plan'' within the meaning of Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended (''**ERISA**''), which is subject to Title I of ERISA, ''plan'' which is subject to Section 4975 of the Code, or entity whose underlying assets are treated as assets of any such employee benefit plan or plan pursuant to the U.S. Department of Labor regulation codified at 29 C.F.R. Section 2510.3-101 (as modified by Section 3(42) of ERISA) or (ii) governmental, church or non-U.S. plan that is subject to any federal, state, local or non-U.S. law that is substantially similar to the provisions of Section 406 of ERISA or Section 4975 of the Code (''**Similar Law**''), or entity whose assets are treated as assets of any such plan, or (b) its purchase and holding of a Note will not constitute or result in a nonexempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code, or violation of applicable Similar Law.

6. It understands that each Rule 144A Global Note, and each Definitive Note issued in exchange for all or part of a Rule 144A Global Note or an interest therein, will bear a legend to the following effect, unless the Issuer determines otherwise in compliance with applicable law:

THE NOTES EVIDENCED BY THIS RESTRICTED GLOBAL NOTE MAY BE PURCHASED AND TRANSFERRED ONLY IN MINIMUM PRINCIPAL AMOUNTS OF $200,000 AND INTEGRAL MULTIPLES OF $1,000 IN EXCESS THEREOF.

IF AT ANY TIME THE ISSUER DETERMINES IN GOOD FAITH THAT A HOLDER OR BENEFICIAL OWNER OF NOTES EVIDENCED BY THIS RESTRICTED GLOBAL NOTE OR BENEFICIAL INTERESTS THEREIN IS IN BREACH, AT THE TIME GIVEN, OF ANY OF THE TRANSFER RESTRICTIONS SET FORTH HEREIN AND IN THE FISCAL AND PAYING AGENCY AGREEMENT, THE ISSUER SHALL REQUIRE SUCH HOLDER TO TRANSFER THE NOTES EVIDENCED BY THIS RESTRICTED GLOBAL NOTE (OR INTEREST THEREIN) TO A TRANSFEREE ACCEPTABLE TO THE ISSUER WHO IS ABLE TO AND WHO DOES SATISFY ALL OF THE REQUIREMENTS SET FORTH HEREIN AND IN THE FISCAL AND PAYING AGENCY AGREEMENT. PENDING SUCH TRANSFER, SUCH HOLDER WILL BE DEEMED NOT TO BE THE HOLDER OF NOTES EVIDENCED BY THIS RESTRICTED GLOBAL NOTE (OR INTEREST THEREIN) FOR ANY PURPOSE, INCLUDING BUT NOT LIMITED TO RECEIPT OF PRINCIPAL AND INTEREST PAYMENTS ON THE NOTES EVIDENCED BY THIS RESTRICTED GLOBAL NOTE, AND SUCH HOLDER WILL BE DEEMED TO HAVE NO INTEREST WHATSOEVER IN NOTES EVIDENCED BY THIS RESTRICTED GLOBAL NOTE EXCEPT AS OTHERWISE REQUIRED TO SELL ITS INTEREST THEREIN AS DESCRIBED HEREIN.

NEITHER THE NOTES EVIDENCED BY THIS RESTRICTED GLOBAL NOTE NOR THE RELATED GUARANTEE HAS BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE ''SECURITIES ACT''). NEITHER THE ISSUER OF THIS RESTRICTED GLOBAL NOTE NOR THE GUARANTOR HAS BEEN OR WILL BE REGISTERED AS AN INVESTMENT COMPANY UNDER THE U.S. INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE ''INVESTMENT COMPANY ACT''). THE NOTES EVIDENCED BY THIS RESTRICTED GLOBAL NOTE MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (A)(1) TO A PERSON WHO IS BOTH A ''QUALIFIED INSTITUTIONAL BUYER'' (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) AND A ''QUALIFIED PURCHASER'' (AS DEFINED IN SECTION 2(A)(51) OF THE INVESTMENT COMPANY ACT AND RELATED RULES), IN EACH CASE PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER WHO IS ALSO A QUALIFIED PURCHASER AS TO WHICH THE PURCHASER EXERCISES SOLE INVESTMENT DISCRETION, IN RELIANCE ON THE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT PROVIDED BY RULE 144A, AND FURTHER PROVIDED THAT EACH SUCH PERSON AND ACCOUNT FOR WHICH SUCH PERSON IS PURCHASING (A) IS NOT A BROKER-DEALER THAT OWNS AND INVESTS ON A DISCRETIONARY BASIS LESS THAN U.S.$25,000,000 IN SECURITIES OF ISSUERS THAT ARE NOT ITS AFFILIATED PERSONS AND IS NOT A PLAN REFERRED TO IN PARAGRAPH (A)(1)(I)(D) OR (A)(1)(I)(E) OF RULE 144A OR A TRUST FUND REFERRED TO IN PARAGRAPH (A)(1)(I)(F) OF RULE 144A THAT HOLDS THE ASSETS OF SUCH A PLAN, IF INVESTMENT DECISIONS WITH RESPECT TO THE PLAN ARE MADE BY THE BENEFICIARIES OF THE PLAN, (B) EITHER (I) SUCH PERSON IS NOT AND IS NOT USING THE ASSETS OF ANY (A) ''EMPLOYEE BENEFIT PLAN'' WITHIN THE MEANING OF SECTION 3(3) OF U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED (''ERISA''), WHICH IS SUBJECT TO TITLE I OF ERISA OR ''PLAN'' SUBJECT TO SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE ''CODE''), OR ENTITY WHOSE UNDERLYING ASSETS ARE TREATED AS ASSETS OF ANY SUCH EMPLOYEE BENEFIT PLAN OR PLAN PURSUANT TO THE U.S. DEPARTMENT OF LABOR PLAN ASSETS REGULATION CODIFIED AT 29 C.F.R. SECTION 2510.3-101 (AS MODIFIED BY SECTION 3(42) OF ERISA) OR (B) GOVERNMENTAL, CHURCH OR NON-U.S. PLAN THAT IS

SUBJECT TO ANY FEDERAL, STATE, LOCAL OR NON-U.S. LAW THAT IS SUBSTANTIALLY SIMILAR TO THE PROVISIONS OF SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE (''SIMILAR LAW'') OR ENTITY WHOSE ASSETS ARE TREATED AS ASSETS OF ANY SUCH PLAN OR (II) SUCH PERSON'S PURCHASE AND HOLDING OF ANY NOTES EVIDENCED BY THIS RESTRICTED GLOBAL NOTE WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE OR A VIOLATION OF APPLICABLE SIMILAR LAW, (C) IS NOT FORMED FOR THE PURPOSE OF INVESTING IN THE ISSUER OR THE GUARANTOR, (D) UNDERSTANDS THAT THE ISSUER AND THE GUARANTOR MAY RECEIVE A LIST OF PARTICIPANTS HOLDING POSITIONS IN THE NOTES EVIDENCED BY THIS RESTRICTED GLOBAL NOTE FROM ONE OR MORE BOOK-ENTRY DEPOSITARIES AND (E) MUST BE ABLE TO AND WILL BE DEEMED TO REPRESENT THAT IT AGREES TO COMPLY WITH THE APPLICABLE TRANSFER RESTRICTIONS, AND WILL NOT TRANSFER THE NOTES EVIDENCED BY THIS RESTRICTED GLOBAL NOTE OR ANY BENEFICIAL INTERESTS THEREIN EXCEPT TO A PURCHASER WHO CAN MAKE THE SAME REPRESENTATIONS AND AGREEMENTS ON BEHALF OF ITSELF AND EACH ACCOUNT FOR WHICH IT IS PURCHASING OR (2) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 904 OF REGULATION S (''REGULATION S'') UNDER THE SECURITIES ACT, AND (B) IN EACH CASE IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES, PROVIDED THAT, AS A CONDITION TO THE REGISTRATION OF THE TRANSFER THEREOF, THE ISSUER, THE GUARANTOR OR THE FISCAL AGENT MAY REQUIRE THE DELIVERY OF ANY DOCUMENTS, INCLUDING AN OPINION OF COUNSEL, THAT IT, IN ITS SOLE DISCRETION, MAY DEEM NECESSARY OR APPROPRIATE TO EVIDENCE COMPLIANCE WITH THE FOREGOING. THE HOLDER OF NOTES EVIDENCED BY THIS RESTRICTED GLOBAL NOTE, BY PURCHASING OR ACCEPTING NOTES EVIDENCED BY THIS RESTRICTED GLOBAL NOTE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE ISSUER THAT IT WILL NOTIFY ANY PURCHASER OF NOTES EVIDENCED BY THIS RESTRICTED GLOBAL NOTE FROM THE HOLDER OF THE RESALE RESTRICTIONS REFERRED TO ABOVE.

7. It understands that no representation can be made as to the availability of the exemption provided by Rule 144 for resales of the Notes offered hereby.

8. It acknowledges that the Fiscal Agent will not be required to accept for registration of transfer any Notes acquired by it, except upon presentation of evidence satisfactory to the Issuer and the Guarantor that the restrictions set forth herein have been complied with.

9. It acknowledges that the Issuer, the Guarantor, the Initial Subscribers and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements, and agrees that if any of the acknowledgements, representations or agreements deemed to have been made by it by its purchase of the Notes are no longer accurate, it shall promptly notify the Issuer and the Initial Subscribers. If it is acquiring any Notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such account and it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

20.3 Regulation S Notes

Each purchaser of Notes other than the Rule 144A Notes (''**Regulation S Notes**'') must be able to and will be deemed to have represented and agreed as follows:

1. It is a non-U.S. person who is acquiring such Regulation S Notes in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S under the Securities Act.

2. It understands that such Regulation S Notes are being offered only outside the United States to non-U.S. persons in offshore transactions in reliance on Regulation S under the Securities Act and that the Regulation S Notes offered hereby have not been and will not be registered under the Securities Act

and may not be offered, resold, pledged or transferred within the United States or to, or for the account or benefit of U.S. persons except as permitted by the legend set forth in paragraph (5) below.

3. It agrees that it will deliver to each person to whom it transfers the Regulation S Notes notice of any restrictions on transfer of such Regulation S Notes.

4. Either (a) it is not and is not using the assets of any (i) ''employee benefit plan'' within the meaning of Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended (''**ERISA**''), which is subject to Title I of ERISA, ''**plan**'' which is subject to Section 4975 of the U.S. Internal Revenue Code of 1986, as amended (the ''**Code**''), or entity whose underlying assets are treated as assets of any such employee benefit plan or plan pursuant to the U.S. Department of Labor regulation codified at 29 C.F.R. Section 2510.3-101 (as modified by Section 3(42) of ERISA) or (ii) governmental, church or non-U.S. plan that is subject to any federal, state, local or non-U.S. law that is substantially similar to the provisions of Section 406 of ERISA or Section 4975 of the Code (''**Similar Law**''), or entity whose assets are treated as assets of any such plan, or (b) its purchase and holding of a Note will not constitute or result in a nonexempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code, or violation of applicable Similar Law.

5. It understands that each Regulation S Global Note, and each Definitive Note issued in exchange for all or part of a Regulation S Global Note or interest therein, will bear a legend to the following effect, unless the Issuer determines otherwise in compliance with applicable law:

> THE NOTES EVIDENCED BY THIS UNRESTRICTED GLOBAL NOTE MAY BE PURCHASED AND TRANSFERRED ONLY IN MINIMUM PRINCIPAL AMOUNTS OF $200,000 AND INTEGRAL MULTIPLES OF $1,000 IN EXCESS THEREOF.
>
> NEITHER THE NOTES EVIDENCED BY THIS UNRESTRICTED GLOBAL NOTE NOR THE RELATED GUARANTEE HAS BEEN OR WILL BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE ''SECURITIES ACT''), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY JURISDICTION AND MAY NOT BE REOFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES OR TO A U.S. PERSON (EACH AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT) EXCEPT PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT. THE ISSUER OF THE NOTES EVIDENCED BY THIS UNRESTRICTED GLOBAL NOTE HAS AGREED THAT THIS PARAGRAPH OF THIS LEGEND SHALL BE DEEMED TO HAVE BEEN REMOVED ON THE 41ST DAY FOLLOWING THE LATER OF THE COMMENCEMENT OF THE OFFERING OF THE NOTES EVIDENCED BY THIS UNRESTRICTED GLOBAL NOTE AND THE FINAL DELIVERY DATE WITH RESPECT THERETO.

6. It acknowledges that the Fiscal Agent will not be required to accept for registration of transfer any Notes acquired by it, except upon presentation of evidence satisfactory to the Issuer and the Guarantor that the restrictions set forth herein have been complied with.

7. It acknowledges that the Issuer, the Guarantor, the Initial Subscribers and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements, and agrees that if any of the acknowledgements, representations or agreements deemed to have been made by it by its purchase of the Notes are no longer accurate, it shall promptly notify the Issuer and the Initial Subscribers. If it is acquiring any Notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such account and it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

21. LEGAL MATTERS

The validity of the Notes and the Guarantee and certain legal matters in connection with the Offering with respect to United States law, New York law, German law and English law will be passed upon for the Issuer and the Company by Clifford Chance. The validity of the Notes and certain legal matters in connection with the Offering with respect to Delaware law will be passed upon for the Issuer by Richards, Layton & Finger, P.A. Certain matters of United States law, New York law, German law and English law will be passed upon for the Initial Subscribers by Cleary Gottlieb Steen & Hamilton LLP.

22. INDEPENDENT AUDITORS

The opening balance sheet of Volkswagen Group of America Finance, LLC as of April 30, 2014 included in this Offering Memorandum has been audited by PricewaterhouseCoopers LLP, independent accountants in the United States, as stated in their auditor's report appearing herein.

The annual consolidated financial statements of Volkswagen Aktiengesellschaft as of and for the years ended December 31, 2013 and 2012 included in this Offering Memorandum have been audited by PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Fuhrberger Straße 5, 30625 Hannover, a member of the German Chamber of Public Accountants (*Wirtschaftsprüferkammer*), Berlin, as stated in their auditor's reports appearing herein. See ''*Presentation of Financial and Other Information — Consolidated Financial Information*''.

INDEX TO THE FINANCIAL STATEMENTS

Balance Sheet & Related Footnotes
Volkswagen Group of America Finance, LLC

April 30, 2014

Independent Auditor's Report

To the Board of Directors of Volkswagen Group of America Finance, LLC:

We have audited the accompanying balance sheet of Volkswagen Group of America Finance, LLC as of April 30, 2014.

Management's Responsibility for the Balance Sheet

Management is responsible for the preparation and fair presentation of the balance sheet in accordance with International Financial Reporting Standards, as adopted by the European Union; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a balance sheet that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the balance sheet based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and International Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the balance sheet is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the balance sheet. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the balance sheet, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the balance sheet in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the balance sheet. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying balance sheet presents fairly, in all material respects, the financial position of Volkswagen Group of America Finance, LLC at April 30, 2014 in accordance with International Financial Reporting Standards, as adopted by the European Union.

May 13, 2014

Balance Sheet as of April 30, 2014

	April 30, 2014	
	USD'000	USD'000
Assets		
Current assets		
Cash	1,000	
Total current assets		1,000
Total assets		1,000
Equity and liabilities		
Equity capital		
Issued and paid-in capital	1,000	
Current earnings	(3)	
Total equity capital		997
Current liabilities		
Accrued liabilities	3	
Total current liabilities		3
Total equity capital and liabilities		1,000

The accompanying notes are an integral part of this balance sheet.

Note 1 General

Volkswagen Group of America Finance, LLC (''VWGoAF'') or ''the Company'' was formed on February 14, 2014. The Company has an authorized and paid in capital of USD 1,000,000. The sole legal shareholder of the Company is Volkswagen Group of America, Inc. VWGoAF's registered office is located at 2711 Centerville Road, Suite 400, Wilmington, Delaware 19808. VWGoAF's principal place of business is at 2200 Ferdinand Porsche Drive, Herndon, Virginia 20171.

Duly authorized VWGoAF officers completed preparation of the balance sheet and footnotes on May 13th, 2014. On that date, the period ended in which adjusting events after the reporting period are recognized.

The Company was capitalized on April 15, 2014. This balance sheet is as of April 30, 2014, the first period end after the initial capitalization.

Note 2 Activities

The main purpose of the company is the financing of Volkswagen Group companies. VWGoAF anticipates having access to several funding sources such as bonds and intercompany loans.

VWGoAF was formed with the intention of participating in external issues which will be guaranteed by Volkswagen AG (''VWAG''). VWGoAF intends to lend the proceeds of these borrowings to Volkswagen Group companies as intercompany loans.

Note 3 Accounting policies

1 General

The balance sheet and accompanying notes are prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union. The financial statements are denominated in USD.

2 Principals of valuation of assets and liabilities

(a) Cash

Cash is defined as short-term (within 90 days or three months) highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. The balance includes cash at banks. The Company maintains its cash in bank deposit accounts at a high credit quality financial institution. The balances, at times, may exceed federally insured limits.

(b) Equity

The Company has no mandatory reserves.

(c) Accrued liabilities

Accrued liabilities are valued at the expected costs. The balance includes an accrual for services provided to VWGoAF by Volkswagen International Finance N.V.

(d) Basis for taxation

VWGoAF is a Limited Liability Company (LLC) and is treated as a disregarded entity for U.S. Federal and state tax purposes. Its taxable income or loss flows to its only shareholder, Volkswagen Group of America, Inc., and it is not separately subject to income taxation. If required, the tax provision will be recorded at the VWGoA level. Since no taxable income or loss was incurred in the current reporting period, no tax provision related to the LLC has been recorded at the VWGoA level. Certain states tax the income or capital of LLCs therefore, future tax accruals may be required in subsequent reporting periods.

Note 4 Related parties

Significant transactions with related parties are disclosed in the notes insofar as they are not transacted under normal market conditions as disclosed in Note 1.

Note 5 Subsequent events

Subsequent events have been evaluated by management through May 13, 2014, which is the date the balance sheet and footnotes were available to be issued.

Note 6 Disclosure of date of authorization of Balance Sheet & Footnotes

Volkswagen Group of America Finance, LLC—April 30, 2014

The balance sheet and accompanying notes were approved by the duly authorized VWGoAF officers on May 13, 2014.

**Unaudited condensed consolidated interim financial statements (IFRS)
of Volkswagen Aktiengesellschaft**

as of and for the three-month period ended March 31, 2014

Interim Consolidated Financial Statements (Condensed)
INCOME STATEMENT
FOR THE PERIOD JANUARY 1 TO MARCH 31

			DIVISIONS			
	VOLKSWAGEN GROUP		AUTOMOTIVE[1]		FINANCIAL SERVICES	
€ million	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**
Sales revenue	**47,831**	**46,565**	**42,054**	**41,129**	**5,777**	**5,436**
Cost of sales	−38,869	−38,287	−34,432	−34,101	−4,437	−4,186
Gross profit	**8,962**	**8,278**	**7,622**	**7,029**	**1,340**	**1,250**
Distribution expenses	−4,765	−4,619	−4,485	−4,365	−280	−254
Administrative expenses	−1,653	−1,619	−1,294	−1,279	−359	−340
Other operating income/expense	311	303	582	543	−271	−240
Operating profit	**2,855**	**2,344**	**2,425**	**1,927**	**430**	**416**
Share of profits and losses of equity-accounted investments	994	892	984	847	10	45
Other financial result	−492	−548	−519	−519	27	−28
Financial result	**502**	**344**	**465**	**328**	**36**	**16**
Profit before tax	**3,357**	**2,688**	**2,890**	**2,255**	**467**	**433**
Income tax expense	−890	−742	−765	−570	−125	−172
Profit after tax	**2,468**	**1,946**	**2,125**	**1,685**	**342**	**261**
of which attributable to						
Noncontrolling interests	51	−80	37	−86	15	6
Volkswagen AG hybrid capital investors	21	—	21	—	—	—
Volkswagen AG shareholders	2,395	2,026	2,067	1,771	327	255
Basic earnings per ordinary share (€)[2]	**4.87**	**4.18**				
Diluted earnings per ordinary share (€)[2]	**4.87**	**4.18**				
Basic earnings per preferred share (€)[2]	**4.93**	**4.24**				
Diluted earnings per preferred share (€)[2]	**4.93**	**4.24**				

1 Including allocation of consolidation adjustments between the Automotive and Financial Services divisions.

2 Explanatory information on earnings per share is presented in note 4. Prior-year figures adjusted to reflect application of IAS 33.26

STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD JANUARY 1 TO MARCH 31

€ million	2014	2013
Profit after tax	**2,468**	**1,946**
Pension plan remeasurements recognized in other comprehensive income		
Pension plan remeasurements recognized in other comprehensive income, before tax	–1,335	835
Deferred taxes relating to pension plan remeasurements recognized in other comprehensive income	395	–243
Pension plan remeasurements recognized in other comprehensive income, net of tax	–940	592
Share of other comprehensive income of equity-accounted investments that will not be reclassified to profit or loss, net of tax	–3	—
Items that will not be reclassified to profit or loss	**–943**	**592**
Exchange differences on translating foreign operations		
Unrealized currency translation gains/losses	–126	437
Transferred to profit or loss	—	—
Exchange differences on translating foreign operations, before tax	–126	437
Deferred taxes relating to exchange differences on translating foreign operations	0	0
Exchange differences on translating foreign operations, net of tax	–126	438
Cash flow hedges		
Fair value changes recognized in other comprehensive income	–110	–714
Transferred to profit or loss	–80	3
Cash flow hedges, before tax	–190	–711
Deferred taxes relating to cash flow hedges	56	197
Cash flow hedges, net of tax	–134	–514
Available-for-sale financial assets		
Fair value changes recognized in other comprehensive income	–90	–184
Transferred to profit or loss	58	–33
Available-for-sale financial assets, before tax	–32	–217
Deferred taxes relating to available-for-sale financial assets	–20	2
Available-for-sale financial assets, net of tax	–52	–215
Share of other comprehensive income of equity-accounted investments that may be reclassified subsequently to profit or loss, net of tax	–115	75
Items that may be reclassified subsequently to profit or loss	**–426**	**–216**
Other comprehensive income, before tax	–1,800	419
Deferred taxes relating to other comprehensive income	431	–43
Other comprehensive income, net of tax	**–1,369**	**376**
Total comprehensive income	**1,098**	**2,322**
of which attributable to		
Noncontrolling interests	19	–12
Volkswagen AG hybrid capital investors	21	—
Volkswagen AG shareholders	1,058	2,334

BALANCE SHEET
AS OF MARCH 31, 2014 AND DECEMBER 31, 2013

€ million	VOLKSWAGEN GROUP		DIVISIONS AUTOMOTIVE[1]		DIVISIONS FINANCIAL SERVICES	
	2014	2013	2014	2013	2014	2013
Assets						
Noncurrent assets	**202,505**	**202,141**	**120,950**	**122,438**	**81,555**	**79,704**
Intangible assets	59,517	59,243	59,283	59,007	234	236
Property, plant and equipment	42,107	42,389	40,346	40,632	1,762	1,757
Leasing and rental assets	22,931	22,259	2,752	2,642	20,179	19,617
Financial services receivables	51,897	51,198	−1,042	−602	52,939	51,800
Investments, equity-accounted investments and other equity investments, other receivables and financial assets	26,053	27,053	19,612	20,759	6,441	6,294
Current assets	**131,404**	**122,192**	**77,092**	**68,320**	**54,312**	**53,872**
Inventories	30,533	28,653	27,851	25,580	2,681	3,073
Financial services receivables	39,010	38,386	−1,039	−844	40,049	39,229
Other receivables and financial assets	27,540	23,483	20,558	16,458	6,983	7,025
Marketable securities	8,631	8,492	6,988	6,675	1,643	1,817
Cash, cash equivalents and time deposits	25,690	23,178	22,734	20,450	2,956	2,728
Total assets	**333,909**	**324,333**	**198,042**	**190,758**	**135,867**	**133,576**
Equity and Liabilities						
Equity	**87,341**	**90,037**	**70,958**	**75,984**	**16,383**	**14,053**
Equity attributable to Volkswagen AG shareholders[2]	80,031	85,730	64,084	72,100	15,947	13,630
Equity attributable to Volkswagen AG hybrid capital investors	4,990	2,004	4,990	2,004	—	—
Equity attributable to Volkswagen AG shareholders and hybrid capital investors	85,021	87,733	69,074	74,103	15,947	13,630
Noncontrolling interests	2,320	2,304	1,884	1,881	436	423
Noncurrent liabilities	**115,468**	**115,672**	**63,618**	**65,290**	**51,850**	**50,382**
Financial liabilities	60,315	61,517	13,266	15,913	47,050	45,604
Provisions for pensions	23,131	21,774	22,816	21,481	315	293
Other liabilities	32,022	32,380	27,537	27,896	4,485	4,484
Current liabilities	**131,100**	**118,625**	**63,465**	**49,484**	**67,635**	**69,141**
Put options and compensation rights granted to noncontrolling interest shareholders[2]	10,249	3,638	10,249	3,638	—	—
Financial liabilities	62,233	59,987	319	−3,981	61,914	63,968
Trade payables	19,337	18,024	17,478	16,582	1,859	1,441
Other liabilities	39,281	36,976	35,420	33,245	3,861	3,731
Total equity and liabilities	**333,909**	**324,333**	**198,042**	**190,758**	**135,867**	**133,576**

1 Including allocation of consolidation adjustments between the Automotive and Financial Services divisions, primarily intragroup loans.

2 When the tender offer to acquire all shares of Scania was published, the present value of the amount of the offer was derecognized from Group equity and a corresponding liability was recognized at the same time.

STATEMENT OF CHANGES IN EQUITY

€ million	Subscribed capital	Capital reserves	Retained earnings	OTHER RESERVES: Currency translation reserve	OTHER RESERVES: Cash flow hedges	OTHER RESERVES: Available-for-sale financial assets	OTHER RESERVES: Equity-accounted investments	Equity attributable to Volkswagen AG hybrid capital investors	Equity attributable to Volkswagen AG shareholders and hybrid capital investors	Noncontrolling interests	Total equity
Balance at Jan. 1, 2013	**1,191**	**11,509**	**64,596**	**−539**	**360**	**624**	**−59**	**—**	**77,682**	**4,313**	**81,995**
Profit after tax . . .	—	—	2,026	—	—	—	—	—	2,026	−80	1,946
Other comprehensive income, net of tax	—	—	575	387	−514	−215	76	—	308	68	376
Total comprehensive income	**—**	**—**	**2,601**	**387**	**−514**	**−215**	**76**	**—**	**2,334**	**−12**	**2,322**
Capital increase . .	0	0	—	—	—	—	—	—	—	—	—
Dividend payment .	—	—	—	—	—	—	—	—	—	—	—
Capital transactions involving a change in ownership interest	—	—	0	—	—	—	—	—	0	0	0
Other changes . . .	—	—	−6	—	—	—	—	—	−6	0	−6
Balance at Mar. 31, 2013 . .	**1,191**	**11,509**	**67,191**	**−152**	**−154**	**409**	**17**	**—**	**80,011**	**4,301**	**84,312**
Balance at Jan. 1, 2014	**1,191**	**12,658**	**72,341**	**−2,799**	**1,845**	**724**	**−229**	**2,004**	**87,733**	**2,304**	**90,037**
Profit after tax . . .	—	—	2,395	—	—	—	—	21	2,416	51	2,468
Other comprehensive income, net of tax	—	—	−932	−102	−134	−52	−118	—	−1,337	−32	−1,369
Total comprehensive income	**—**	**—**	**1,463**	**−102**	**−134**	**−52**	**−118**	**21**	**1,079**	**19**	**1,098**
Capital increase[1] .	0	0	—	—	—	—	—	2,965	2,965	—	2,965
Dividend payment .	—	—	—	—	—	—	—	—	—	—	—
Capital transactions involving a change in ownership interest	—	—	—	—	—	—	—	—	—	—	—
Other changes[2] . .	—	—	−6,758	0	0	—	—	—	−6,757	−3	−6,760
Balance at Mar. 31, 2014 . .	**1,191**	**12,658**	**67,046**	**−2,901**	**1,712**	**672**	**−346**	**4,990**	**85,021**	**2,320**	**87,341**

1 Volkswagen AG recorded an inflow of cash funds amounting to €3,000 million, less a discount of €29 million and transaction costs (€18 million), from the hybrid capital issued in March 2014. Additionally, there are noncash effects from the deferral of taxes amounting to €13 million. The hybrid capital is required to be classified as equity instruments granted.

2 The other changes in retained earnings are primarily a result of the recognition of a liability in other comprehensive income relating to the offer to acquire all shares of Scania.

CASH FLOW STATEMENT
FOR THE PERIOD JANUARY 1 TO MARCH 31

			DIVISIONS			
	VOLKSWAGEN GROUP		AUTOMOTIVE[1]		FINANCIAL SERVICES	
€ million	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**
Cash and cash equivalents at beginning of period	**22,009**	**17,794**	**19,285**	**14,788**	**2,724**	**3,005**
Profit before tax	3,357	2,688	2,890	2,255	467	433
Income taxes paid	–1,656	–1,040	–1,506	–983	–150	–57
Depreciation and amortization expense	3,852	3,529	2,818	2,597	1,034	932
Change in pension provisions	11	26	9	24	2	2
Other noncash income/expense and reclassifications[2]	590	–538	561	–520	29	–18
Gross cash flow	**6,154**	**4,665**	**4,773**	**3,370**	**1,382**	**1,295**
Change in working capital	**–4,656**	**–2,116**	**–2,522**	**157**	**–2,134**	**–2,273**
Change in inventories	–1,941	–1,044	–2,145	–1,154	204	110
Change in receivables	–4,097	–1,687	–3,976	–1,305	–121	–382
Change in liabilities	3,260	2,033	2,693	1,525	567	508
Change in other provisions	1,263	1,268	1,191	1,174	73	94
Change in leasing and rental assets (excluding depreciation)	–1,873	–1,481	–253	–42	–1,619	–1,439
Change in financial services receivables	–1,269	–1,205	–30	–39	–1,238	–1,165
Cash flows from operating activities	**1,498**	**2,549**	**2,251**	**3,528**	**–752**	**–979**
Cash flows from investing activities attributable to operating activities	**–2,924**	**–2,429**	**–2,302**	**–3,942**	**–622**	**1,513**
of which: Investments in intangible assets (excluding capitalized development costs), property, plant and equipment, and investment property	–1,676	–1,717	–1,625	–1,672	–51	–45
capitalized development costs	–1,191	–678	–1,191	–678	—	—
acquisition and disposal of equity investments	–177	–185	400	–1,734	–576	1,549
Net cash flow[3]	***–1,426***	***120***	***–52***	***–414***	***–1,375***	***534***
Change in investments in securities and loans	591	–144	345	158	246	–302
Cash flows from investing activities	**–2,333**	**–2,573**	**–1,957**	**–3,784**	**–376**	**1,210**
Cash flows from financing activities	**4,028**	**4,545**	**2,698**	**4,733**	**1,330**	**–188**
of which: capital contributions/capital redemptions	2,953	—	691	—	2,262	—
Effect of exchange rate changes on cash and cash equivalents	–40	176	–68	153	27	23
Net change in cash and cash equivalents	**3,153**	**4,697**	**2,924**	**4,630**	**229**	**66**
Cash and cash equivalents at Mar. 31	**25,162**	**22,490**	**22,209**	**19,418**	**2,953**	**3,072**
Securities, loans and time deposits	16,505	14,533	9,090	8,013	7,415	6,520
Gross liquidity	**41,667**	**37,023**	**31,299**	**27,431**	**10,368**	**9,592**
Total third-party borrowings	–122,549	–123,385	–13,585	–16,782	–108,964	–106,603
Net liquidity at Mar. 31	**–80,881**	**–86,362**	**17,714**	**10,649**	**–98,596**	**–97,011**
For information purposes: at January 1	–82,318	–85,517	16,869	10,573	–99,186	–96,090

1 Including allocation of consolidation adjustments between the Automotive and Financial Services divisions.

2 These relate mainly to the fair value measurement of financial instruments, application of the equity method and reclassification of gains/losses on disposal of noncurrent assets to investing activities.

3 Net cash flow: cash flows from operating activities, net of cash flows from investing activities attributable to operating activities.

Notes to the Interim Consolidated Financial Statements

Accounting in accordance with International Financial Reporting Standards (IFRSs)

In accordance with Regulation No. 1606/2002 of the European Parliament and of the Council, Volkswagen AG prepared its consolidated financial statements for 2013 in compliance with the International Financial Reporting Standards (IFRSs), as adopted by the European Union. These interim consolidated financial statements for the period ended March 31, 2014 were therefore also prepared in accordance with IAS 34 and are condensed in scope compared with the consolidated financial statements.

All figures shown are rounded, so minor discrepancies may arise from addition of these amounts.

In addition to the reportable segments, the Automotive and Financial Services divisions are presented in the condensed interim group financial report for explanatory purposes alongside the income statement, balance sheet and cash flow statement for the Volkswagen Group. This supplemental presentation is not required by IFRSs. Eliminations of intragroup transactions between the Automotive and Financial Services divisions are allocated to the Automotive Division.

The accompanying interim consolidated financial statements were reviewed by auditors in accordance with section 37x(3) of the Wertpapierhandelsgesetz (WpHG — German Securities Trading Act).

Accounting policies

Volkswagen AG has applied all accounting pronouncements adopted by the EU and effective for periods beginning on or after January 1, 2014.

The pronouncements contained in the ''consolidation package'' must be applied effective January 1, 2014. These relate to the new standards IFRS 10, IFRS 11 and IFRS 12, as well as amendments to IAS 28. The basis of consolidation and the subsidiaries to be included in the consolidated financial statements are now defined by IFRS 10. All entities that Volkswagen AG can control directly or indirectly must be included in the basis of consolidation. The switch from IAS 27 to IFRS 10 did not require the Volkswagen Group to make any adjustments because the parent/subsidiary relationships and other control relationships are attributable almost entirely to voting rights majorities. There was therefore no requirement to consolidate additional entities or deconsolidate existing ones. Equally, because all significant special purpose entities/structured entities are consolidated in the Volkswagen Group, no adjustments were required for these entities.

IFRS 11 governs the definition of and accounting for ''joint arrangements'' in the consolidated financial statements. Joint arrangements are classified into ''joint ventures'' and ''joint operations''. Because all entities that are jointly controlled by Volkswagen AG or one of its subsidiaries are required to be classified as joint ventures, there were no effects from applying IFRS 11.

IFRS 12 governs all disclosures on interests in other entities and thus combines all of the information required to be disclosed in the notes on subsidiaries, joint arrangements, associates, and consolidated and unconsolidated structured entities. The scope of the information to be disclosed was expanded in some cases. IFRS 12 does not result in any additional disclosure requirements in the interim financial reports.

Only the equity method in accordance with IAS 28 may be applied to joint ventures and associates effective January 1, 2014. The option to include these entities in the consolidated financial statements using proportionate consolidation was eliminated. Because proportionate consolidation was not used in the past in the Volkswagen Group, the elimination of this option did not result in any adjustments.

The other accounting pronouncements required to be applied for the first time in fiscal year 2014 are insignificant for the presentation of the Volkswagen Group's net assets, financial position and results of operations in its interim consolidated financial statements. A detailed breakdown of these accounting pronouncements is provided in the notes to the consolidated financial statements in the 2013 Annual Report.

A discount rate of 3.4% (December 31, 2013: 3.7%) was applied to German pension provisions in the accompanying interim consolidated financial statements. The reduction in the discount rate increased the actuarial losses for pension provisions that are recognized in retained earnings.

The income tax expense for the interim reporting period was calculated on the basis of the average annual tax rate that is expected for the entire fiscal year, in accordance with IAS 34, Interim Financial Reporting.

In other respects, the same accounting policies and consolidation methods that were used for the 2013 consolidated financial statements are generally applied to the preparation of the interim consolidated financial statements and the measurement of the prior-year comparatives. A detailed description of the methods applied is published in the notes to the consolidated financial statements in the 2013 Annual Report. This can also be accessed on the Internet at www.volkswagenag.com/ir.

Basis of consolidation

In addition to Volkswagen AG, which is domiciled in Wolfsburg and entered in the commercial register at the Braunschweig Local Court under no. HRB 100484, the consolidated financial statements comprise all significant companies at which Volkswagen AG is able, directly or indirectly, to govern the financial and operating policies in such a way that the companies of the Group obtain benefits from the activities of these companies (subsidiaries).

CONSOLIDATED SUBSIDIARIES

On March 14, 2014, Volkswagen AG published an offer to the shareholders of Scania Aktiebolag, Södertälje, (''Scania'') to acquire all Scania A and Scania B shares. Each Scania A share conveys one vote at the general meeting, while each Scania B share conveys one-tenth of a vote. There are no other legal differences between Scania A and B shares. Volkswagen AG is offering SEK 200 for each Scania share, regardless of share class. At the date of publication, the total value of the 298,910,903 shares not held either indirectly or directly by the Volkswagen Group was approximately €6.7 billion, based on the offer price. The acceptance period for the offer ended on April 25, 2014.

One of the conditions of the offer is that it results in the Volkswagen Group holding more than 90 percent of the total number of Scania shares. If the 90 percent threshold is exceeded, Volkswagen will initiate a squeeze-out and have the Scania shares delisted.

The total value of the offer was required to be recognized as a liability in other comprehensive income when the offer was published. The Group's retained earnings therefore declined by the same amount.

For the Volkswagen Group, the acquisition of all shares of Scania represents a key step towards completing the integrated commercial vehicles group. It is designed to enable the common strategy for the commercial vehicles business to be implemented more quickly and more comprehensively, to remove the current obstacles to cooperation, to implement key joint projects more rapidly and thereby to leverage additional growth opportunities and synergies from cooperation between Volkswagen, Scania and MAN SE.

INTERESTS IN JOINT VENTURES

The Volkswagen Group holds a 50% indirect interest in the joint venture LeasePlan Corporation N.V., Amsterdam, the Netherlands, via its 50% stake in the joint venture Global Mobility Holding B.V., Amsterdam, the Netherlands. Volkswagen agreed with Fleet Investments B.V., Amsterdam, the Netherlands, an investment company belonging to the von Metzler family, that Fleet Investments would become the new co-investor in Global Mobility Holding in 2010. The previous co-investors were instructed by Volkswagen AG to transfer their shares to Fleet Investments B.V. on February 1, 2010 for the purchase price of €1.4 billion. In fiscal year 2013, the agreement was prolonged by two years until January 2016. Volkswagen AG granted the new co-investor a put option on its shares. If this option is exercised, Volkswagen must pay the original purchase price plus accumulated pro rata preferred dividends or the higher fair value. The put option is accounted for at fair value.

In addition, Volkswagen has pledged claims under certificates of deposit with Bankhaus Metzler in the amount of €1.4 billion to secure a loan granted to Fleet Investments B.V. by Bankhaus Metzler. This pledge does not increase the Volkswagen Group's risk arising from the above-mentioned short position.

INVESTMENTS IN ASSOCIATES

There were no significant changes compared with the disclosures in the 2013 Annual Report.

DISCLOSURES ON THE CONSOLIDATED FINANCIAL STATEMENTS

1. Sales revenue

STRUCTURE OF GROUP SALES REVENUE

€ million	Q1 2014	Q1 2013
Vehicles	31,817	31,888
Genuine parts	3,333	3,313
Used vehicles and third-party products	2,479	1,894
Engines, powertrains and parts deliveries	2,276	1,913
Power Engineering	804	858
Motorcycles	126	134
Rental and leasing business	3,743	3,391
Interest and similar income	1,533	1,616
Other sales revenue	1,719	1,559
	47,831	**46,565**

2. Cost of sales

Cost of sales includes interest expenses of €465 million (previous year: €567 million) attributable to the financial services business.

In addition to depreciation and amortization expenses, cost of sales also includes impairment losses on intangible assets, items of property, plant and equipment, and leasing and rental assets. The impairment losses identified on the basis of updated impairment tests amount to a total of €34 million (previous year: €43 million).

3. Research and development costs in the Automotive Division

€ million	Q1 2014	Q1 2013	%
Total research and development costs	3,166	2,581	22.7
of which: capitalized development costs	1,191	678	75.6
Capitalization ratio in %	37.6	26.3	
Amortization of capitalized development costs	709	552	28.5
Research and development costs recognized in the income statement	**2,684**	**2,455**	**9.3**

4. Earnings per share

Basic earnings per share are calculated by dividing profit attributable to shareholders of Volkswagen AG by the weighted average number of ordinary and preferred shares outstanding during the reporting period.

In 2012 and 2013, Volkswagen AG placed mandatory convertible notes with identical features and an aggregate principal amount of €3.7 billion via a subsidiary, Volkswagen International Finance N.V. Amsterdam/the Netherlands (issuer). Both mandatory convertible notes mature on November 9, 2015. The current minimum conversion price is €150.81, and the corresponding maximum conversion price is €180.97.The conversion price will be adjusted if certain events occur. The convertible notes will be settled by issuing new preferred shares no later than at maturity. The issuer is entitled to convert the mandatory convertible notes at any time at the minimum conversion price. The note terms and conditions also provide for early conversion options. This discretionary conversion right was exercised in the reporting period, with a total of €4 million of the notes being converted into 22,103 newly created preferred shares at the effective maximum conversion price at the conversion date.

IAS 33.23 sets out that all potential shares that will be issued upon the conversion of a mandatory convertible note must be accounted for as issued shares and included in the calculation of basic and diluted earnings per share. The number of outstanding preferred shares is therefore increased by the potential preferred shares that would be issued if the mandatory convertible notes issued were actually to be converted. The average number of preferred shares not yet converted that have to be included is calculated based on the maximum conversion ratio resulting from the current minimum conversion price of €150.81.The terms and conditions require the minimum conversion price to be adjusted following the distribution of dividends. The number of potential preferred shares was calculated retrospectively at the new minimum conversion price in accordance with IAS 33.26, including for the previous year. The finance costs associated with the mandatory convertible notes are not included in the calculation of consolidated profit because the interest component was recognized in other comprehensive income when the note was issued, and interest expense arises only from the amount of compound interest. Since the number of basic and diluted shares is identical, basic earnings per share also correspond to diluted earnings per share. In total, the existing mandatory convertible notes still entitle the holders to subscribe for a maximum of 24,501,027 no-par value preferred shares of Volkswagen AG, based on the current maximum conversion ratio.

			Q1	
			2014	**2013***
Weighted average number of shares outstanding				
Ordinary shares: basic		million	295.1	295.1
diluted		million	295.1	295.1
Preferred shares: basic		million	194.7	186.7
diluted		million	194.7	186.7
Profit after tax	€	million	2,468	1,946
Noncontrolling interests	€	million	51	−80
Profit attributable to Volkswagen AG hybrid capital investors	€	million	21	—
Profit attributable to Volkswagen AG shareholders	€	million	2,395	2,026
Earnings per share				
Ordinary shares: basic	€		4.87	4.18
diluted	€		4.87	4.18
Preferred shares: basic	€		4.93	4.24
diluted	€		4.93	4.24

* Prior-year figures adjusted to reflect application of IAS 33.26.

5. Noncurrent assets

CHANGES IN SELECTED NONCURRENT ASSETS BETWEEN JANUARY 1 AND MARCH 31, 2014

€ million	Carrying amount at Jan. 1, 2014	Additions/ Changes in consolidated Group	Disposals/ Other changes	Depreciation and amortization	Carrying amount at Mar. 31, 2014
Intangible assets	59,243	1,244	−18	988	59,517
Property, plant and equipment	42,389	1,628	175	1,733	42,107
Leasing and rental assets	22,259	3,070	1,258	1,140	22,931

6. Inventories

€ million	Mar. 31, 2014	Dec. 31, 2013
Raw materials, consumables and supplies	3,897	3,716
Work in progress	3,253	3,096
Finished goods and purchased merchandise	19,474	18,284
Current leased assets	3,753	3,418
Payments on account	156	140
	30,533	**28,653**

There was no requirement to recognize or reverse significant impairment losses on inventories in the reporting period.

7. Current other receivables and financial assets

€ million	Mar. 31, 2014	Dec. 31, 2013
Trade receivables	13,341	11,133
Miscellaneous other receivables and financial assets	14,200	12,350
	27,540	**23,483**

In the period January 1 to March 31, 2014, impairment losses and reversals of impairment losses on noncurrent and current financial assets reduced operating profit by €132 million (previous year: €147 million).

8. Equity

Following the approval by the Annual General Meeting of MAN SE of the conclusion of the control and profit and loss transfer agreement between MAN SE and Truck & Bus GmbH on June 6, 2013, Volkswagen is obliged to pay a cash settlement to the remaining noncontrolling interest shareholders of MAN SE. For this reason, the noncontrolling interests in the equity of MAN SE and the interest in Scania AB attributable to these noncontrolling interest shareholders were derecognized from Group equity as of this date. At the same time, a liability was recognized in accordance with the cash settlement offer for the obligation to acquire the shares. MAN SE's profit or loss is attributed in full to the shareholders of Volkswagen AG. As of March 31, 2014, a total of 330,777 ordinary shares and 110,194 preferred shares had been tendered.

When the offer to the Scania shareholders was published, the total value of the offer was recognized as a current liability in other comprehensive income. The Group's retained earnings declined by the same amount. For information on the offer to the Scania shareholders, see also the disclosures on the basis of consolidation.

In March 2014, Volkswagen AG placed unsecured subordinated hybrid notes with an aggregate principal amount of €3 billion via a subsidiary, Volkswagen International Finance N.V. Amsterdam/the Netherlands (issuer). The perpetual hybrid notes were issued in two tranches and can be called by the issuer. The first call date for the first tranche (€1.25 billion and a coupon of 3.750%) is after seven years, and the first call date for the second tranche (€1.75 billion and a coupon of 4.625%) is after twelve years. Under IAS 32, the hybrid notes must be classified in their entirety as equity. The capital raised was recognized in equity, less a discount and transaction costs and net of deferred taxes. The interest payments payable to the noteholders will be recognized directly in equity, net of income taxes.

The subscribed capital is composed of 295,089,818 no-par value ordinary shares and 170,170,274 preferred shares, and amounts to €1,191 million (December 31, 2013: €1,191 million). In the first quarter of 2014, Volkswagen AG issued 22,103 newly created preferred shares (notional value: €56,584) resulting from the exercise of mandatory convertible bonds.

9. Noncurrent financial liabilities

€ million	Mar. 31, 2014	Dec. 31, 2013
Bonds, commercial paper and notes	49,914	51,630
Liabilities to banks	8,246	7,659
Deposit business	964	1,015
Other financial liabilities	1,191	1,213
	60,315	**61,517**

10. Current financial liabilities

€ million	Mar. 31, 2014	Dec. 31, 2013
Bonds, commercial paper and notes	28,314	25,926
Liabilities to banks	11,332	11,305
Deposit business	22,152	22,310
Other financial liabilities	435	446
	62,233	**59,987**

11. Fair value disclosures

The principles and techniques used for fair value measurement remained unchanged year-on-year. Detailed explanations of the measurement principles and techniques can be found in the 2013 Annual Report.

Fair value generally corresponds to the market or quoted market price. If no active market exists, fair value is determined using valuation techniques, such as by discounting the future cash flows at the market interest rate, or by using recognized option pricing models.

Assets and liabilities measured at fair value through profit or loss consist of derivatives or components of derivatives that are not included in hedge accounting. These relate primarily to the interest component of currency forwards used to hedge sales revenue, commodity futures and currency forwards relating to commodity futures.

Available-for-sale financial assets (marketable securities) are carried at fair value. Changes in fair value are recognized directly in equity, net of deferred taxes.

Shares in unconsolidated subsidiaries and other equity investments that are not accounted for using the equity method are also classified as available-for-sale financial assets. They are recognized at cost in the consolidated financial statements if there is no active market for those companies and fair values cannot be reliably ascertained without undue cost or effort. Fair values are recognized if there are indications that fair value is lower than cost. There is currently no intention to sell these financial assets.

Uniform valuation techniques and inputs are used to measure fair value. The fair value of Level 2 and 3 financial instruments is measured in the individual divisions on the basis of Group-wide specifications. The fair value of the put options and compensation rights granted to noncontrolling interest shareholders is calculated using a present value model based on the contractually agreed cash settlement for the free float MAN shareholders and on the offer to acquire the remaining shares of Scania. Risk-adjusted discount rates for matching maturities were applied. The calculation was also based on the rights granted to the MAN noncontrolling interest shareholders, the cash compensation and the minimum statutory interest rate.

The following table contains an overview of the financial assets and liabilities measured at fair value:

FINANCIAL ASSETS AND LIABILITIES MEASURED AT FAIR VALUE BY LEVEL

€ million	Dec. 31, 2013	Level 1	Level 2	Level 3
Financial assets at fair value through profit or loss				
Derivatives	4,094	—	4,062	32
Available-for-sale financial assets				
Other equity investments	2,666	2,666	—	—
Marketable securities	8,492	8,410	83	—
Financial assets measured at fair value	**15,252**	**11,076**	**4,144**	**32**
Financial liabilities at fair value through profit or loss				
Derivatives	2,239	—	2,021	218
Financial liabilities measured at fair value	**2,239**	**—**	**2,021**	**218**

€ million	Mar. 31, 2014	Level 1	Level 2	Level 3
Financial assets at fair value through profit or loss				
Derivatives	3,794	—	3,761	33
Available-for-sale financial assets				
Other equity investments	2,568	2,568	—	—
Marketable securities	8,631	8,631	—	—
Financial assets measured at fair value	**14,993**	**11,199**	**3,761**	**33**
Financial liabilities at fair value through profit or loss				
Derivatives	2,148	—	1,870	279
Financial liabilities measured at fair value	**2,148**	**—**	**1,870**	**279**

The allocation of fair values to the three levels in the fair value hierarchy is based on the availability of observable market prices in an active market. Level 1 is used to report the fair value of financial instruments for which a quoted price is available. Examples include marketable securities and other equity investments measured at fair value. Fair values in Level 2, e.g. of derivatives, are measured on the basis of market inputs such as exchange rates or yield curves using market-based valuation techniques. Level 3 fair values are calculated using valuation techniques that incorporate inputs that are not directly observable in active markets. In the Volkswagen Group, Level 3 fair values comprise long-term commodity futures because the prices available on the market must be extrapolated for measurement purposes. Options on equity instruments and residual value protection models are also reported in Level 3.

CHANGES IN BALANCE SHEET ITEMS MEASURED AT FAIR VALUE BASED ON LEVEL 3

€ million	Financial assets measured at fair value	Financial liabilities measured at fair value
Balance at Jan. 1, 2013	**119**	**60**
Foreign exchange differences	0	0
Total comprehensive income	−53	−53
recognized in profit or loss	−48	−44
recognized in other comprehensive income	−5	−9
Additions (purchases)	—	—
Sales and settlements	—	—
Transfers into Level 2	−7	−7
Balance at Mar. 31, 2013	**59**	**106**
Total gains or losses recognized in profit or loss	**−48**	**−44**
Net other operating expense/income	−46	−59
of which attributable to assets/liabilities held at the reporting date	45	65
Financial result	−2	15
of which attributable to assets/liabilities held at the reporting date	4	−15

€ million	Financial assets measured at fair value	Financial liabilities measured at fair value
Balance at Jan. 1, 2014	**32**	**218**
Foreign exchange differences	0	0
Total comprehensive income	5	76
recognized in profit or loss	4	74
recognized in other comprehensive income	1	2
Additions (purchases)	—	—
Sales and settlements	−2	−8
Transfers into Level 2	−2	−6
Balance at Mar. 31, 2014	**33**	**279**
Total gains or losses recognized in profit or loss	**4**	**−74**
Net other operating expense/income	—	—
of which attributable to assets/liabilities held at the reporting date	—	—
Financial result	4	−74
of which attributable to assets/liabilities held at the reporting date	3	−70

The transfers between the levels of the fair value hierarchy are reported at the respective reporting dates. The transfers out of Level 3 into Level 2 comprise commodity futures for which observable quoted prices are now available for measurement purposes due to the decline in their remaining maturities; consequently, no further extrapolation is required. There were no transfers between other levels of the fair value hierarchy.

Commodity prices are the key risk variable for the fair value of commodity futures. Sensitivity analyses are used to present the effect of changes in commodity prices on profit after tax and equity.

If commodity prices for commodity futures classified as Level 3 had been 10% higher (lower) as of March 31, 2014, profit would have been €29 million higher (lower) and equity would have been €9 million higher (lower).

The key risk variable for measuring options on equity instruments held by the Company is the relevant enterprise value. Sensitivity analyses are used to present the effect of changes in risk variables on profit.

If the assumed enterprise values had been 10% higher, profit would have been €3 million higher. If the assumed enterprise values had been 10% lower, profit would have been €8 million lower.

Residual value risks result from hedging agreements with dealers under which earnings effects caused by market-related fluctuations in residual values that arise from buy-back obligations under leases are borne in part by the Volkswagen Group.

The key risk variable influencing the fair value of the options relating to residual value risks is used car prices. Sensitivity analyses are used to quantify the effects of changes in used car prices on earnings after tax.

If the prices for the used cars covered by the residual value protection model had been 10% higher as of March 31, 2014, profit after tax would have been €176 million higher. If the prices for the used cars covered by the residual value protection model had been 10% lower as of March 31, 2014, profit after tax would have been €176 million lower.

Reconciliation of balance sheet items to classes of financial instruments

The following table shows the reconciliation of the balance sheet items to the relevant classes of financial instruments, broken down by the carrying amount and fair value of the financial instruments.

The fair value of financial instruments measured at amortized cost, such as receivables and liabilities, is calculated by discounting using a market rate of interest for a similar risk and matching maturity. For reasons of materiality, the fair value of current balance sheet items is generally deemed to be their carrying amount.

RECONCILIATION OF BALANCE SHEET ITEMS TO CLASSES OF FINANCIAL INSTRUMENTS AS OF DECEMBER 31, 2013

€ million	MEASURED AT FAIR VALUE	MEASURED AT AMORTIZED COST		NOT WITHIN SCOPE OF IFRS 7	BALANCE SHEET ITEM AT DEC.31, 2013
	Carrying amount	Carrying amount	Fair value	Carrying amount	
Noncurrent assets					
Equity-accounted investments	—	—	—	7,934	7,934
Other equity investments	2,666	1,274	1,274	—	3,941
Financial services receivables	—	51,198	53,200	—	51,198
Other financial assets	2,414	4,626	4,593	—	7,040
Current assets					
Trade receivables	—	11,133	11,133	—	11,133
Financial services receivables	—	38,386	38,386	—	38,386
Other financial assets	1,680	4,911	4,911	—	6,591
Marketable securities	8,492	—	—	—	8,492
Cash, cash equivalents and time deposits	—	23,178	23,178	—	23,178
Noncurrent liabilities					
Noncurrent financial liabilities	—	61,517	62,810	—	61,517
Other noncurrent financial liabilities	1,169	1,136	1,153	—	2,305
Current liabilities					
Put options and compensation rights granted to noncontrolling interest shareholders	—	3,638	3,563	—	3,638
Current financial liabilities	—	59,987	59,987	—	59,987
Trade payables	—	18,024	18,024	—	18,024
Other current financial liabilities	1,070	3,456	3,456	—	4,526

RECONCILIATION OF BALANCE SHEET ITEMS TO CLASSES OF FINANCIAL INSTRUMENTS AS OF MARCH 31, 2014

€ million	MEASURED AT FAIR VALUE	MEASURED AT AMORTIZED COST		NOT WITHIN SCOPE OF IFRS 7	BALANCE SHEET ITEM AT MAR. 31, 2014
	Carrying amount	Carrying amount	Fair value	Carrying amount	
Noncurrent assets					
Equity-accounted investments	—	—	—	7,293	7,293
Other equity investments	2,568	1,427	1,427	—	3,996
Financial services receivables	—	51,897	53,935	—	51,897
Other financial assets	2,310	4,454	4,571	—	6,764
Current assets					
Trade receivables	—	13,341	13,341	—	13,341
Financial services receivables	—	39,010	39,010	—	39,010
Other financial assets	1,483	6,487	6,487	—	7,970
Marketable securities	8,631	—	—	—	8,631
Cash, cash equivalents and time deposits	—	25,690	25,690	—	25,690
Noncurrent liabilities					
Noncurrent financial liabilities	—	60,315	62,517	—	60,315
Other noncurrent financial liabilities	1,044	1,058	1,081	—	2,102
Current liabilities					
Put options and compensation rights granted to noncontrolling interest shareholders	—	10,249	10,319	—	10,249
Current financial liabilities	—	62,233	62,233	—	62,233
Trade payables	—	19,337	19,337	—	19,337
Other current financial liabilities	1,104	3,212	3,212	—	4,316

12. Cash flow statement

The cash flow statement presents the cash inflows and outflows in the Volkswagen Group and in the Automotive and Financial Services divisions. Cash and cash equivalents comprise cash at banks, checks, bills, cash-in-hand and call deposits.

€ million	Mar. 31, 2014	Mar. 31, 2013
Cash, cash equivalents and time deposits as reported in the balance sheet	25,690	23,246
of which: time deposits and restricted cash	−528	−756
Cash and cash equivalents as reported in the cash flow statement	**25,162**	**22,490**

Cash inflows from financing activities in the current year are attributable primarily to the issuance of bonds in the amount of €6,654 million (previous year: €8,167 million) and inflows from the issuance of hybrid notes in the amount of €2,953 million (see note 8). They are offset mainly by cash outflows from the repayment of bonds amounting to €5,551 million (previous year: €2,607 million) and the change in other financial liabilities amounting to €-25 million (previous year: €-1,038 million).

13. Segment reporting

Segments are identified on the basis of the Volkswagen Group's internal management and reporting. In line with the Group's multibrand strategy, each of its brands is managed by its own board of management. The Group targets and requirements laid down by the Board of Management of Volkswagen AG or the Group Board of Management must be complied with to the extent permitted by law. Segment reporting comprises four reportable segments: Passenger Cars, Commercial Vehicles, Power Engineering and Financial Services.

The activities of the Passenger Cars segment cover the development of vehicles and engines, the production and sale of passenger cars, and the corresponding genuine parts business. As a rule, the Volkswagen Group's individual passenger car brands are combined on a consolidated basis into a single reportable segment.

The Commercial Vehicles segment primarily comprises the development, production and sale of light commercial vehicles, trucks and buses, the corresponding genuine parts business and related services.

The activities of the Power Engineering segment consist of the development and production of large-bore diesel engines, turbo compressors, industrial turbines and chemical reactor systems, as well as the production of gear units, propulsion components and testing systems.

The activities of the Financial Services segment comprise dealer and customer financing, leasing, banking and insurance activities, as well as fleet management.

In the segment structure, purchase price allocation for companies acquired is allocated directly to the corresponding segments.

At Volkswagen, segment profit or loss is measured on the basis of operating profit or loss.

The reconciliation contains activities and other operations that by definition do not constitute segments. It also includes the unallocated Group financing activities. Consolidation adjustments between the segments are also contained in the reconciliation.

As a matter of principle, business relationships between the companies within the segments of the Volkswagen Group are transacted at arm's length prices.

REPORTING SEGMENTS: Q1 2013

€ million	Passenger Cars	Commercial Vehicles	Power Engineering	Financial Services	Total segments	Reconciliation	Volkswagen Group
Sales revenue from external customers	34,610	6,018	858	5,027	46,514	51	46,565
Intersegment sales revenue	2,290	1,128	2	408	3,828	–3,828	—
Total sales revenue	36,900	7,147	859	5,436	50,342	–3,777	46,565
Segment profit or loss (operating profit or loss)	2,220	105	–198	416	2,544	–200	2,344

REPORTING SEGMENTS: Q1 2014

€ million	Passenger Cars	Commercial Vehicles	Power Engineering	Financial Services	Total segments	Reconciliation	Volkswagen Group
Sales revenue from external customers	35,831	5,797	804	5,298	47,729	102	47,831
Intersegment sales revenue	2,867	1,280	0	479	4,627	–4,627	—
Total sales revenue	38,698	7,077	804	5,777	52,357	–4,526	47,831
Segment profit or loss (operating profit or loss)	2,581	229	–5	430	3,236	–380	2,855

RECONCILIATION

€ million	Q1 2014	Q1 2013
Segment profit or loss (operating profit or loss)	**3,236**	**2,544**
Unallocated activities	46	48
Group financing	3	−2
Consolidation	−430	−246
Operating profit	**2,855**	**2,344**
Financial result	**502**	**344**
Consolidated profit before tax	**3,357**	**2,688**

14. Related party disclosures

At 50.73%, Porsche SE holds the majority of the voting rights in Volkswagen AG.

The creation of rights of appointment for the State of Lower Saxony was resolved at the Extraordinary General Meeting of Volkswagen AG on December 3, 2009. As a result, Porsche SE can no longer appoint the majority of the members of Volkswagen AG's Supervisory Board for as long as the State of Lower Saxony holds at least 15% of Volkswagen ordinary shares. However, Porsche SE continues to have the power to participate in the operating policy decisions of the Volkswagen Group.

€ million	SUPPLIES AND SERVICES RENDERED Q1 2014	SUPPLIES AND SERVICES RENDERED Q1 2013	SUPPLIES AND SERVICES RECEIVED Q1 2014	SUPPLIES AND SERVICES RECEIVED Q1 2013
Porsche SE	8	2	1	7
Supervisory Board members	1	0	1	1
Unconsolidated subsidiaries	267	265	141	266
Joint ventures and their majority interests	3,560	2,882	252	241
Associates and their majority interests	35	70	62	78
State of Lower Saxony, its majority interests and joint ventures	1	1	0	0

€ million	RECEIVABLES (INCL. COLLATERAL RECEIVED) FROM Mar. 31, 2014	RECEIVABLES (INCL. COLLATERAL RECEIVED) FROM Dec. 31, 2013	LIABILITIES (INCL. OBLIGATIONS) TO Mar. 31, 2014	LIABILITIES (INCL. OBLIGATIONS) TO Dec. 31, 2013
Porsche SE	364	361	738	419
Supervisory Board members	1	0	157	165
Unconsolidated subsidiaries	1,176	1,172	560	587
Joint ventures and their majority interests	6,480	5,758	2,195	2,064
Associates and their majority interests	22	26	49	73
State of Lower Saxony, its majority interests and joint ventures	0	2	0	0

The supplies and services received from joint ventures and associates in the first three months do not include resolved dividend distributions amounting to €1,477 million (previous year: €47 million).

The supplies and services received from Porsche SE relate, among other things, to standard market liability compensation for guarantees assumed. The supplies and services rendered to Porsche SE relate mainly to interest income on loans granted.

The receivables from Porsche SE comprise a receivable under a loan agreement and receivables from land transfer taxes. The obligations to Porsche SE consist mainly of term deposits and interest payable.

Obligations to members of the Supervisory Board amounting to €157 million relate primarily to interest-bearing bank balances of Supervisory Board members that were invested at standard market terms and conditions at Volkswagen Group companies.

Obligations to joint ventures contain miscellaneous other financial obligations under an irrevocable credit commitment in the amount of €1.3 billion to LeasePlan Corporation N.V., Amsterdam, the Netherlands, a Volkswagen Group joint venture, with a term until December 2015.

15. Litigation

Volkswagen AG's Annual Report for fiscal year 2013 contains detailed information on litigation and other legal proceedings. The antitrust proceedings opened in 2011 by the Korean Fair Trade Commission against several truck manufacturers, including local subsidiaries of MAN and Scania, were brought to a close at the end of fiscal year 2013 with decisions to impose administrative fines on all manufacturers involved. MAN and Scania have lodged appeals at the competent court against the administrative fines imposed on them.

There have been no other significant changes since the publication of the 2013 Annual Report.

16. Contingent assets and liabilities

There were no significant changes as of March 31, 2014 in the contingent assets and liabilities described in the 2013 Annual Report.

17. Other financial obligations

The other financial obligations increased by €2,081 million compared with the 2013 consolidated financial statements to €26,451 million, due in particular to an increase in purchase commitments for items of property, plant and equipment, and intangible assets, because of initiated or planned investment projects.

German Corporate Governance Code

The current declarations in accordance with section 161 of the Aktiengesetz (AktG — German Stock Corporation Act) on the German Corporate Governance Code by the Board of Management and Supervisory Board of Volkswagen AG, AUDI AG, MAN SE and Renk AG are permanently available on the Internet at www.volkswagenag.com/ir, www.audi.com/cgk-declaration, www.corporate.man.eu/en and www.renk.biz/corporated-governance.html respectively.

Significant events after the balance sheet date

The acceptance period for the offer to Scania's shareholders to acquire all Scania A and Scania B shares ended on April 25, 2014. The settlement agent is still examining the take-up of the offer. The final results and further decisions will be available shortly and will be notified separately.

Wolfsburg, April 29, 2014
Volkswagen Aktiengesellschaft
The Board of Management

The following review report (*Bescheinigung nach prüferischer Durchsicht*) has been issued in accordance with the applicable rules of the German Securities Trading Act (*Wertpapierhandelsgesetz — WpHG*) on the condensed consolidated interim financial statements (*verkürzter Konzernzwischenabschluss*) and the interim group management report (*Konzernzwischenlagebericht*) of Volkswagen Aktiengesellschaft as of and for the three-month period ended March 31, 2014, which are part of the quarterly financial report (*Quartalsfinanzbericht*) according to § 37x par. 3 WpHG. The interim group management report (*Konzernzwischenlagebericht*) is neither included nor incorporated by reference in this Offering Memorandum.

Review Report

We have reviewed the condensed consolidated interim financial statements — comprising the condensed income statement and condensed statement of comprehensive income, condensed balance sheet, condensed statement of changes in equity, condensed cash flow statement and selected explanatory notes — and the interim Group management report of VOLKSWAGEN AKTIENGESELLSCHAFT, Wolfsburg, for the period from January 1 to March 31, 2014, which are part of the quarterly financial report pursuant to § (Article) 37x Abs. (paragraph) 3 WpHG (''Wertpapierhandelsgesetz'': German Securities Trading Act). The preparation of the condensed consolidated interim financial statements in accordance with the IFRSs applicable to interim financial reporting, as adopted by the EU, and of the interim group management report in accordance with the provisions of the German Securities Trading Act applicable to interim Group management reports is the responsibility of the parent Company's Board of Management. Our responsibility is to issue a review report on the condensed consolidated interim financial statements and on the interim Group management report based on our review.

We conducted our review of the condensed consolidated interim financial statements and the interim Group management report in accordance with German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with moderate assurance, that the condensed consolidated interim financial statements have not been prepared, in all material respects, in accordance with the IFRSs applicable to interim financial reporting, as adopted by the EU, and that the interim group management report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim Group management reports. A review is limited primarily to inquiries of company personnel and analytical procedures and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot express an audit opinion.

Based on our review, no matters have come to our attention that cause us to presume that the condensed consolidated interim financial statements have not been prepared, in all material respects, in accordance with the IFRSs applicable to interim financial reporting, as adopted by the EU, nor that the interim group management report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim Group management reports.

Hanover, April 29, 2014

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Norbert Winkeljohann German Public Auditor	Martin Schröder German Public Auditor

Audited consolidated financial statements (IFRS) of Volkswagen Aktiengesellschaft

as of and for the year ended December 31, 2013

Income Statement of the Volkswagen Group
for the Period January 1 to December 31, 2013

€ million	Note	2013	2012*
Sales revenue	1	197,007	192,676
Cost of sales	2	–161,407	–157,522
Gross profit		35,600	35,154
Distribution expenses	3	–19,655	–18,850
Administrative expenses	4	–6,888	–6,220
Other operating income	5	9,956	10,484
Other operating expenses	6	–7,343	–9,070
Operating profit		11,671	11,498
Share of profits and losses of equity-accounted investments	7	3,588	13,568
Finance costs	8	–2,366	–2,546
Other financial result	9	–465	2,967
Financial result		757	13,989
Profit before tax		12,428	25,487
Income tax income/expense	10	–3,283	–3,606
Current		–3,733	–4,196
Deferred		449	589
Profit after tax		9,145	21,881
of which attributable to			
Noncontrolling interests		52	169
Volkswagen AG hybrid capital investors		27	—
Volkswagen AG shareholders		9,066	21,712
Basic earnings per ordinary share in €	11	18.63	46.41
Diluted earnings per ordinary share in €	11	18.63	46.41
Basic earnings per preferred share in €	11	18.69	46.47
Diluted earnings per preferred share in €	11	18.69	46.47

* Prior-year figures adjusted to reflect application of IAS 33.26 and IAS 19R.

Statement of Comprehensive Income
Changes in Comprehensive Income
for the Period January 1 to December 31, 2012[1]

€ million	Total	Equity attributable to Volkswagen AG shareholders	Equity attributable to Volkswagen AG hybrid capital investors	Equity attributable to noncontrolling interests
Profit after tax	21,881	21,712	—	169
Pension plan remeasurements recognized in other comprehensive income				
Pension plan remeasurements recognized in other comprehensive income, before tax	–5,589	–5,480	—	–109
Deferred taxes relating to pension plan remeasurements recognized in other comprehensive income	1,632	1,603	—	29
Pension plan remeasurements recognized in other comprehensive income, net of tax	–3,957	–3,877	—	–81
Share of other comprehensive income of equity-accounted investments that will not be reclassified to profit or loss, net of tax[2]	–72	–72	—	—
Items that will not be reclassified to profit or loss	–4,029	–3,948	—	–81
Exchange differences on translating foreign operations				
Unrealized currency translation gains/losses	–212	–207	—	–5
Transferred to profit or loss	—	—	—	—
Exchange differences on translating foreign operations, before tax	–212	–207	—	–5
Deferred taxes relating to exchange differences on translating foreign operations	0	0	—	—
Exchange differences on translating foreign operations, net of tax	–212	–207	—	–5
Cash flow hedges				
Fair value changes recognized in other comprehensive income	1,570	1,565	—	5
Transferred to profit or loss	951	951	—	—
Cash flow hedges, before tax	2,521	2,516	—	5
Deferred taxes relating to cash flow hedges	–719	–719	—	0
Cash flow hedges, net of tax	1,802	1,797	—	5
Available-for-sale financial assets				
Fair value changes recognized in other comprehensive income	493	493	—	—
Transferred to profit or loss	–32	–32	—	—
Available-for-sale financial assets, before tax	461	461	—	—
Deferred taxes relating to available-for-sale financial assets	–13	–13	—	—
Available-for-sale financial assets, net of tax	448	448	—	—
Share of other comprehensive income of equity-accounted investments that may be reclassified subsequently to profit or loss, net of tax[2]	150	150	—	–1
Items that may be reclassified subsequently to profit or loss	2,187	2,188	—	–1
Other comprehensive income, before tax	–2,742	–2,631	—	–110
Deferred taxes relating to other comprehensive income	900	871	—	29
Other comprehensive income, net of tax	–1,842	–1,760	—	–81
Total comprehensive income	20,039	19,952	—	87

1 Presentation adjusted to reflect application of IAS 1R and figures adjusted to reflect application of IAS 19R.

2 Including expenses of €316 million transferred to profit or loss due to the change in the accounting for Porsche Holding Stuttgart.

Changes in Comprehensive Income for the Period January 1 to December 31, 2013

€ million	Total	Equity attributable to Volkswagen AG shareholders	Equity attributable to Volkswagen AG hybrid capital investors	Equity attributable to noncontrolling interests
Profit after tax	9,145	9,066	27	52
Pension plan remeasurements recognized in other comprehensive income				
Pension plan remeasurements recognized in other comprehensive income, before tax	2,367	2,303	—	64
Deferred taxes relating to pension plan remeasurements recognized in other comprehensive income	−664	−651	—	−14
Pension plan remeasurements recognized in other comprehensive income, net of tax	1,703	1,653	—	50
Share of other comprehensive income of equity-accounted investments that will not be reclassified to profit or loss, net of tax	−6	−6	—	—
Items that will not be reclassified to profit or loss	1,697	1,647	—	50
Exchange differences on translating foreign operations				
Unrealized currency translation gains/losses	−2,387	−2,240	—	−147
Transferred to profit or loss	—	—	—	—
Exchange differences on translating foreign operations, before tax	−2,387	−2,240	—	−147
Deferred taxes relating to exchange differences on translating foreign operations	1	1	—	—
Exchange differences on translating foreign operations, net of tax	−2,387	−2,239	—	−147
Cash flow hedges				
Fair value changes recognized in other comprehensive income	2,268	2,270	—	−1
Transferred to profit or loss	−118	−118	—	0
Cash flow hedges, before tax	2,150	2,152	—	−1
Deferred taxes relating to cash flow hedges	−650	−651	—	1
Cash flow hedges, net of tax	1,500	1,501	—	−1
Available-for-sale financial assets				
Fair value changes recognized in other comprehensive income	141	141	—	—
Transferred to profit or loss	−34	−34	—	—
Available-for-sale financial assets, before tax	107	107	—	—
Deferred taxes relating to available-for-sale financial assets	−7	−7	—	—
Available-for-sale financial assets, net of tax	100	100	—	—
Share of other comprehensive income of equity-accounted investments that may be reclassified subsequently to profit or loss, net of tax	−164	−164	—	−1
Items that may be reclassified subsequently to profit or loss	−951	−802	—	−149
Other comprehensive income, before tax	2,067	2,152	—	−86
Deferred taxes relating to other comprehensive income	−1,321	−1,308	—	−13
Other comprehensive income, net of tax	746	844	—	−99
Total comprehensive income	9,891	9,910	27	−47

Balance Sheet of the Volkswagen Group as of December 31, 2013

€ million	Note	Dec. 31, 2013	Dec. 31, 2012[1]	Jan. 1, 2012[1]
Assets				
Noncurrent assets				
Intangible assets	12	59,243	59,112	22,176
Property, plant and equipment	13	42,389	39,424	31,876
Leasing and rental assets	14	22,259	20,034	16,626
Investment property	14	427	433	340
Equity-accounted investments	15	7,934	7,309	10,249
Other equity investments	15	3,941	3,870	3,049
Financial services receivables	16	51,198	49,785	42,450
Other financial assets	17	7,040	6,431	12,823
Other receivables	18	1,456	1,671	1,582
Tax receivables	19	633	552	627
Deferred tax assets	19	5,622	7,836	6,273
		202,141	196,457	148,069
Current assets				
Inventories	20	28,653	28,674	27,551
Trade receivables	21	11,133	10,099	10,479
Financial services receivables	16	38,386	36,911	33,754
Other financial assets	17	6,591	5,872	4,253
Other receivables	18	5,030	4,823	4,543
Tax receivables	19	729	761	623
Marketable securities	22	8,492	7,433	6,146
Cash, cash equivalents and time deposits	23	23,178	18,488	18,291
		122,192	113,061	105,640
Total assets		324,333	309,518	253,708
Equity and Liabilities				
Equity	24			
Subscribed capital		1,191	1,191	1,191
Capital reserves		12,658	11,509	9,329
Retained earnings[2]		72,341	64,596	49,069
Other reserves[2]		–459	386	–1,879
Equity attributable to Volkswagen AG hybrid capital investors		2,004	—	—
Equity attributable to Volkswagen AG shareholders and hybrid capital investors		87,733	77,682	57,710
Noncontrolling interests[3]		2,304	4,313	5,817
		90,037	81,995	63,528
Noncurrent liabilities				
Financial liabilities	25	61,517	63,603	44,442
Other financial liabilities	26	2,305	2,397	2,547
Other liabilities	27	4,527	4,675	4,394
Deferred tax liabilities	28	7,894	9,050	4,055
Provisions for pensions	29	21,774	23,939	16,756
Provisions for taxes	28	3,674	4,239	3,721
Other provisions	30	13,981	14,094	13,061
		115,672	121,996	88,975
Current liabilities				
Put options and compensation rights granted to noncontrolling interest shareholders[3]		3,638	—	—
Financial liabilities	25	59,987	54,060	49,090
Trade payables	31	18,024	17,268	16,325
Tax payables	28	218	238	844
Other financial liabilities	26	4,526	4,425	4,888
Other liabilities	27	11,004	11,111	11,196
Provisions for taxes	28	2,869	1,721	2,888
Other provisions	30	18,360	16,702	15,974
		118,625	105,526	101,205
Total equity and liabilities		324,333	309,518	253,708

1 Prior-year figures adjusted to reflect application of IAS 19R.

2 Retained earnings comprise other retained earnings and actuarial gains and losses. The other items are presented as ''Other reserves''. The prior-year figures were adjusted accordingly.

3 Following the approval by the Annual General Meeting of MAN SE of the conclusion of a control and profit and loss transfer agreement on June 6, 2013, the noncontrolling interests in the equity of MAN SE were derecognized from Group equity as a capital transaction involving a change in ownership interest. At the same time, a liability was recognized as a separate item of current liabilities in accordance with the cash settlement offer.

Statement of Changes in Equity of the Volkswagen Group for the Period January 1 to December 31, 2013

				OTHER RESERVES							
€ million	Subscribed capital	Capital reserves	Retained earnings	Currency translation reserve	Cash flow hedges	Available-for-sale financial assets	Equity-accounted investments	Equity attributable to Volkswagen AG hybrid capital investors	Equity attributable to Volkswagen AG shareholders and hybrid capital investors	Noncontrolling interests	Total equity
Unadjusted balance at Jan. 1, 2012 . . .	1,191	9,329	48,898	− 332	− 1,437	176	− 286	—	57,539	5,815	63,354
Changes in accounting policy to reflect IAS 19R	—	—	172	—	—	—	—	—	172	3	174
Adjusted balance at Jan. 1, 2012 .	1,191	9,329	49,069	− 332	− 1,437	176	− 286	—	57,710	5,817	63,528
Profit after tax[1] . .	—	—	21,712	—	—	—	—	—	21,712	169	21,881
Other comprehensive income, net of tax	—	—	− 3,877	− 207	1,797	448	79	—	− 1,760	− 81	− 1,842
Total comprehensive income[1]	—	—	17,835	− 207	1,797	448	79	—	19,952	87	20,039
Capital increase . .	0	2,180	—	—	—	—	—	—	2,180	—	2,180
Dividend payment .	—	—	− 1,406	—	—	—	—	—	− 1,406	− 267	− 1,673
Capital transactions involving a change in ownership interest[2]	—	—	− 762	—	—	—	—	—	− 762	− 1,339	− 2,101
Other changes . . .	—	—	− 141	—	—	—	148	—	8	14	22
Balance at Dec. 31, 2012[1] .	1,191	11,509	64,596	− 539	360	624	− 59	—	77,682	4,313	81,995
Unadjusted balance at Jan. 1, 2013 . . .	1,191	11,509	64,429	− 539	360	624	− 59	—	77,515	4,310	81,825
Changes in accounting policy to reflect IAS 19R	—	—	167	—	—	—	—	—	167	4	171
Adjusted balance at Jan. 1, 2013 .	1,191	11,509	64,596	− 539	360	624	− 59	—	77,682	4,313	81,995
Profit after tax . . .	—	—	9,066	—	—	—	—	27	9,093	52	9,145
Other comprehensive income, net of tax	—	—	1,653	− 2,239	1,501	100	− 170	—	844	— 99	746
Total comprehensive income	—	—	10,719	− 2,239	1,501	100	− 170	27	9,938	− 47	9,891
Capital increase[3] .	0	1,149	—	—	—	—	—	1,976	3,125	—	3,125
Dividend payment .	—	—	− 1,639	—	—	—	—	—	− 1,639	− 210	− 1,849
Capital transactions involving a change in ownership interest[2]	—	—	− 1,328	− 21	—16	0	− 1	—	− 1,366	− 1,759	− 3,125
Other changes . . .	—	—	− 7	0	0	0	1	—	− 6	7	1
Balance at Dec. 31, 2013 . .	1,191	12,658	72,341	− 2,799	1,845	724	− 229	2,004	87,733	2,304	90,037

1 Figures adjusted to reflect application of IAS 19R.

2 The capital transactions involving a change in ownership interest are attributable in the previous year in particular to the increase in the equity interest in MAN SE and, in the reporting period, to the derecognition of the noncontrolling interests in the equity of MAN SE and the interest in Scania AB attributable to these noncontrolling interest shareholders.

3 Volkswagen AG recorded an inflow of cash funds amounting to €1,200 million, plus the premium and deferred interest (€69 million) and less transaction costs (€14 million), from the mandatory convertible note placed in June 2013. Additionally, there are noncash effects from the deferral of taxes amounting to €49 million. €1,149 million of the total amount is required to be classified as equity instruments granted. The residual amount is classified as debt. Volkswagen AG also recorded an inflow of cash funds amounting to €2,000 million, less a discount of €18 million and transaction costs (€14 million), from the hybrid capital issued in the course of the fiscal year. Additionally, there are noncash effects from the deferral of taxes amounting to €9 million. The hybrid capital is required to be classified as equity instruments granted.

Explanatory notes on equity are presented in note 24.

Cash Flow Statement of the Volkswagen Group for the Period January 1 to December 31, 2013

€ million	2013	2012[1]
Cash and cash equivalents at beginning of period	17,794	16,495
Profit before tax	12,428	25,487
Income taxes paid	–3,107	–5,056
Depreciation and amortization of, and impairment losses on, intangible assets, property, plant and equipment, and investment property[2]	8,007	7,617
Amortization and write-downs of capitalized development costs[2]	2,464	1,903
Impairment losses on equity investments[2]	36	20
Depreciation of, and impairment losses on, leasing and rental assets[2]	4,179	3,594
Gain/loss on disposal of noncurrent assets	–35	–32
Share of profit or loss of equity-accounted investments	–759	–11,512
Other noncash expense/income	1,012	–2,031
Change in inventories	–1,021	460
Change in receivables (excluding financial services)	–1,651	–56
Change in liabilities (excluding financial liabilities)	2,363	–236
Change in provisions	2,479	470
Change in leasing and rental assets	–7,112	–5,606
Change in financial services receivables	–6,688	–7,814
Cash flows from operating activities	12,595	7,209
Investments in intangible assets (excluding capitalized development costs), property, plant and equipment, and investment property	–11,385	–10,493
Additions to capitalized development costs	–4,021	–2,615
Acquisition of subsidiaries	–80	–3,550
Acquisition of other equity investments	–94	–570
Disposal of subsidiaries	0	0
Disposal of other equity investments	23	14
Proceeds from disposal of intangible assets, property, plant and equipment, and investment property	622	373
Change in investments in securities	–810	–1,133
Change in loans and time deposits	–1,144	– 1,510
Cash flows from investing activities	–16,890	–19,482
Capital contributions	3,067	2,046
Dividends paid	–1,849	– 1,673
Capital transactions with noncontrolling interest shareholders	0	–2,101
Other changes	–21	36
Proceeds from issuance of bonds	22,118	26,055
Repayment of bonds	–14,614	–16,952
Change in other financial liabilities	285	6,432
Lease payments	–14	–132
Cash flows from financing activities	8,973	13,712
Effect of exchange rate changes on cash and cash equivalents	–462	–141
Net change in cash and cash equivalents	4,216	1,298
Cash and cash equivalents at end of period	22,009	17,794
Cash and cash equivalents at end of period	22,009	17,794
Securities, loans and time deposits	17,177	14,352
Gross liquidity	39,186	32,146
Total third-party borrowings	–121,504	–117,663
Net liquidity	–82,318	–85,517

1 Prior-year figures adjusted to reflect application of IAS 19R.

2 Net of impairment reversals.

Explanatory notes on the cash flow statement are presented in note 32.

Notes to the Consolidated Financial Statements of the Volkswagen Group as of December 31, 2013

Basis of presentation

Volkswagen AG is domiciled in Wolfsburg, Germany, and entered in the commercial register at the Braunschweig Local Court under no. HRB 100484. The fiscal year corresponds to the calendar year.

In accordance with Regulation No. 1606/2002 of the European Parliament and of the Council, Volkswagen AG prepared its consolidated financial statements for 2013 in compliance with the International Financial Reporting Standards (IFRSs), as adopted by the European Union. We have complied with all the IFRSs adopted by the EU and required to be applied.

The accounting policies applied in the previous year were retained, with the exception of the changes due to the new or amended standards.

In addition, we have complied with all the provisions of German commercial law that we are also required to apply, as well as with the German Corporate Governance Code.

The consolidated financial statements were prepared in euros. Unless otherwise stated, all amounts are given in millions of euros (€ million).

All figures shown are rounded, so minor discrepancies may arise from addition of these amounts.

The income statement was prepared using the internationally accepted cost of sales method.

Preparation of the consolidated financial statements in accordance with the above-mentioned standards requires management to make estimates that affect the reported amounts of certain items in the consolidated balance sheet and in the consolidated income statement, as well as the related disclosure of contingent assets and liabilities. The consolidated financial statements present fairly the net assets, financial position and results of operations as well as the cash flows of the Volkswagen Group.

The Board of Management completed preparation of the consolidated financial statements on February 11, 2014. On that date, the period ended in which adjusting events after the reporting period are recognized.

Effects of new and amended IFRSs

Volkswagen AG has adopted all accounting pronouncements required to be applied starting in fiscal year 2013.

The amendment to IAS 36 (2013) ''Recoverable Amount Disclosures for Nonfinancial Assets'' was voluntarily applied early in the Volkswagen consolidated financial statements in the current fiscal year. The amendments clarify and correct the disclosure requirements for recoverable amount under IFRS 13.

IAS 1R revises the way that the reconciliation of comprehensive income for the period is presented. It requires items of other comprehensive income to be presented separately by items that will never be reclassified to profit or loss and items that may be reclassified subsequently to profit or loss if certain conditions are met. In addition, the related tax effects must be allocated to these two groups of items. Volkswagen AG has modified the statement of comprehensive income in these consolidated financial statements in line with this. The other amendments to IAS 1 do not affect the presentation of the Volkswagen Group's net assets, financial position and results of operations.

The statement of changes in equity was also modified in this context. In these consolidated financial statements, the retained earnings are composed of other retained earnings and actuarial gains and losses. The other items are classified as ''Other reserves''.

IAS 19R changes the way employee benefits are accounted for. This results in the following changes in particular in Volkswagen AG's consolidated financial statements:

– Bonus payments for partial retirement agreements are attributed to the periods of service over the accumulation period in the block model used in the Volkswagen Group.

– Past service cost for defined benefit obligations is recognized directly in profit or loss.

– The defined benefit obligation and plan assets are discounted using the same discount rate (net interest approach).

The following tables present the material effects of applying IAS 19R:

	DECEMBER 31, 2012			JANUARY 1, 2012		
€ million	**Unadjusted**	**Adjustment**	**Adjusted**	**Unadjusted**	**Adjustment**	**Adjusted**
Total assets	309,644	–126	309,518	253,769	–61	253,708
of which: deferred tax assets	7,915	–79	7,836	6,333	–61	6,273
of which: intangible assets	59,158	–46	59,112	22,176	—	22,176
Total liabilities and provisions	227,819	–296	227,523	190,416	–235	190,181
of which: other provisions, pension provisions	55,032	–296	54,735	46,027	–235	45,792
Total equity	81,825	171	81,995	63,354	174	63,528
of which: retained earnings	64,429	167	64,596	48,898	172	49,069

	TWELVE MONTHS ENDED DECEMBER 31, 2012		
€ million	**Unadjusted**	**Adjustment**	**Adjusted**
Profit before tax	25,492	–5	25,487
of which: other financial result (incl. finance costs)	414	7	421
Income tax expense	3,608	–1	3,606
Profit after tax	21,884	–4	21,881
Profit attributable to Volkswagen AG shareholders	21,717	–4	21,712
Basic earnings per ordinary share (€)	46.42	–0.01	46.41
Diluted earnings per ordinary share (€)	46.42	–0.01	46.41
Basic earnings per preferred share (€)	46.48	–0.01	46.47
Diluted earnings per preferred share (€)	46.48	–0.01	46.47

On August 1, 2012, Porsche Automobil Holding SE, Stuttgart (Porsche SE), contributed its holding company operating business to Volkswagen AG by way of singular succession in the course of a capital increase with a mixed noncash contribution. Volkswagen accounted for this transaction in accordance with IFRS 3. Partial retirement obligations were also assumed in this connection. The changes resulting from the application of IAS 19R must be applied retrospectively, i.e. as if the new accounting policy had always been applied. For this reason, the adjustment resulting from application of IAS 19R to the recognition and measurement of the partial retirement obligations must be charged to goodwill at the acquisition date. This resulted in the following adjustments as of August 1, 2012: deferred tax assets were reduced by €20 million, intangible assets were reduced by €46 million and liabilities and provisions were reduced by €66 million.

The other amendments to IAS 19 do not materially affect the presentation of the net assets, financial position and results of operations in Volkswagen AG's consolidated financial statements.

The following tables present the effects of retaining IAS 19 (2008) on the balance sheet as of December 31, 2013 as well as on the income statement and the statement of comprehensive income in fiscal year 2013:

	DECEMBER 31, 2013		
€ million	**Under IAS 19 (2011)**	**Adjustment**	**Under IAS 19 (2008)**
Total assets	324,333	130	324,463
of which: deferred tax assets	5,622	84	5,706
of which: intangible assets	59,243	46	59,289
Total liabilities and provisions	234,297	310	234,607
of which: other provisions, pension provisions	54,115	310	54,425
Total equity	90,037	−179	89,858
of which: retained earnings	72,341	−179	72,162

	TWELVE MONTHS ENDED DECEMBER 31, 2013		
€ million	**Under IAS 19 (2011)**	**Adjustment**	**Under IAS 19 (2008)**
Profit before tax	12,428	50	12,478
of which: other financial result (incl. finance costs)	−2,831	64	−2,767
Income tax expense	−3,283	5	−3,278
Profit after tax	9,145	56	9,201
Profit attributable to Volkswagen AG shareholders	9,066	56	9,122
Basic earnings per ordinary share (€)	18.63	0.11	18.74
Diluted earnings per ordinary share (€)	18.63	0.11	18.74
Basic earnings per preferred share (€)	18.69	0.11	18.80
Diluted earnings per preferred share (€)	18.69	0.11	18.80

IFRS 13 sets out general requirements for measuring fair value in a separate standard. Volkswagen therefore applies the requirements of IFRS 13 governing fair value measurement. Fair value measurement did not materially affect the presentation of the net assets, financial position and results of operations in Volkswagen AG's consolidated financial statements. Furthermore, IFRS 13 specifically affects the notes to the consolidated financial statements. Information has been added about the levels of the fair value hierarchy within which certain assets and liabilities are categorized, along with further explanatory notes on fair value measurement.

The amendments to IFRS 7 result in additional disclosures relating to offsetting financial assets and financial liabilities. In particular, the additional reporting requirements affect the disclosure of netting arrangements under which the right of set-off is contingent on specific future events.

The other accounting pronouncements required to be applied for the first time in fiscal year 2013 are insignificant for the presentation of the net assets, financial position and results of operations in Volkswagen AG's consolidated financial statements.

New and amended IFRSs not applied

In its 2013 consolidated financial statements, Volkswagen AG did not apply the following accounting pronouncements that have already been adopted by the IASB, but were not yet required to be applied for the fiscal year.

Standard/Interpretation		Issued by the IASB	Effective date[1]	Adopted by the EU	Expected effects
IFRS 9	Financial Instruments: Classification and Measurement	Nov. 12, 2009/ Oct. 28, 2010	Still to be determined	No	Change in the accounting treatment of fair value changes in financial instruments previously classified as available for sale
IFRS 9	Financial Instruments: Hedge Accounting	Nov. 19, 2013	Still to be determined	No	Extended designation options, simplified effectiveness testing, increased disclosures
	Financial Instruments: Mandatory Effective Date and Transition Disclosures (Amendments to IFRS 9 and IFRS 7)	Dec. 16, 2011	Still to be determined	No	Increased disclosures
IFRS 10	Consolidated Financial Statements	May 12, 2011	Jan. 1, 2014	Yes	No material effects
IFRS 11	Joint Arrangements	May 12, 2011	Jan. 1, 2014	Yes	No material effects
IFRS 12	Disclosures of Interests in Other Entities	May 12, 2011	Jan. 1, 2014	Yes	Enhanced disclosures on interests in other entities
	Transition Guidance on IFRS 10, IFRS 11, IFRS 12	June 28, 2012	Jan. 1, 2014	Yes	No material effects
	Investment Entities (Amendments to IFRS 10, IFRS 12, IAS 27)	Oct. 31, 2012	Jan. 1, 2014	Yes	None
IFRS 14	Regulatory Deferral Accounts	Jan. 30, 2014	Jan. 1, 2016	No	None
IAS 19	Employee Benefits: Defined Benefit Plans — Employee Contributions	Nov. 21, 2013	Jan. 1, 2015	No	No material effects
IAS 27	Separate Financial Statements	May 12, 2011	Jan. 1, 2014	Yes	None
IAS 28	Investments in Associates and Joint Ventures	May 12, 2011	Jan. 1, 2014	Yes	None
IAS 32	Financial Instruments: Presentation — Offsetting Financial Assets and Financial Liabilities	Dec. 16, 2011	Jan. 1, 2014	Yes	No material effects
IAS 39	Financial Instruments: Novation of Derivatives and Continuation of Hedge Accounting	June 27, 2013	Jan. 1, 2014	Yes	No material effects
	Improvements to IFRSs 2012[2]	Dec. 10, 2013	July 1, 2014[3]	No	Primarily increased disclosures in the segment reporting
	Improvements to IFRSs 2013[4]	Dec. 10, 2013	Jan. 1, 2015	No	No material effects
IFRIC 21	Levies	May 20, 2013	Jan. 1, 2014	No	None

1 Effective date for Volkswagen AG.

2 Minor amendments to a number of IFRSs (IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16/38, IAS 24).

3 This relates to the effective date of the amendments to IFRS 2 and IFRS 3; the effective date for the amendments to IFRS 8, IAS 16, IAS 24 and IAS 38 is January 1, 2015.

4 Minor amendments to a number of IFRSs (IFRS 1, IFRS 3, IFRS 13, IAS 40).

Basis of consolidation

In addition to Volkswagen AG, the consolidated financial statements comprise all significant companies at which Volkswagen AG is able, directly or indirectly, to govern the financial and operating policies in such a way that it can obtain benefits from the activities of these companies (subsidiaries). The subsidiaries also comprise special purpose entities whose net assets are attributable to the Group under the principle of substance over form. The special purpose entities are used primarily to enter into asset-backed securities transactions to refinance the financial services business. Consolidation of subsidiaries begins at the first date on which control exists, and ends when such control no longer exists.

Subsidiaries whose business is dormant or of low volume and that are insignificant, both individually and in the aggregate, for the fair presentation of the net assets, financial position and results of operations as well as the cash flows of the Volkswagen Group are not consolidated. They are carried in the consolidated financial statements at the lower of cost or fair value since no active market exists for these companies and fair values cannot be reliably ascertained without undue cost or effort.

Significant companies where Volkswagen AG is able, directly or indirectly, to significantly influence financial and operating policy decisions (associates), or that are directly or indirectly jointly controlled (joint ventures), are accounted for using the equity method. Joint ventures also include companies in which the Volkswagen Group holds the majority of voting rights, but whose articles of association or partnership agreements stipulate that important decisions may only be resolved unanimously. Insignificant associates and joint ventures are generally carried at the lower of cost or fair value.

The composition of the Volkswagen Group is shown in the following table:

	2013	2012
Volkswagen AG and consolidated subsidiaries		
Germany	158	156
Abroad	854	825
Subsidiaries carried at cost		
Germany	65	73
Abroad	209	206
Associates, joint ventures and other equity investments		
Germany	41	36
Abroad	65	68
	1,392	1,364

The list of all shareholdings that forms part of the annual financial statements of Volkswagen AG can be downloaded from the electronic companies register at www.unternehmensregister.de and from www.volkswagenag.com/ir by clicking on "Further mandatory Publications" under the heading "Mandatory Publications".

The following consolidated German subsidiaries with the legal form of a corporation or partnership meet the criteria set out in section 264(3) or section 264b of the Handelsgesetzbuch (HGB — German Commercial Code) due to their inclusion in the consolidated financial statements and have as far as possible exercised the option not to publish annual financial statements:

- Audi Akademie GmbH, Ingolstadt
- Audi Berlin GmbH, Berlin
- Audi Frankfurt GmbH, Frankfurt am Main
- Audi Hamburg GmbH, Hamburg
- Audi Hannover GmbH, Hanover
- Audi Leipzig GmbH, Leipzig

- Audi Stuttgart GmbH, Stuttgart
- Audi Vertriebsbetreuungsgesellschaft mbH, Ingolstadt
- Audi Zentrum München GmbH, Munich
- Automobilmanufaktur Dresden GmbH, Dresden
- Autostadt GmbH, Wolfsburg
- AutoVision GmbH, Wolfsburg
- Bugatti Engineering GmbH, Wolfsburg
- Dr. Ing. h.c. F. Porsche AG, Stuttgart
- Haberl Beteiligungs-GmbH, Munich
- Karosseriewerk Porsche GmbH & Co. KG, Stuttgart
- MAHAG GmbH, Munich
- Porsche Consulting GmbH, Bietigheim-Bissingen
- Porsche Deutschland GmbH, Bietigheim-Bissingen
- Porsche Dienstleistungs GmbH, Stuttgart
- Porsche Engineering Group GmbH, Weissach
- Porsche Engineering Services GmbH, Bietigheim-Bissingen
- Porsche Financial Services GmbH & Co. KG, Bietigheim-Bissingen
- Porsche Financial Services GmbH, Bietigheim-Bissingen
- Porsche Holding Stuttgart GmbH, Stuttgart
- Porsche Leipzig GmbH, Leipzig
- Porsche Lizenz- und Handelsgesellschaft mbH & Co. KG, Bietigheim-Bissingen
- Porsche Logistik GmbH, Stuttgart
- Porsche Niederlassung Berlin GmbH, Berlin
- Porsche Niederlassung Berlin-Potsdam GmbH, Kleinmachnow
- Porsche Niederlassung Hamburg GmbH, Hamburg
- Porsche Niederlassung Leipzig GmbH, Leipzig
- Porsche Niederlassung Mannheim GmbH, Mannheim
- Porsche Niederlassung Stuttgart GmbH, Stuttgart
- Porsche Nordamerika Holding GmbH, Ludwigsburg
- Porsche Siebte Vermögensverwaltung GmbH, Stuttgart
- Porsche Zentrum Hoppegarten GmbH, Stuttgart
- quattro GmbH, Neckarsulm
- Raffay Versicherungsdienst GmbH, Hamburg
- Truck & Bus GmbH, Wolfsburg
- VfL Wolfsburg-Fußball GmbH, Wolfsburg

- VGRD GmbH, Wolfsburg
- Volim Volkswagen Immobilien Vermietgesellschaft für VW-/Audi-Händlerbetriebe mbH, Braunschweig
- Volkswagen Automobile Berlin GmbH, Berlin
- Volkswagen Automobile Frankfurt GmbH, Frankfurt am Main
- Volkswagen Automobile Hamburg GmbH, Hamburg
- Volkswagen Automobile Stuttgart GmbH, Stuttgart
- Volkswagen Financial Services Beteiligungsgesellschaft mbH, Braunschweig
- Volkswagen Gebrauchtfahrzeughandels und Service GmbH, Langenhagen
- Volkswagen Group Real Estate GmbH & Co. KG, Wolfsburg
- Volkswagen Immobilien GmbH, Wolfsburg
- Volkswagen Logistics GmbH & Co. OHG, Wolfsburg
- Volkswagen Original Teile Logistik GmbH & Co. KG, Baunatal
- Volkswagen Osnabrück GmbH, Osnabrück
- Volkswagen R GmbH, Wolfsburg
- Volkswagen Sachsen GmbH, Zwickau
- Volkswagen Versicherungsvermittlung GmbH, Braunschweig
- Volkswagen Vertriebsbetreuungsgesellschaft mbH, Chemnitz
- Volkswagen Zubehör GmbH, Dreieich
- Volkswagen-Versicherungsdienst GmbH, Braunschweig
- Volkswagen Automobile Chemnitz GmbH, Chemnitz
- Volkswagen Automobile Hannover GmbH, Hanover
- VOLKSWAGEN Automobile Leipzig GmbH, Leipzig
- Volkswagen Automobile Region Hannover GmbH, Hanover
- Volkswagen Automobile Rhein-Neckar GmbH, Mannheim

CONSOLIDATED SUBSIDIARIES

On August 1, 2012, Porsche Automobil Holding SE, Stuttgart (Porsche SE), contributed its holding company operating business to Volkswagen AG by way of singular succession in the course of a capital increase with a mixed noncash contribution.

The business acquired from Porsche SE consists in particular of the 50.1% interest held by Porsche SE in Porsche Holding Stuttgart GmbH, Stuttgart (Porsche Holding Stuttgart) (formerly: Porsche Zweite Zwischenholding GmbH, Stuttgart, as the legal successor to Porsche Zwischenholding GmbH, Stuttgart), and thus indirectly in Dr. Ing. h.c. F. Porsche AG, Stuttgart (Porsche AG), and of all other subsidiaries of Porsche SE existing at the contribution date (with the exception of the interest in Volkswagen AG), as well as receivables from and liabilities to companies of the Porsche Holding Stuttgart Group.

With unit sales of 117 thousand vehicles, premium sports car manufacturer Porsche AG generated sales revenue of €10,928 million and profit before tax of €2,108 million in fiscal year 2011. The integration of Porsche allows the Volkswagen Group to expand its product portfolio in the premium segment.

Volkswagen AG increased its share capital by €2.56 by issuing one new ordinary bearer share and allowed Porsche SE to subscribe for this new share; the preemptive rights of the other shareholders were disapplied. Volkswagen AG paid €4,495 million to Porsche SE as further consideration. The cash consideration is based on the equity value of €3,883 million for the remaining 50.1% interest in Porsche Holding Stuttgart (and thus indirectly in Porsche AG) held by Porsche SE set out in the Comprehensive Agreement, and also comprises a number of adjustment items. Among other things, Porsche SE will be remunerated for dividend payments from its indirect interest in Porsche AG that it would have received as well as for half of the present value of the net synergies realizable as a result of the accelerated integration, which amount to a total of approximately €320 million.

Based on the updated assumptions underlying the valuation at the acquisition date, Volkswagen AG's call option on the shares of Porsche Holding Stuttgart agreed in the Comprehensive Agreement with Porsche SE has a positive fair value of €10,199 million (December 31, 2011: €8,409 million) and the corresponding put option has a negative fair value of €2 million (December 31, 2011: €87 million). The fair values of the options are included in the cost of the business combination. The difference attributable to the updated fair values amounting to €1,875 million was recognized in the other financial result.

The shares of Porsche Holding Stuttgart, which were accounted for using the equity method at the acquisition date, were revalued at their fair value of €12,566 million on acquisition of the remaining shares. Measurement of the shares uses the same assumptions that were also used to measure the options on the outstanding shares of Porsche Holding Stuttgart and is based on Porsche Holding Stuttgart's business plans. The transition from the equity method to consolidation resulted in a noncash book gain of €10,399 million, which was recognized in the share of profits and losses of equity-accounted investments; this includes amounts totaling €−316 million that were previously recognized directly in equity and that were transferred to the income statement.

The measurement basis for the goodwill is calculated as follows:

€ million	**2012**
Purchase price for shares acquired on August 1	4,495
Fair value of options on the outstanding shares	10,197
Fair value of existing shares	12,566
Issued ordinary share of Volkswagen AG	0
Measurement basis for goodwill	27,258

The costs incurred in connection with the issue of the new ordinary share reduced the capital reserves by €1 million, net of deferred taxes. The other transaction-related costs incurred to date of €3 million were recognized as expenses.

After adjustment to reflect the application of IAS 19R, the business combination generated goodwill of €18,825 million (originally €18,871 million). The goodwill is not tax-deductible.

The following table shows the final allocation of the purchase price to the assets and liabilities after adjustment to reflect the application of IAS 19R:

€ million	Acquisition date IFRS carrying amounts	Purchase price allocation	Adjustment in the measurement period	Acquisition date fair values
Brand names	—	13,823	—	13,823
Technology	1,489	2,203	—	2,203
Customer and dealer relationships	—	691	—	691
Other intangible assets*	386	489	—	489
Property, plant and equipment	2,983	3,548	—	3,548
Investments	162	160	—	160
Leasing and rental assets	1,360	1,425	—	1,425
Other noncurrent assets	7,458	7,941	−20	7,921
Inventories	1,243	1,625	—	1,625
Trade receivables	348	348	—	348
Cash and cash equivalents	1,812	1,812	—	1,812
Other current assets	3,060	3,256	—	3,256
Total assets	20,301	37,321	—	37,301
Noncurrent financial liabilities	10,227	9,654	—	9,654
Other noncurrent liabilities and provisions	3,152	8,516	−59	8,457
Current financial liabilities	3,211	4,142	—	4,142
Trade payables	989	1,112	—	1,112
Current provisions	1,237	1,308	−7	1,301
Other current liabilities	4,160	4,203	—	4,203
Total liabilities	22,977	28,934	—	28,868

* Excluding goodwill of Volkswagen AG.

The goodwill and the brand name are allocated to the Porsche operating segment.

The gross carrying amount of the receivables acquired was €9,858 million at the acquisition date, and the net carrying amount (equivalent to the fair value) was €9,775 million. Of this total, gross carrying amounts of €6,449 million (net carrying amounts: €6,449 million) are attributable to acquired loans and gross carrying amounts of €1,202 million (net carrying amounts: €1,127 million) are attributable to acquired finance lease receivables. The depreciable noncurrent assets have remaining useful lives of between 4 months and 50 years.

As of December 31, 2012, the inclusion of the company increased the Group's sales revenue by €4,534 million and increased its profit after tax, net of write-downs of hidden reserves identified in the course of purchase price allocation, by €292 million. If Porsche had been included as of January 1, 2012, the Group's sales revenue after consolidation as of December 31, 2012 would have been approximately €6,208 million higher and its profit after tax, net of write-downs of hidden reserves identified in the course of purchase price allocation, would have been approximately €656 million higher.

The contribution of Porsche SE's holding company operating business increases the consolidated Group by 107 consolidated subsidiaries.

As of July 19, 2012, the Volkswagen Group acquired 100% of the voting rights of motorcycle manufacturer Ducati Motor Holding S.p.A., Bologna, Italy, against payment of a purchase price of €747 million, via Automobili Lamborghini S.p.A., Sant' Agata Bolognese, Italy, a subsidiary of AUDI AG. The acquisition of Ducati — a leading international manufacturer of premium motorcycles with significant expertise in high-performance engines and lightweight construction — has seen the Group move into the growth market for high-quality motorcycles. The analysis of the assets acquired and liabilities assumed was completed in fiscal year 2013. There was no requirement to adjust the initial accounting in 2012 for this business combination.

The goodwill determined in the amount of €290 million contains intangible assets that are not separable and that cannot be attributed to contractual or other rights, such as the expertise of Ducati's employees. The goodwill is not tax-deductible. The transaction-related costs incurred to date of €1 million were recognized as expenses.

The following table shows the final allocation of the purchase price to the assets and liabilities:

€ million	**Acquisition date IFRS carrying amounts**	**Purchase price allocation**	**Acquisition date fair values**
Brand names	211	193	404
Customer relationships	49	131	180
Other intangible assets	78	17	95
Land and buildings	78	3	81
Other noncurrent assets	25	8	33
Inventories	83	0	83
Cash and cash equivalents	150	—	150
Other current assets	154	—	154
Total assets	828	352	1,180
Noncurrent liabilities	106	108	214
Current liabilities	510	—	510
Total liabilities	616	108	724

The gross carrying amount of the receivables acquired was €153 million at the acquisition date, and the net carrying amount (equivalent to the fair value) was €142 million.

As of December 31, 2012, the inclusion of the company increased the Group's sales revenue by €209 million and reduced its profit, net of write-downs of hidden reserves identified in the course of purchase price allocation, by €27 million. If Ducati had been included in the consolidated financial statements as of January 1, 2012, the Group's sales revenue after consolidation as of December 31, 2012 would have been approximately €422 million higher and its profit after tax, net of write-downs of hidden reserves identified in the course of purchase price allocation, would have been approximately €34 million higher.

In order to strengthen its sales activities, Volkswagen acquired all shares of KPI Polska Sp.z o.o., Poznan (KPI Polska), effective January 1, 2012. KPI Polska is the exclusive importer and distributor of various Volkswagen Group brands in Poland. At the same time, Volkswagen acquired from the previous owners of KPI Polska the outstanding shares of the former jointly controlled companies Volkswagen Leasing Polska Sp.z o.o., Warsaw, and Volkswagen Bank Polska S.A., Warsaw. The purchase price paid amounted to €254 million in total. The measurement of the existing shares in the financial services companies at a fair value of €66 million resulted in a noncash book gain of €21 million, which was recognized in the share of profits and losses of equity-accounted investments.

In addition, on March 28, 2012, the Volkswagen Group acquired through MAN Truck & Bus AG, Munich, the remaining shares (apart from one share) of MAN TRUCKS India Private Limited, Akurdi/India (formerly: MAN FORCE TRUCKS Private Limited, Akurdi/India), which until then had been a joint venture, against payment of €150 million. The company has been consolidated since that date. MAN TRUCKS India produces CLA series heavy MAN trucks for the Indian market and for export to Asian and African countries. The shares, which were accounted for using the equity method at the acquisition date, were recognized at their acquisition-date fair value of €73 million. This resulted in a noncash book loss of

€37 million, which was recognized in the share of profits and losses of equity-accounted investments. The measurement basis for the goodwill from the two transactions is calculated as follows:

€ million	**2012**
Purchase price for shares acquired	404
Fair value of existing shares	139
Measurement basis for goodwill	543

Transaction-related costs of €3.5 million were recognized directly as expenses.

The following main groups of assets and liabilities were finally acquired and assumed for KPI Polska, the Polish financial services companies and MAN TRUCKS India:

€ million	**Acquisition date IFRS carrying amounts**	**Purchase price allocation**	**Acquisition date fair values**
Noncurrent assets	326	100	427
Cash and cash equivalents	74	—	74
Other current assets	637	—	637
Total assets	1,037	100	1,137
Noncurrent liabilities	192	28	220
Current liabilities	668	—	668
Total liabilities	860	28	888

The gross carrying amount of the receivables was €708 million at the acquisition date, and the net carrying amount (equivalent to the fair value) was €668 million. The depreciable noncurrent assets have remaining useful lives of between 24 months and 40 years.

The goodwill from the acquisition of KPI Polska amounts to €58 million and is allocated to the Volkswagen Passenger Cars operating segment. The goodwill of €28 million attributable to the Polish financial services companies is allocated to the Volkswagen Financial Services operating segment, which is part of the Financial Services reporting segment. The goodwill from the acquisition of MAN TRUCKS India amounts to €208 million and is allocated to the MAN Commercial Vehicles operating segment, which is part of the Commercial Vehicles reporting segment. The goodwill from the acquisitions is not tax-deductible.

The initial inclusion of the abovementioned companies had no material effect on the Volkswagen Group's sales revenue and profit after tax.

The abovementioned fair values of the assets and liabilities were determined as far as possible using observable market prices. If market prices could not be determined, recognized valuation techniques were used to measure the assets acquired and liabilities assumed.

Following its approval by the Annual General Meeting of MAN SE on June 6, 2013 and its entry in the commercial register on July 16, 2013, the control and profit and loss transfer agreement in accordance with section 291 of the Aktiengesetz (AktG — German Stock Corporation Act) between MAN SE, as the controlled company, and Truck & Bus GmbH, a wholly owned subsidiary of Volkswagen AG, as the controlling company, entered into force. The obligation to transfer profits is effective as of the fiscal year beginning on January 1, 2014; the obligation to absorb losses is effective for the first time as of fiscal year 2013.

The agreement sets out that the noncontrolling interest shareholders of MAN SE are entitled to either a cash settlement in accordance with section 305 of the AktG amounting to €80.89 per tendered ordinary or preferred share, or cash compensation in accordance with section 304 of the AktG in the amount of €3.07 per ordinary or preferred share (after corporate taxes, before the shareholder's individual tax liability) for each full fiscal year. For the current fiscal year, Truck & Bus GmbH is guaranteeing the noncontrolling interest shareholders of MAN SE a minimum dividend in line with the cash compensation.

Following the approval by the Annual General Meeting of MAN SE of the conclusion of the control and profit and loss transfer agreement, Volkswagen is no longer able to avoid its obligation to make a cash settlement. For this reason, the noncontrolling interests in the equity of MAN SE and the interest in Scania AB attributable to these noncontrolling interest shareholders, amounting to a total of €1,759 million, were derecognized from Group equity as of this date as a capital transaction involving a change in ownership interest. At the same time, a liability was recognized in accordance with the cash settlement offer for the obligation to acquire the shares in the amount of €3,125 million. The resulting difference of €1,366 million reduces the reserves attributable to the shareholders of Volkswagen AG. From now on, MAN SE's profit or loss will be attributed in full to the shareholders of Volkswagen AG. As of December 31, 2013, 289,665 ordinary shares and 88,643 preferred shares had been tendered.

Following the derecognition of the noncontrolling interests in the equity of MAN SE from Group equity, all shares of Scania AB that are held by MAN SE are attributable to the Volkswagen Group. The interest in the capital of Scania AB attributable to the shareholders of Volkswagen AG has increased to 62.64% (December 31, 2012: 59.13%).

In July 2013, Truck & Bus GmbH, a wholly owned subsidiary of Volkswagen AG, was served with an application in accordance with section 1 no. 1 of the Spruchverfahrensgesetz (SpruchG — German Award Proceedings Act) for judicial review of the appropriateness of the cash settlement in accordance with section 305 of the Aktiengesetz (AktG — German Stock Corporation Act) and the cash compensation in accordance with section 304 of the AktG for the noncontrolling interest shareholders of MAN SE attributable to the control and profit and loss transfer agreement between MAN SE and Truck & Bus GmbH, which was entered in MAN SE's commercial register on July 16, 2013. As a result of the opening of the award proceedings, the obligation to the noncontrolling interest shareholders must be reassessed and the expected present value of the minimum statutory interest rate in accordance with section 305 of the AktG must be recognized as a liability. Based on the assumption that the award proceedings will take seven years, the assessment resulted in an expense of €493 million, which was recognized in the other financial result. It is not currently possible to predict the exact duration of the proceedings.

The other changes in the basis of consolidation are shown in the following table:

Number	Germany	Abroad
Initially consolidated		
of which: subsidiaries previously carried at cost	9	24
of which: newly acquired subsidiaries	—	2
of which: newly formed subsidiaries	5	18
	14	44
Deconsolidated		
of which: mergers	7	3
of which: liquidations	5	11
of which: sales/other	—	1
	12	15

The initial inclusion of these subsidiaries, either individually or collectively, did not have a significant effect on the presentation of the net assets, financial position and results of operations.

INVESTMENTS IN ASSOCIATES

The acquisition of the majority interest in MAN SE in fiscal year 2011 meant that MAN's 30% interest in Ferrostaal GmbH (formerly: Ferrostaal AG), Essen, was attributable to Volkswagen. There was already an intention to sell the investment in the near term at the time it was acquired, so the shares were classified as held for sale and not accounted for using the equity method. The investment had already been written down in full as of December 31, 2011. On March 7, 2012, the settlement agreement between MAN SE and the International Petroleum Investment Company (IPIC), Abu Dhabi, regarding the repurchase of the 70% interest in Ferrostaal held by IPIC was completed (settlement with IPIC).

In fiscal year 2012, this resulted in a cash outflow of €350 million, which is reported as part of the cash flows from operating activities.

At the same time, the agreement between MAN and MPC Industries GmbH, Hamburg, regarding the transfer of 100% of the shares of Ferrostaal to MPC and a co-investor was implemented (the MPC sale). The completion of the settlement with IPIC and the sale of MPC did not result in any earnings effects for Volkswagen because the earnings effects attributable to the transaction had already been included in purchase price allocation for the MAN Group as a contingent liability.

In fiscal year 2013, the Volkswagen Group's profit after tax was primarily impacted in the amount of €276 million by income taxes and tax interest expenses attributable to the former income tax group between Ferrostaal and MAN SE.

The following carrying amounts are attributable to the Volkswagen Group from its proportionate interest in Sinotruk (Hong Kong) Limited, Hong Kong (Sinotruk), and Rheinmetall MAN Military Vehicles GmbH, Munich (RMMV):

	SINOTRUK		RMMV	
€ million	**2013**	**2012**	**2013**	**2012**
Equity interest (%)	25.0	25.0	49.0	49.0
Share of quoted market price	281	400	—	—
Assets[1]	1,440	1,499	224	184
Liabilities[1]	796	858	217	159
Sales revenue[2]	854	859	249	185
Profit/loss for the period[2]	8	8	–26	9

1 Amounts for Sinotruk refer to the June 30 reporting date and for RMMV to the September 30 reporting date.

2 Amounts for Sinotruk refer to the period from July 1 to June 30 and for RMMV to the period from October 1 to September 30.

INTERESTS IN JOINT VENTURES

The following carrying amounts are attributable ratably to the Volkswagen Group from its proportionate interest in joint ventures:

€ million	FAW-Volkswagen Automotive Company	Shanghai-Volkswagen Automotive Company	Global Mobility Holding	Porsche Holding Stuttgart*	Others	Total
2013						
Equity interest (%)	40.0	50.0	50.0	—	—	—
Noncurrent assets	2,090	2,512	5,407	—	2,664	12,674
Current assets	4,804	3,220	4,623	—	2,049	14,695
Noncurrent liabilities	645	475	3,577	—	1,238	5,935
Current liabilities	3,787	3,001	4,723	—	2,324	13,835
Income	15,794	10,448	599	—	2,985	29,826
Expenses	14,199	9,033	449	—	2,743	26,423
2012						
Equity interest (%)	40.0	50.0	50.0	49.9	—	—
Noncurrent assets	1,991	1,925	5,510	—	2,018	11,445
Current assets	3,828	2,807	4,714	—	1,666	13,015
Noncurrent liabilities	442	323	3,885	—	1,006	5,655
Current liabilities	2,961	2,486	4,690	—	1,723	11,861
Income	13,351	10,122	522	4,497	2,172	30,666
Expenses	11,834	9,065	401	4,069	1,959	27,328

* Application of the equity method was terminated on August 1, 2012 when this company was fully consolidated. The disclosures on income and expenses for 2012 relate to the period up to July 31.

The Volkswagen Group holds a 50% indirect interest in the joint venture LeasePlan Corporation N.V., Amsterdam, the Netherlands, via its 50% stake in the joint venture Global Mobility Holding B.V., Amsterdam, the Netherlands. Volkswagen agreed with Fleet Investments B.V., Amsterdam, the Netherlands, an investment company belonging to the von Metzler family, that Fleet Investments would become the new co-investor in Global Mobility Holding in 2010. The previous co-investors were instructed by Volkswagen AG to transfer their shares to Fleet Investments B.V. on February 1, 2010 for the purchase price of €1.4 billion. In fiscal year 2013, the agreement was prolonged by a further two years until January 2016. Volkswagen AG has granted the new co-investor a put option on its shares. If this option is exercised, Volkswagen must pay the original purchase price plus accumulated pro rata preferred dividends or the higher fair value. The put option is accounted for at fair value.

In addition, Volkswagen has pledged claims under certificates of deposit with Bankhaus Metzler in the amount of €1.5 billion to secure a loan granted to Fleet Investments B.V. by Bankhaus Metzler. This pledge does not increase the Volkswagen Group's risk arising from the above-mentioned short position.

Consolidation methods

The assets and liabilities of the German and foreign companies included in the consolidated financial statements are recognized in accordance with the uniform accounting policies used within the Volkswagen Group. In the case of companies accounted for using the equity method, the same accounting policies are applied to determine the proportionate equity, based on the most recent audited annual financial statements of each company.

In the case of subsidiaries consolidated for the first time, assets and liabilities are measured at their fair value at the date of acquisition. Their carrying amounts are adjusted in subsequent years. Goodwill arises when the purchase price of the investment exceeds the fair value of identifiable net assets. Goodwill is tested for impairment once a year to determine whether its carrying amount is recoverable. If the carrying amount of goodwill is higher than the recoverable amount, an impairment loss must be recognized. If this is not the case, there is no change in the carrying amount of goodwill compared with the previous year. If the purchase price of the investment is less than the identifiable net assets, the difference is recognized in the income statement in the year of acquisition. Goodwill is accounted for at the subsidiaries in the functional currency of those subsidiaries. Any difference that arises from the acquisition of additional shares of an already consolidated subsidiary is taken directly to equity. Unless otherwise stated, the proportionate equity directly attributable to noncontrolling interests is determined at the acquisition date as the share of the fair value of the assets (excluding goodwill) and liabilities attributable to them. Contingent consideration is measured at fair value at the acquisition date. Subsequent changes in the fair value of contingent consideration do not generally result in the adjustment of the acquisition-date measurement. Acquisition-related costs that are not equity transaction costs are not added to the purchase price, but instead recognized as expenses in the period in which they are incurred.

The consolidation process involves adjusting the items in the separate financial statements of the parent and its subsidiaries and presenting them as if they were those of a single economic entity. Intragroup assets, liabilities, equity, income, expenses and cash flows are eliminated in full. Intercompany profits or losses are eliminated in Group inventories and noncurrent assets. Deferred taxes are recognized for consolidation adjustments, and deferred tax assets and liabilities are offset where taxes are levied by the same tax authority and relate to the same tax period.

Currency translation

Transactions in foreign currencies are translated in the single-entity financial statements of Volkswagen AG and its consolidated subsidiaries at the rates prevailing at the transaction date. Foreign currency monetary items are recorded in the balance sheet using the middle rate at the closing date. Foreign exchange gains and losses are recognized in the income statement. This does not apply to foreign exchange differences from loans receivable that represent part of a net investment in a foreign operation. The financial statements of foreign companies are translated into euros using the functional currency concept. Asset and liability items are translated at the closing rate. With the exception of income and expenses recognized directly in equity, equity is translated at historical rates. The resulting foreign exchange differences are recognized in other comprehensive income until disposal of the subsidiary concerned, and are presented as a separate item in equity.

Income statement items are translated into euros at weighted average rates.

The rates applied are presented in the following table:

		BALANCE SHEET MIDDLE RATE ON DECEMBER 31,		INCOME STATEMENT AVERAGE RATE	
	€1 =	2013	2012	2013	2012
Argentina	ARS	8.98251	6.48404	7.27413	5.84444
Australia	AUD	1.54230	1.27120	1.37702	1.24134
Brazil	BRL	3.25760	2.70360	2.86694	2.50970
Canada	CAD	1.46710	1.31370	1.36845	1.28479
Czech Republic	CZK	27.42700	25.15100	25.98715	25.14567
India	INR	85.36600	72.56000	77.87525	68.62947
Japan	JPY	144.72000	113.61000	129.65950	102.62121
Mexico	MXN	18.07310	17.18450	16.96444	16.90867
People's Republic of China	CNY	8.34910	8.22070	8.16549	8.10942
Poland	PLN	4.15430	4.07400	4.19708	4.18433
Republic of Korea	KRW	1,450.93000	1,406.23000	1,453.85601	1,448.19540
Russia	RUB	45.32460	40.32950	42.32482	39.92376
South Africa	ZAR	14.56600	11.17270	12.83079	10.55455
Sweden	SEK	8.85910	8.58200	8.65050	8.70672
United Kingdom	GBP	0.83370	0.81610	0.84925	0.81110
USA	USD	1.37910	1.31940	1.32814	1.28560

Accounting policies

MEASUREMENT PRINCIPLES

With certain exceptions such as financial instruments at fair value through profit or loss, available-for-sale financial assets and provisions for pensions and other post-employment benefits, items in the Volkswagen Group are accounted for under the historical cost convention. The methods used to measure the individual items are explained in more detail below.

INTANGIBLE ASSETS

Purchased intangible assets are recognized at cost and amortized over their useful life using the straight-line method. This relates in particular to software, which is amortized over three years.

In accordance with IAS 38, research costs are recognized as expenses when incurred.

Development costs for future series products and other internally generated intangible assets are capitalized at cost, provided manufacture of the products is likely to bring the Volkswagen Group an economic benefit. If the criteria for recognition as assets are not met, the expenses are recognized in the income statement in the year in which they are incurred.

Capitalized development costs include all direct and indirect costs that are directly attributable to the development process. The costs are amortized using the straight-line method from the start of production over the expected life cycle of the models or powertrains developed — generally between two and ten years.

Amortization recognized during the year is allocated to the relevant functions in the income statement.

Brand names from business combinations usually have an indefinite useful life and are therefore not amortized. This is reviewed on a regular basis.

Goodwill, intangible assets with indefinite useful lives and intangible assets that are not yet available for use are tested for impairment at least once a year. Assets in use and other intangible assets with finite useful lives are tested for impairment only if there are specific indications that they may be impaired. The Volkswagen Group generally applies the higher of value in use and fair value less costs to sell of the relevant cash-generating unit (brands or products) to determine the recoverable amount of goodwill and indefinite-lived intangible assets. Measurement of value in use is based on management's current planning. This planning is based on expectations regarding future global economic trends and on assumptions derived from those trends about the markets for passenger cars and commercial vehicles, market shares and the profitability of the products. The planning for the Financial Services segment is prepared on the basis of these expectations, and also reflects the relevant market penetration rates and regulatory requirements. The planning for the Power Engineering segment reflects expectations about trends in the various individual markets. The planning includes reasonable assumptions about macroeconomic trends (exchange rate, interest rate and commodity price trends) and historical developments. The planning period generally covers five years. For information on the assumptions applied to the detailed planning period, please refer to the Report on Expected Developments, which is part of the Management Report. For subsequent years, plausible assumptions are made regarding future trends. The planning assumptions are adapted to reflect the current state of knowledge.

Estimation of cash flows is generally based on the expected growth trends for the markets concerned. The estimates for the cash flows following the end of the planning period are generally based on a growth rate of up to 1% p.a. (previous year: up to 1% p.a.) in the Passenger Cars and Financial Services segments, and on a growth rate of up to 2% p.a. (previous year: up to 2% p.a.) in the Power Engineering and Commercial Vehicles segments.

Value in use is determined for the purpose of impairment testing of goodwill, indefinite-lived intangible assets and finite-lived intangible assets — mainly capitalized development costs — using the following pretax weighted average cost of capital (WACC) rates (the prior-year figures shown now also use the corresponding pretax WACC rates), which are adjusted if necessary for country-specific discount factors:

WACC	2013	2012
Passenger Cars segment	6.6%	6.6%
Commercial Vehicles segment	11.2%	10.5%
Power Engineering segment	14.7%	11.1%

A cost of equity of 9.0% (previous year: 10.2%) is used for the Financial Services segment in line with the sector-specific need to reflect third-party borrowings. If necessary, this rate is additionally adjusted for country-specific discount factors.

The WACC rates are calculated based on a risk-free rate of interest. In addition to a market risk premium, specific peer group information on beta factors, leverage and cost of debt is also taken into account.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is carried at cost less depreciation and — where necessary — write-downs for impairment. Investment grants are generally deducted from cost. Cost is determined on the basis of the direct and indirect costs that are directly attributable. Special tools are reported under other equipment, operating and office equipment. Property, plant and equipment is depreciated using the straight-line method over its estimated useful life. The useful lives of items of property, plant and equipment are reviewed at each balance sheet date and adjusted if required.

Depreciation is based mainly on the following useful lives:

	Useful life
Buildings	25 to 50 years
Site improvements	10 to 18 years
Technical equipment and machinery	6 to 12 years
Other equipment, operating and office equipment, including special tools	3 to 15 years

Impairment losses on property, plant and equipment are recognized in accordance with IAS 36 where the recoverable amount of the asset concerned has fallen below the carrying amount. Recoverable amount is the higher of value in use and fair value less costs to sell. Value in use is determined using the principles described for intangible assets. The discount rates for product-specific tools and investments are the same as the above-mentioned discount rates for capitalized development costs. If the reasons for impairments recognized in previous years no longer apply, the impairment losses are reversed up to a maximum of the amount that would have been determined if no impairment loss had been recognized.

In accordance with the principle of substance over form, assets that have been formally transferred to third parties under a sale and leaseback transaction including a repurchase option also continue to be accounted for as separate assets.

Where leased items of property, plant and equipment are used, the criteria for classification as a finance lease as set out in IAS 17 are met if all material risks and rewards incidental to ownership have been transferred to the Group company concerned. In such cases, the assets concerned are recognized at fair value or at the present value of the minimum lease payments (if lower) and depreciated using the straight-line method over the asset's useful life, or over the term of the lease if this is shorter. The payment obligations arising from the future lease payments are discounted and recorded as a liability in the balance sheet.

Where Group companies are the lessees of assets under operating leases, i.e. if not all material risks and rewards incidental to ownership are transferred, lease and rental payments are recorded directly as expenses in the income statement.

LEASING AND RENTAL ASSETS

Vehicles leased out under operating leases are recognized at cost and depreciated to their estimated residual value using the straight-line method over the term of the lease. Impairment losses identified as a result of an impairment test in accordance with IAS 36 are recognized and the depreciation rate is adjusted. The forecast residual values are adjusted to include constantly updated internal and external information on residual values, depending on specific local factors and the experiences gained in the marketing of used cars.

INVESTMENT PROPERTY

Real estate and buildings held in order to obtain rental income (investment property) are carried at amortized cost; the useful lives applied to depreciation generally correspond to those of the property, plant and equipment used by the Company itself. The fair value of investment property must be disclosed in the notes if it is carried at amortized cost. Fair value is generally estimated using an investment method based on internal calculations. This involves determining the income value for a specific building on the basis of gross income, taking into account additional factors such as land value, remaining useful life and a multiplier specific to property.

CAPITALIZATION OF BORROWING COSTS

Borrowing costs that are directly attributable to the acquisition of qualifying assets on or after January 1, 2009 are capitalized as part of the cost of these assets. A qualifying asset is an asset that necessarily takes at least a year to get ready for its intended use or sale.

EQUITY-ACCOUNTED INVESTMENTS

The cost of equity-accounted investments is adjusted to reflect the share of increases or reductions in equity at the associates and joint ventures after the acquisition that is attributable to the Volkswagen Group. Additionally, the investment is tested for impairment if there are indications of impairment and written down to the lower recoverable amount if necessary. Recoverable amount is determined using the principles described for indefinite-lived intangible assets. If the reason for impairment ceases to apply at a later date, the impairment loss is reversed to the carrying amount that would have been determined had no impairment loss been recognized.

FINANCIAL INSTRUMENTS

Financial instruments are contracts that give rise to a financial asset of one company and a financial liability or an equity instrument of another. Regular way purchases or sales of financial instruments are accounted for at the settlement date — that is, at the date on which the asset is delivered.

IAS 39 classifies financial assets into the following categories:

– financial assets at fair value through profit or loss;

– held-to-maturity financial assets;

– loans and receivables; and

– available-for-sale financial assets.

Financial liabilities are classified into the following categories:

– financial liabilities at fair value through profit or loss; and

– financial liabilities measured at amortized cost.

We recognize financial instruments at amortized cost or at fair value.

The amortized cost of a financial asset or liability is the amount:

– at which a financial asset or liability is measured at initial recognition;

– minus any principal repayments;

– minus any write-down for impairment or uncollectibility;

– plus or minus the cumulative amortization of any difference between the original amount and the amount repayable at maturity (premium, discount), amortized using the effective interest method over the term of the financial asset or liability.

In the case of current receivables and liabilities, amortized cost generally corresponds to the principal or repayment amount.

Fair value generally corresponds to the market or quoted market price. If no active market exists, fair value is determined using valuation techniques, such as by discounting the future cash flows at the market interest rate, or by using recognized option pricing models, and verified by confirmations from the banks that handle the transactions.

The fair value option is not used in the Volkswagen Group.

Financial assets and financial liabilities are generally presented at their gross amounts and only offset if the Volkswagen Group currently has a legally enforceable right to set off the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

LOANS AND RECEIVABLES AND FINANCIAL LIABILITIES

Loans, receivables and liabilities, as well as held-to-maturity investments, are measured at amortized cost, unless hedged. Specifically, these relate to:

- receivables from financing business;
- trade receivables and payables;
- other receivables and financial assets and liabilities;
- financial liabilities; and
- cash, cash equivalents and time deposits.

AVAILABLE-FOR-SALE FINANCIAL ASSETS

Available-for-sale financial assets are either allocated specifically to this category or are financial assets that cannot be assigned to any other category.

Available-for-sale financial assets (marketable securities) are carried at fair value. Changes in fair value are recognized directly in equity, net of deferred taxes.

Shares in unconsolidated subsidiaries and other equity investments that are not accounted for using the equity method are also classified as available-for-sale financial assets. They are recognized at cost in the consolidated financial statements if there is no active market for those companies and fair values cannot be reliably ascertained without undue cost or effort. Fair values are recognized if there are indications that fair value is lower than cost. There is currently no intention to sell these financial assets.

DERIVATIVES AND HEDGE ACCOUNTING

Volkswagen Group companies use derivatives to hedge balance sheet items and future cash flows (hedged items). Derivatives such as swaps, forward transactions and options are used as the primary hedging instruments. The criteria for the application of hedge accounting are that the hedging relationship between the hedged item and the hedging instrument is clearly documented and that the hedge is highly effective.

The accounting treatment of changes in the fair value of hedging instruments depends on the nature of the hedging relationship. In the case of hedges against the risk of change in the carrying amount of balance sheet items (fair value hedges), both the hedging instrument and the hedged risk portion of the hedged item are measured at fair value. Several risk portions of hedged items are grouped into a portfolio if appropriate. In the case of a fair value portfolio hedge, the changes in fair value are accounted for in the same way as for a fair value hedge of an individual underlying. Gains or losses from the remeasurement of hedging instruments and hedged items are recognized in profit or loss. In the case of hedges of future cash flows (cash flow hedges), the hedging instruments are also measured at fair value. Gains or losses from remeasurement of the effective portion of the derivative are initially recognized in the reserve for cash flow hedges directly in equity, and are only recognized in the income statement when the hedged item is recognized in profit or loss; the ineffective portion of a cash flow hedge is recognized immediately in profit or loss.

Derivatives used by the Volkswagen Group for financial management purposes to hedge against interest rate, foreign currency, commodity, or price risks, but that do not meet the strict hedge accounting criteria of IAS 39, are classified as financial assets or liabilities at fair value through profit or loss (also referred to below as ''derivatives not included in hedging relationships''). This also applies to options on shares.

External hedges of intragroup hedged items that are subsequently eliminated in the consolidated financial statements are also assigned to this category. Assets and liabilities measured at fair value through profit or loss consist of derivatives or components of derivatives that are not included in hedge accounting. These relate primarily to the interest component of currency forwards used to hedge sales revenue, commodity futures and currency forwards relating to commodity futures. Gains and losses from the remeasurement and settlement of financial instruments at fair value through profit or loss are reported in the financial result.

RECEIVABLES FROM FINANCE LEASES

Where a Group company is the lessor — generally of vehicles — a receivable in the amount of the net investment in the lease is recognized in the case of finance leases, in other words where substantially all the risks and rewards incidental to ownership are transferred to the lessee.

OTHER RECEIVABLES AND FINANCIAL ASSETS

Other receivables and financial assets (except for derivatives) are recognized at amortized cost.

IMPAIRMENT LOSSES ON FINANCIAL INSTRUMENTS

Default risk on loans and receivables in the financial services business is accounted for by recognizing specific valuation allowances and portfolio-based valuation allowances.

More specifically, in the case of significant individual receivables (e.g. dealer finance receivables and fleet customers) specific valuation allowances are recognized in accordance with Group-wide standards in the amount of the incurred loss. A potential impairment is assumed in the case of a number of situations such as delayed payment over a certain period, the institution of enforcement measures, the threat of insolvency or overindebtedness, application for or the opening of bankruptcy proceedings, or the failure of reorganization measures.

Portfolio-based valuation allowances are recognized by grouping together insignificant receivables and significant individual receivables for which there is no indication of impairment into homogeneous portfolios on the basis of comparable credit risk features and allocating them by risk class. As long as no definite information is available as to which receivables are in default, average historical default probabilities for the portfolio concerned are used to calculate the amount of the valuation allowances.

As a matter of principle, specific valuation allowances are recognized on receivables outside the Financial Services segment.

Valuation allowances on receivables are regularly recognized in separate allowance accounts.

An impairment loss is recognized on available-for-sale financial assets if there is objective evidence of permanent impairment. In the case of equity instruments, evidence of impairment is taken to exist, among other things, if the fair value decreases below cost significantly (by more than 20%) or the decrease is prolonged (by more than 10% of the average market prices over one year). If impairment is identified, the cumulative loss is recognized in the reserve and charged to profit and loss. In the case of equity instruments, reversals of impairment losses are taken directly to equity. Impairment losses are recognized on debt instruments if a decrease in the future cash flows of the financial asset is expected. An increase in the risk-free interest rate or an increase in credit risk premiums is not in itself evidence of impairment.

DEFERRED TAXES

Deferred tax assets are generally recognized for tax-deductible temporary differences between the tax base of assets and their carrying amounts in the consolidated balance sheet, as well as on tax loss carryforwards and tax credits provided it is probable that they can be used in future periods. Deferred tax liabilities are generally recognized for all taxable temporary differences between the tax base of liabilities and their carrying amounts in the consolidated balance sheet.

Deferred tax liabilities and assets are recognized in the amount of the expected tax liability or tax benefit, as appropriate, in subsequent fiscal years, based on the expected enacted tax rate at the time of realization. The tax consequences of dividend payments are not taken into account until the resolution on appropriation of earnings available for distribution has been adopted.

Deferred tax assets that are unlikely to be realized within a clearly predictable period are reduced by valuation allowances.

Deferred tax assets and deferred tax liabilities are offset where taxes are levied by the same taxation authority and relate to the same tax period.

INVENTORIES

Raw materials, consumables and supplies, merchandise, work in progress and self-produced finished goods reported in inventories are carried at the lower of cost or net realizable value. Cost is determined on the basis of the direct and indirect costs that are directly attributable. Borrowing costs are not capitalized. The measurement of same or similar inventories is generally based on the weighted average cost method.

NONCURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

Under IFRS 5, noncurrent assets or groups of assets and liabilities (disposal groups) are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Such assets are carried at the lower of their carrying amount and fair value less costs to sell, and are presented separately in current assets and liabilities in the balance sheet.

Discontinued operations are components of an entity that have either been disposed of or are classified as held for sale. The assets and liabilities of operations that are held for sale represent disposal groups that must be measured and reported using the same principles as noncurrent assets held for sale. The income and expenses from discontinued operations are presented in the income statement as ''profit or loss from discontinued operations'' below the profit or loss from continuing operations. Corresponding disposal gains or losses are contained in the profit or loss from discontinued operations. The prior-year figures in the income statement are adjusted accordingly.

PENSION PROVISIONS

The actuarial valuation of pension provisions is based on the projected unit credit method stipulated by IAS 19 for defined benefit plans. The valuation is not only based on pension payments and vested entitlements known at the balance sheet date, but also reflects future salary and pension trends, as well as experience-based staff turnover rates. Actuarial gains and losses are recognized directly in equity, net of deferred taxes.

PROVISIONS FOR TAXES

Tax provisions contain obligations resulting from current taxes. Deferred taxes are presented in separate items of the balance sheet and income statement.

OTHER PROVISIONS

In accordance with IAS 37, provisions are recognized where a present obligation exists to third parties as a result of a past event, where a future outflow of resources is probable and where a reliable estimate of that outflow can be made.

Provisions not resulting in an outflow of resources in the year immediately following are recognized at their settlement value discounted to the balance sheet date. Discounting is based on market interest rates. An average discount rate of 1.03% (previous year: 0.69%) was used in Germany. The settlement value also reflects cost increases expected at the balance sheet date.

Provisions are not offset against claims for reimbursement.

We recognize insurance contracts that form part of the insurance business in accordance with IFRS 4. Reinsurance acceptances are accounted for without any time delay in the year in which they arise. Provisions are generally recognized based on the cedants' contractual duties. Estimation techniques based on assumptions about future changes in claims are used to calculate the claims provision. Other technical provisions relate to the provision for cancellations and the provision for suspended vehicle insurance policies.

The share of the provisions attributable to reinsurers is calculated in accordance with the contractual agreements with the retrocessionaries and reported under other assets.

LIABILITIES

Noncurrent liabilities are recorded at amortized cost in the balance sheet. Differences between historical cost and the repayment amount are amortized using the effective interest method.

Liabilities to members of partnerships from puttable shares are recognized in the income statement at the present value of the redemption amount at the balance sheet date.

Liabilities under finance leases are carried at the present value of the lease payments.

Current liabilities are recognized at their repayment or settlement value.

REVENUE AND EXPENSE RECOGNITION

Sales revenue, interest and commission income from financial services and other operating income are recognized only when the relevant service has been rendered or the goods have been delivered, that is, when the risk has passed to the customer, the amount of sales revenue can be reliably determined and settlement of the amount can be assumed. Revenue is reported net of sales allowances (discounts, rebates, or customer bonuses). Sales revenue from financing and lease agreements is recognized using the effective interest method. If non-interest-bearing or low-interest vehicle financing arrangements are agreed, sales revenue is reduced by the interest benefits granted. Revenue from operating leases is recognized using the straight-line method over the term of the lease. Sales revenue from extended warranties or maintenance agreements is recognized when deliveries take place or services are rendered. In the case of prepayments, deferred income is recognized proportionately by reference to the costs expected to be incurred, based on experience. Revenue is recognized on a straight-line basis if there is insufficient experience. If the expected costs exceed the accrued sales revenue, a loss is recognized from these agreements.

If a contract comprises several separately identifiable components (multiple-element arrangements), these components are recognized separately in accordance with the principles outlined above.

Income from assets for which a Group company has a buy back obligation is recognized only when the assets have definitively left the Group. If a fixed repurchase price was agreed when the contract was entered into, the difference between the selling and repurchase price is recognized as income ratably over the term of the contract. Prior to that time, the assets are carried as inventories in the case of short contract terms and as leasing and rental assets in the case of long contract terms.

Cost of sales includes the costs incurred to generate the sales revenue and the cost of goods purchased for resale. This item also includes the costs of additions to warranty provisions. Research and development costs not eligible for capitalization in the period and amortization of development costs are likewise carried under cost of sales. Reflecting the presentation of interest and commission income in sales revenue, the interest and commission expenses attributable to the financial services business are presented in cost of sales.

Construction contracts are recognized using the percentage of completion (PoC) method, under which revenue and cost of sales are recognized by reference to the stage of completion at the end of the reporting period, based on the contract revenue agreed with the customer and the expected contract costs. As a rule, the stage of completion is determined as the proportion that contract costs incurred by the end of the reporting period bear to the estimated total contract costs (cost-to-cost method). In certain cases, in particular those involving innovative, complex contracts, the stage of completion is measured using contractually agreed milestones (milestone method). If the outcome of a construction contract cannot yet be estimated reliably, contract revenue is recognized only in the amount of the contract costs incurred to date (zero profit method). In the balance sheet, contract components whose revenue is recognized using the percentage of completion method are reported as trade receivables, net of prepayments received. Expected losses from construction contracts are recognized immediately in full as expenses by recognizing impairment losses on recognized contract assets, and additionally by recognizing provisions for amounts in excess of the impairment losses.

Dividend income is recognized on the date when the dividend is legally approved.

GOVERNMENT GRANTS

Government grants related to assets are deducted when arriving at the carrying amount of the asset and are recognized in profit or loss over the life of the depreciable asset as a reduced depreciation expense. Government grants related to income, i.e. that compensate the Group for expenses incurred, are recognized in profit or loss for the period in those items in which the expenses to be compensated by the grants are also recognized.

ESTIMATES AND ASSUMPTIONS BY MANAGEMENT

Preparation of the consolidated financial statements requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities, and income and expenses, as well as the related disclosure of contingent assets and liabilities of the reporting period. The estimates and assumptions relate largely to the following matters:

The impairment testing of nonfinancial assets (especially goodwill, brand names and capitalized development costs) and equity-accounted investments, or investments accounted at cost, and the measurement of options on shares in companies that are not traded in an active market require assumptions about the future cash flows during the planning period, and possibly beyond it, as well as about the discount rate to be applied. The estimates made in order to separate cash flows mainly relate to future market shares, the growth in the respective markets and the profitability of the products. In addition, the recoverability of the Group's leasing and rental assets depends in particular on the residual value of the leased vehicles after expiration of the lease term, because this represents a significant portion of the expected cash flows. More detailed information on impairment tests and the measurement parameters used for those tests can be found in the explanations on the accounting policies for intangible assets.

If there are no observable market inputs, the fair values of assets acquired and liabilities assumed in a business combination are measured using recognized valuation techniques, such as the relief-from-royalty method or the residual method.

Impairment testing of financial assets requires estimates about the extent and probability of occurrence of future events. As far as possible, estimates are derived from past experience taking into account current market data as well as rating categories and scoring information. In the case of financial services receivables, both specific and portfolio-based valuation allowances are recognized. The more detailed balance sheet disclosures on IFRS 7 (Financial Instruments) contain an overview of these specific and portfolio-based valuation allowances.

Accounting for provisions is also based on estimates of the extent and probability of occurrence of future events, as well as estimates of the discount rate. As far as possible, these are also based on past experience or external opinions. In addition, the measurement of pension provisions depends on the estimated growth in plan assets. The assumptions underlying the measurement of pension provisions are contained in note 29. Actuarial gains and losses are recognized in other comprehensive income and do not affect profit or loss reported in the income statement. Any change in the estimates of the amount of other provisions is always recognized in profit or loss. The provisions are regularly adjusted to reflect new information obtained. The use of empirical values means that additional amounts must frequently be recognized for provisions, or that unused provisions are reversed. Reversals of provisions are recognized as other operating income, whereas expenses relating to the recognition of provisions are allocated directly to the functions. Warranty claims from sales transactions are calculated on the basis of losses to date, estimated future losses and the policy on ex gratia arrangements. This requires assumptions to be made about the nature and extent of future guarantee and ex gratia claims. Note 30 contains an overview of other provisions. For information on litigation, see also note 36.

Estimates of the useful life of finite-lived assets are based on past experience and are reviewed regularly. Where estimates are modified the residual useful life is adjusted and an impairment loss is recognized, if necessary.

Measuring deferred tax assets requires assumptions regarding future taxable income and the timing of the realization of deferred tax assets.

The estimates and assumptions are based on underlying assumptions that reflect the current state of available knowledge. Specifically, the expected future development of business was based on the circumstances known at the date of preparation of these consolidated financial statements and a realistic assessment of the future development of the global and sector-specific environment. Our estimates and assumptions remain subject to a high degree of uncertainty because future business developments are subject to uncertainties that in part cannot be influenced by the Group. This applies in particular to short- and medium-term cash flow forecasts and to the discount rates used.

Developments in this environment that differ from the assumptions and that cannot be influenced by management could result in amounts that differ from the original estimates. If actual developments differ from the expected developments, the underlying assumptions and, if necessary, the carrying amounts of the assets and liabilities affected are adjusted.

At 2.5%, global economic growth in the reporting period was slower than the prior-year figure of 2.6%. Our planning for 2014 is based on the assumption that the global economy will grow at a rather stronger pace than in 2013. As a result, from today's perspective, we are not expecting material adjustments in the following fiscal year in the carrying amounts of the assets and liabilities reported in the consolidated balance sheet.

Estimates and assumptions by management were based in particular on assumptions relating to the development of the general economic environment, the automotive markets and the legal environment. These and further assumptions are explained in detail in the Report on Expected Developments.

Segment reporting

Segments are identified on the basis of the Volkswagen Group's internal management and reporting. In line with the Group's multibrand strategy, each of its brands is managed by its own board of management. The Group targets and requirements laid down by the Board of Management of Volkswagen AG or the Group Board of Management must be complied with to the extent permitted by law. Segment reporting comprises four reportable segments: Passenger Cars, Commercial Vehicles, Power Engineering and Financial Services. Due to a change to the internal management system as of

January 1, 2013, light commercial vehicles are no longer allocated to the Passenger Cars and Light Commercial Vehicles segment, but are reported together with trucks and buses in the new Commercial Vehicles segment. The segment designations and prior-year figures were adjusted accordingly. The prior-year figures were also adjusted to reflect the application of IAS 19R.

The activities of the Passenger Cars segment cover the development of vehicles and engines, the production and sale of passenger cars, and the corresponding genuine parts business. As a rule, the Volkswagen Group's individual passenger car brands are combined on a consolidated basis into a single reportable segment.

The Commercial Vehicles segment primarily comprises the development, production and sale of light commercial vehicles, trucks and buses, the corresponding genuine parts business and related services.

The activities of the Power Engineering segment consist of the development and production of large-bore diesel engines, turbo compressors, industrial turbines and chemical reactor systems, as well as the production of gear units, propulsion components and testing systems.

The activities of the Financial Services segment comprise dealer and customer financing, leasing, banking and insurance activities, fleet management and mobility services.

Purchase price allocation for companies acquired is allocated directly to the corresponding segments.

The business of Porsche AG acquired in fiscal year 2012 is allocated to the Passenger Cars segment, with the exception of Porsche's financial services activities, which are presented in the Financial Services segment. The Ducati Group, which was also acquired in fiscal year 2012, is allocated to the Audi operating segment and is thus presented in the Passenger Cars reporting segment.

At Volkswagen, segment profit or loss is measured on the basis of operating profit or loss.

In the segment reporting, the share of the profits or losses of joint ventures is contained in the share of profits and losses of equity-accounted investments in the corresponding segments.

The reconciliation contains activities and other operations that by definition do not constitute segments. It also includes the unallocated Group financing activities. Consolidation adjustments between the segments are also contained in the reconciliation.

Investments in intangible assets, property, plant and equipment, and investment property are reported net of investments under finance leases.

As a matter of principle, business relationships between the companies within the segments of the Volkswagen Group are transacted at arm's length prices.

REPORTING SEGMENTS 2012*

€ million	Passenger Cars	Commercial Vehicles	Power Engineering	Financial Services	Total segments	Reconciliation	Volkswagen Group
Sales revenue from external customers	144,970	25,181	4,222	18,151	192,523	153	192,676
Intersegment sales revenue	9,891	4,837	12	1,703	16,443	−16,443	—
Total sales revenue	154,861	30,017	4,234	19,854	208,966	−16,290	192,676
Depreciation and amortization	7,210	2,293	508	3,053	13,065	— 67	12,997
Impairment losses	75	17	0	102	194	3	197
Reversal of impairment losses	65	—	—	3	68	−8	60
Segment profit or loss (operating profit or loss)	10,401	784	162	1,585	12,931	−1,433	11,498
Share of profits and losses of equity-accounted investments	13,512	−93	4	37	13,460	108	13,568
Net interest income and other financial result	−496	−79	−4	−140	−719	1,140	421
Equity-accounted investments	4,906	446	22	299	5,673	1,636	7,309
Investments in intangible assets, property, plant and equipment, and investment property	12,033	1,288	181	222	13,725	−617	13,108

* Figures adjusted.

REPORTING SEGMENTS 2013

€ million	Passenger Cars	Commercial Vehicles	Power Engineering	Financial Services	Total segments	Reconciliation	Volkswagen Group
Sales revenue from external customers	146,630	25,963	3,845	20,093	196,531	476	197,007
Intersegment sales revenue	10,418	5,113	6	1,911	17,448	–17,448	—
Total sales revenue	157,048	31,076	3,851	22,004	213,979	–16,972	197,007
Depreciation and amortization	8,212	2,103	384	3,798	14,497	–118	14,379
Impairment losses	207	0	0	118	325	4	329
Reversal of impairment losses	32	2	1	16	51	—	51
Segment profit or loss (operating profit or loss)	11,053	1,044	–250	1,863	13,711	–2,040	11,671
Share of profits and losses of equity- accounted investments	3,440	–44	5	76	3,477	111	3,588
Net interest income and other financial result	–1,281	–930	–2	27	–2,187	–644	–2,831
Equity-accounted investments	5,431	391	18	377	6,218	1,716	7,934
Investments in intangible assets, property, plant and equipment, and investment property	13,544	1,329	137	345	15,355	52	15,407

RECONCILIATION

€ million	2013	2012*
Segment sales revenue	213,979	208,966
Unallocated activities	1,319	963
Group financing	35	37
Consolidation	–18,326	–17,290
Group sales revenue	197,007	192,676
Segment profit or loss (operating profit or loss)	13,711	12,931
Unallocated activities	58	94
Group financing	–13	–25
Consolidation	–2,085	–1,502
Operating profit	11,671	11,498
Financial result	757	13,989
Consolidated profit before tax	12,428	25,487

* Prior-year figures adjusted.

BY REGION 2012[1]

€ million	Germany	Europe and Other Regions[2]	North America	South America	Asia-Pacific	Total
Sales revenue from external customers	37,734	77,650	25,046	18,311	33,936	192,676
Intangible assets, property, plant and equipment, leasing and rental assets, and investment property	73,028	30,084	10,930	3,640	1,321	119,003

1 Figures adjusted.

2 Excluding Germany.

BY REGION 2013

€ million	Germany	Europe and Other Regions*	North America	South America	Asia-Pacific	Total
Sales revenue from external customers	37,714	79,348	27,434	17,495	35,016	197,007
Intangible assets, property, plant and equipment, leasing and rental assets, and investment property	75,138	30,755	13,728	3,230	1,467	124,318

* Excluding Germany.

Allocation of sales revenue to the regions follows the destination principle.

Income Statement Disclosures

1. Sales revenue

STRUCTURE OF GROUP SALES REVENUE

€ million	2013	2012
Vehicles	134,842	134,537
Genuine parts	13,564	12,070
Used vehicles and third-party products	8,973	7,735
Engines, powertrains and parts deliveries	8,441	8,990
Power Engineering	3,845	4,222
Motorcycles	452	148
Rental and leasing business	13,948	11,825
Interest and similar income	6,034	6,337
Other sales revenue	6,909	6,812
	197,007	192,676

For segment reporting purposes, the sales revenue of the Group is presented by segment and market.

Other sales revenue comprises revenue from workshop services, among other things.

Sales revenue from construction contracts amounted to €359 million (previous year: €969 million), mainly related to the Power Engineering segment.

2. Cost of sales

Cost of sales includes interest expenses of €1,948 million (previous year: €2,577 million) attributable to the financial services business. This item also includes impairment losses on intangible assets, property, plant and equipment, and leasing and rental assets in the amount of €346 million (previous year: €210 million). Impairment losses are based on updated impairment tests and reflect market and exchange rate risks in particular, as well as amended sales forecasts and reduced product life cycles.

Government grants related to income amounted to €307 million in the fiscal year (previous year: €225 million) and were generally allocated to the functions.

The prior-year figures were adjusted to reflect the application of IAS 19R.

3. Distribution expenses

Distribution expenses amounting to €19,655 million (previous year: €18,850 million) include nonstaff overheads and personnel costs, and depreciation and amortization applicable to the distribution function, as well as the costs of shipping, advertising and sales promotions. The prior-year figures were adjusted to reflect the application of IAS 19R.

4. Administrative expenses

Administrative expenses of €6,888 million (previous year: €6,220 million) mainly include nonstaff overheads and personnel costs, as well as depreciation and amortization applicable to the administrative function. The prior-year figures were adjusted to reflect the application of IAS 19R.

5. Other operating income

€ million	2013	2012*
Income from reversal of valuation allowances on receivables and other assets	547	687
Income from reversal of provisions and accruals	2,532	2,964
Income from foreign currency hedging derivatives	1,785	1,601
Income from foreign exchange gains	1,758	2,437
Income from sale of promotional material	256	193
Income from cost allocations	909	832
Income from investment property	17	65
Gains on asset disposals and the reversal of impairment losses	233	159
Miscellaneous other operating income	1,919	1,548
	9,956	10,484

* Prior-year figures adjusted to reflect application of IAS 19R.

Foreign exchange gains mainly comprise gains from changes in exchange rates between the dates of recognition and payment of receivables and liabilities denominated in foreign currencies, as well as exchange rate gains resulting from measurement at the closing rate. Foreign exchange losses from these items are included in other operating expenses.

6. Other operating expenses

€ million	2013	2012
Valuation allowances on receivables and other assets	1,442	1,386
Losses from foreign currency hedging derivatives	985	2,817
Foreign exchange losses	2,486	2,329
Expenses from cost allocations	408	155
Expenses for termination agreements	76	55
Losses on disposal of noncurrent assets	151	66
Miscellaneous other operating expenses	1,796	2,261
	7,343	9,070

7. Share of profits and losses of equity-accounted investments

€ million	2013	2012
Share of profits of equity-accounted investments	3,652	13,675
of which: from joint ventures	(3,635)	(13,658)
of which: from associates	(17)	(16)
Share of losses of equity-accounted investments	64	107
of which: from joint ventures	(6)	(42)
of which: from associates	(58)	(65)
	3,588	13,568

The share of profits and losses of equity-accounted investments in the previous year includes the amounts from the adjustment of the equity interest in Porsche Holding Stuttgart until July 31, 2012 as well as income of €10,399 million from discontinuing equity method accounting for Porsche Holding Stuttgart.

8. Finance costs

€ million	2013	2012*
Other interest and similar expenses	1,494	1,380
Interest cost included in lease payments	19	19
Interest expenses	1,513	1,398
Interest component of additions to pension provisions	752	760
Interest cost on other liabilities	101	387
Interest cost on liabilities	853	1,147
Finance costs	2,366	2,546

* Prior-year figures adjusted to reflect application of IAS 19R.

9. Other financial result

€ million	2013	2012
Income from profit and loss transfer agreements	18	18
Cost of loss absorption	5	16
Other income from equity investments	69	55
Other expenses from equity investments	50	19
Income from marketable securities and loans*	147	113
Other interest and similar income	786	844
Gains and losses from remeasurement and impairment of financial instruments	–453	7
Gains and losses from fair value remeasurement of derivatives not included in hedging relationships	–546	2,071
Gains and losses on hedging relationships	–33	–107
Other financial result	–465	2,967

* Including disposal gains/losses.

In the previous year, gains and losses from the fair value measurement of derivatives not included in hedging relationships included gains of €1,875 million from the remeasurement of the put and call options on the outstanding 50.1% of the shares of Porsche Holding Stuttgart. See note 42 Related party disclosures in accordance with IAS 24 for further information.

10. Income tax income/expense

COMPONENTS OF TAX INCOME AND EXPENSE

€ million	2013	2012*
Current tax expense, Germany	2,505	2,360
Current tax expense, abroad	1,672	2,152
Current tax expense	4,177	4,513
of which prior-period expense	(278)	(19)
Income from reversal of tax provisions	−445	−317
Current income tax expense	3,733	4,196
Deferred tax income/expense, Germany	−334	−309
Deferred tax income/expense, abroad	−116	−280
Deferred tax income	−449	−589
Income tax income/expense	3,283	3,606

* Prior-year figures adjusted to reflect application of IAS 19R.

The statutory corporation tax rate in Germany for the 2013 assessment period was 15%. Including trade tax and the solidarity surcharge, this resulted in an aggregate tax rate of 29.5%.

A tax rate of 29.8% (previous year: 29.5%) was used to measure deferred taxes due to changes in the German consolidated tax group.

The local income tax rates applied for companies outside Germany vary between 0% and 41%. In the case of split tax rates, the tax rate applicable to undistributed profits is applied.

The realization of tax benefits from tax loss carryforwards from previous years resulted in a reduction in current income taxes in 2013 of €356 million (previous year: €319 million).

Previously unused tax loss carryforwards amounted to €11,164 million (previous year: €11,762 million). Tax loss carryforwards amounting to €9,070 million (previous year: €9,810 million) can be used indefinitely, while €442 million (previous year: €611 million) must be used within the next ten years. There are additional tax loss carryforwards amounting to €1,652 million (previous year: €1,341 million) that can be used within a period of 15 or 20 years. Tax loss carryforwards of €9,002 million (previous year: €9,885 million), of which €478 million (previous year €724 million) can only be utilized subject to restrictions within the next 20 years, were estimated not to be usable overall.

The benefit arising from previously unrecognized tax losses or tax credits of a prior period that is used to reduce current tax expense amounts to €247 million (previous year: €67 million). Deferred tax expense was reduced by €15 million (previous year: €37 million) because of a benefit arising from previously unrecognized tax losses and tax credits of a prior period. Deferred tax expense arising from the write-down of deferred tax assets amounts to €203 million (previous year: €342 million). Deferred tax income arising from the reversal of a write-down of a deferred tax asset amounts to €92 million (previous year: €1 million).

Tax benefits amounting to €785 million (previous year: €741 million) were recognized because of tax credits granted by various countries.

No deferred tax assets were recognized for deductible temporary differences of €620 million (previous year: €455 million) and for tax credits of €448 million (previous year: €409 million) that would expire in the next 20 years, or for tax credits of €103 million (previous year: €45 million) that will not expire.

Due to the change in the statutory provisions in Germany, a refund claim for corporation tax was recognized as a current tax asset for the first time in fiscal year 2006. The present value of the refund claim was €496 million at the balance sheet date (previous year: €600 million).

Deferred tax income resulting from changes in tax rates amounted to €94 million at Group level (previous year: €133 million).

Deferred taxes of €411 million (previous year: €437 million) were recognized without being offset by deferred tax liabilities in the same amount. The companies concerned expect positive tax income in future following losses in the fiscal year under review or in the previous year.

€1.394 million (previous year: €2,678 million) of the deferred taxes recognized in the balance sheet was credited to equity and relates to other comprehensive income. €31 million of this figure (previous year: €56 million) is attributable to noncontrolling interests. There were effects from capital transactions with noncontrolling interest shareholders in the reporting period and the prior-year period. Changes in deferred taxes classified by balance sheet item are presented on pages F-32 and F-33.

In the reporting period, tax effects of €58 million resulting from equity transaction costs were credited directly to the capital reserves.

Deferred taxes recognized directly in equity in the fiscal year are presented in detail in the statement of comprehensive income.

DEFERRED TAXES CLASSIFIED BY BALANCE SHEET ITEM

The following recognized deferred tax assets and liabilities were attributable to recognition and measurement differences in the individual balance sheet items and to tax loss carryforwards:

	DEFERRED TAX ASSETS		DEFERRED TAX LIABILITIES	
€ million	**Dec. 31, 2013**	**Dec. 31, 2012**	**Dec. 31, 2013**	**Dec. 31, 2012**
Intangible assets	249	218	9,216	9,140
Property, plant and equipment, and leasing and rental assets	3,782	3,578	5,229	4,904
Noncurrent financial assets	39	39	32	41
Inventories	1,825	1,601	650	598
Receivables and other assets (including Financial Services Division)	1,420	1,309	6,621	5,608
Other current assets	1,316	1,456	73	171
Pension provisions	3,592	4,063	241	257
Liabilities and other provisions	6,676	7,057	1,222	1,524
Tax loss carryforwards, net of valuation allowances	726	807	—	—
Tax credits, net of valuation allowances	230	285	—	—
Valuation allowances on other deferred tax assets	−278	−114	—	—
Gross value	19,577	20,300	23,284	22,243
of which noncurrent	(11,914)	(13,248)	(19,281)	(18,624)
Offset	15,539	13,339	15,539	13,339
Consolidation*	1,584	875	149	145
Amount recognized	5,622	7,836	7,894	9,050

* Prior-year figures adjusted to reflect application of IAS 19R.

In accordance with IAS 12, deferred tax assets and liabilities are offset if, and only if, they relate to income taxes levied by the same taxation authority and relate to the same tax period.

The tax expense of €3,283 million reported for 2013 (previous year: €3,606 million) was €383 million (previous year: €3,913 million) lower than the expected tax expense of €3,666 million that would have resulted from application of a tax rate applicable to undistributed profits of 29.5% to the profit before tax of the Group.

RECONCILIATION OF EXPECTED TO EFFECTIVE INCOME TAX

€ million	2013	2012*
Profit before tax	12,428	25,487
Expected income tax expense (tax rate 29.5%; previous year: 29.5%)	3,666	7,519
Reconciliation:		
Effect of different tax rates outside Germany	–160	–101
Proportion of taxation relating to:		
tax-exempt income	–1,303	–1,131
expenses not deductible for tax purposes	379	345
effects of loss carryforwards and tax credits	–118	397
temporary differences for which no deferred taxes were recognized	303	–3,413
Tax credits	–86	–110
Prior-period tax expense	349	28
Effect of tax rate changes	–94	–133
Nondeductible withholding tax	273	229
Other taxation changes	74	–24
Effective income tax expense	3,283	3,606
Effective tax rate (%)	26.4	14.2

* Prior-year figures adjusted to reflect application of IAS 19R.

The income and expenses reported in the "Other taxation changes" item in the previous years are presented in greater detail in fiscal year 2013. The prior-year figures were adjusted to reflect this change in presentation.

11. Earnings per share

Basic earnings per share are calculated by dividing profit attributable to Volkswagen AG shareholders by the weighted average number of ordinary and preferred shares outstanding during the reporting period. IAS 33.23 sets out that all potential shares that will be issued upon the conversion of a mandatory convertible note must be accounted for as issued shares and included in the calculation of basic and diluted earnings per share. The number of outstanding preferred shares is therefore increased by the potential preferred shares that would be issued if the mandatory convertible notes issued were actually to be converted. The average number of preferred shares not yet converted that have to be included is calculated based on the maximum conversion ratio resulting from the current minimum conversion price of €150.81. The terms and conditions required the minimum conversion price to be adjusted following the distribution of the dividend. The number of potential preferred shares was calculated retrospectively at the new minimum conversion price in accordance with IAS 33.26, including for the previous year. The finance costs associated with the mandatory convertible notes are not included in the calculation of consolidated profit because the interest component was recognized in other comprehensive income when the note was issued, and interest expense arises only from the amount of compound interest. Since the number of basic and diluted shares is identical, basic earnings per share also correspond to diluted earnings per share. In total, the existing mandatory convertible notes still entitle the holders to subscribe for a maximum of 24,527,551 no-par value preferred shares of Volkswagen AG.

See note 24 for further information regarding the issuance of the mandatory convertible note.

Quantity	ORDINARY 2013	ORDINARY 2012	PREFERRED 2013	PREFERRED 2012*
Weighted average number of shares outstanding — basic	295,089,818	295,089,818	191,006,646	172,537,076
Weighted average number of shares outstanding — diluted	295,089,818	295,089,818	191,006,646	172,537,076

* Prior-year figures adjusted to reflect application of IAS 33.26.

€ million	2013	2012*
Profit after tax	9,145	21,881
Noncontrolling interests	52	169
Profit attributable to Volkswagen AG hybrid capital investors	27	0
Profit attributable to Volkswagen AG shareholders	9,066	21,712
Basic earnings attributable to ordinary shares	5,496	13,695
Diluted earnings attributable to ordinary shares	5,496	13,695
Basic earnings attributable to preferred shares	3,569	8,017
Diluted earnings attributable to preferred shares	3,569	8,017

* Prior-year figures adjusted to reflect application of IAS 33.26 and IAS 19R.

€	2013	2012*
Basic earnings per ordinary share	18.63	46.41
Diluted earnings per ordinary share	18.63	46.41
Basic earnings per preferred share	18.69	46.47
Diluted earnings per preferred share	18.69	46.47

* Prior-year figures adjusted to reflect application of IAS 33.26 and IAS 19R.

Additional Income Statement Disclosures in Accordance with IAS 23 (Borrowing Costs)

Capitalized borrowing costs amounted to €74 million (previous year: €55 million) and related mainly to capitalized development costs. An average cost of debt of 2.4% (previous year: 3.0%) was used as a basis for capitalization in the Volkswagen Group.

Additional Income Statement Disclosures in Accordance with IFRS 7 (Financial Instruments)

CLASSES OF FINANCIAL INSTRUMENTS

Financial instruments are divided into the following classes at the Volkswagen Group:

- financial instruments measured at fair value,
- financial instruments measured at amortized cost and
- financial instruments not falling within the scope of IFRS 7.

Financial instruments not falling within the scope of IFRS 7 include in particular investments in associates and joint ventures accounted for using the equity method.

NET GAINS OR LOSSES FROM FINANCIAL INSTRUMENTS BY IAS 39 MEASUREMENT CATEGORY

€ million	2013	2012
Financial instruments at fair value through profit or loss	–756	1,868
Loans and receivables	3,386	4,855
Available-for-sale financial assets	193	256
Financial liabilities measured at amortized cost	–3,851	–3,992
	–1,027	2,988

Net gains and losses from financial assets and liabilities at fair value through profit or loss are composed of the fair value measurement gains and losses on derivatives, including interest and gains and losses on currency translation.

Net gains and losses from available-for-sale financial assets primarily comprise income and expenses from marketable securities including disposal gains/losses, impairment losses on investments and currency translation effects.

Net gains and losses from loans and receivables and from financial liabilities carried at amortized cost comprise interest income and expenses in accordance with the effective interest method under IAS 39, including currency translation effects. Interest also includes interest income and expenses from the lending business of the financial services operations.

TOTAL INTEREST INCOME AND EXPENSES ATTRIBUTABLE TO FINANCIAL INSTRUMENTS NOT MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

€ million	2013	2012
Interest income	4,925	5,144
Interest expenses	3,981	3,747
	943	1,396

IMPAIRMENT LOSSES ON FINANCIAL ASSETS BY CLASS

€ million	2013	2012
Measured at fair value	2	6
Measured at amortized cost	1,470	1,403
	1,472	1,409

Impairment losses relate to write-downs of financial assets, such as valuation allowances on receivables, marketable securities and unconsolidated subsidiaries. Interest income on impaired financial assets amounted to €47 million in the fiscal year (previous year: €63 million).

In fiscal year 2013, €5 million (previous year: €4 million) was recognized as an expense and €52 million (previous year: €49 million) as income from fees and commissions for trust activities and from financial assets and liabilities not measured at fair value that are not accounted for using the effective interest method.

Balance Sheet Disclosures

12. Intangible assets

CHANGES IN INTANGIBLE ASSETS IN THE PERIOD JANUARY 1 TO DECEMBER 31, 2012

€ million	Brand name	Goodwill*	Capitalized development costs for products under development	Capitalized development costs for products currently in use	Other intangible assets	Total*
Cost						
Balance at Jan. 1, 2012	2,857	4,334	2,696	14,425	6,937	31,248
Foreign exchange differences	40	130	−3	25	−109	83
Changes in consolidated Group	14,239	19,425	1,017	1,254	1,524	37,459
Additions	—	—	2,174	441	379	2,994
Transfers	—	—	−2,229	2,244	−14	1
Disposals	—	—	29	965	277	1,271
Balance at Dec. 31, 2012	17,135	23,889	3,627	17,422	8,441	70,513
Amortization and impairment						
Balance at Jan. 1, 2012	42	—	61	7,146	1,824	9,073
Foreign exchange differences	−1	0	0	16	−9	7
Changes in consolidated Group	0	0	—	0	18	18
Additions to cumulative amortization	14	—	2	1,910	1,591	3,517
Additions to cumulative impairment losses	—	—	1	38	3	42
Transfers	—	—	−17	17	3	3
Disposals	—	—	—	939	271	1,210
Reversal of impairment losses	—	—	20	28	0	48
Balance at Dec. 31, 2012	56	0	27	8,160	3,158	11,401
Carrying amount at Dec. 31, 2012	17,079	23,889	3,599	9,262	5,282	59,112

* Figures adjusted because of the updated purchase price allocation for MAN and to reflect application of IAS 19R.

Other intangible assets comprise in particular concessions, purchased customer lists and dealer relationships, industrial and similar rights, and licenses in such rights and assets.

Sensitivity analyses have shown that it is unnecessary to recognize impairment losses on goodwill and other indefinite-lived intangible assets, including where realistic variations are applied to key assumptions.

CHANGES IN INTANGIBLE ASSETS IN THE PERIOD JANUARY 1 TO DECEMBER 31, 2013

€ million	Brand name	Goodwill	Capitalized development costs for products under development	Capitalized development costs for products currently in use	Other intangible assets	Total
Cost						
Balance at Jan. 1, 2013	17,135	23,889	3,627	17,422	8,441	70,513
Foreign exchange differences	−42	−177	−66	−263	−270	−818
Changes in consolidated Group	—	18	—	—	38	57
Additions	—	—	3,390	631	351	4,373
Transfers	−5	—	−1,850	1,856	−23	−22
Disposals	0	—	15	422	185	622
Balance at Dec. 31, 2013	17,088	23,730	5,087	19,224	8,352	73,481
Amortization and impairment						
Balance at Jan. 1, 2013	56	0	27	8,160	3,158	11,401
Foreign exchange differences	−6	0	0	−156	−132	−294
Changes in consolidated Group	—	0	—	—	5	5
Additions to cumulative amortization	13	—	1	2,378	1,197	3,589
Additions to cumulative impairment losses	—	—	—	85	10	96
Transfers	−4	—	−4	9	−1	0
Disposals	—	—	—	392	168	560
Reversal of impairment losses	—	—	—	—	—	—
Balance at Dec. 31, 2013	59	0	24	10,085	4,070	14,238
Carrying amount at Dec. 31, 2013	17,029	23,730	5,063	9,139	4,282	59,243

The allocation of the brand name and goodwill to the operating segments is shown in the following table:

€ million	2013	2012
Brand name by operating segments		
Porsche	13,823	13,823
Scania Vehicles and Services	1,098	1,134
MAN Commercial Vehicles	1,135	1,145
MAN Power Engineering	470	470
Ducati	404	404
Other	99	104
	17,029	17,079
Goodwill by operating segments		
Porsche*	18,825	18,825
Scania Vehicles and Services	3,158	3,260
MAN Commercial Vehicles	651	708
Ducati	290	290
MAN Power Engineering	256	257
ŠKODA	148	161
Porsche Holding Salzburg	181	153
Other	221	234
	23,730	23,889

* Prior-year figures adjusted to reflect application of IAS 19R.

The recoverability test for recognized goodwill is based on value in use and is not affected by a variation in the growth forecast or in the discount rate of +/−0.5 percentage points.

Of the total research and development costs incurred in 2013, €4,021 million (previous year: €2,615 million) met the criteria for capitalization under IFRSs.

The following amounts were recognized in profit or loss:

€ million	2013	2012
Research and noncapitalized development costs	7,722	6,900
Amortization of development costs	2,464	1,951
Research and development costs recognized in the income statement	10,186	8,851

13. Property, plant and equipment

CHANGES IN PROPERTY, PLANT AND EQUIPMENT IN THE PERIOD JANUARY 1 TO DECEMBER 31, 2012

€ million	Land, land rights and buildings, including buildings on third-party land*	Technical equipment and machinery	Other equipment, operating and office equipment	Payments on account and assets under construction	Total*
Cost					
Balance at Jan. 1, 2012	22,000	31,531	41,537	4,616	99,684
Foreign exchange differences	−48	−67	−242	−40	−397
Changes in consolidated Group	1,497	397	1,482	399	3,775
Additions	810	1,873	3,498	4,009	10,190
Transfers	559	753	1,894	−3,295	−89
Disposals	183	830	1,671	32	2,716
Balance at Dec. 31, 2012	24,633	33,657	46,499	5,657	110,446
Depreciation and impairment Balance at Jan. 1, 2012	9,710	23,714	34,305	39	67,767
Foreign exchange differences	−33	−42	−191	−2	−268
Changes in consolidated Group	18	5	11	—	34
Additions to cumulative depreciation	754	2,059	3,143	12	5,969
Additions to cumulative impairment losses	15	5	15	0	36
Transfers	−4	−560	570	−12	−6
Disposals	144	783	1,572	0	2,500
Reversal of impairment losses	—	3	0	6	9
Balance at Dec. 31, 2012	10,315	24,395	36,282	30	71,022
Carrying amount at Dec. 31, 2012	14,318	9,262	10,217	5,627	39,424
of which assets leased under finance leases carrying amount at Dec. 31, 2012	285	55	19	—	358

* Figures adjusted because of the updated purchase price allocation for MAN.

Future finance lease payments due, and their present values, are shown in the following table:

€ million	2013	2014 – 2017	from 2018	Total
Finance lease payments	49	178	270	497
Interest component of finance lease payments	13	38	27	78
Carrying amount/present value	36	140	243	419

CHANGES IN PROPERTY, PLANT AND EQUIPMENT IN THE PERIOD JANUARY 1 TO DECEMBER 31, 2013

€ million	Land, land rights and buildings, including buildings on third-party land	Technical equipment and machinery	Other equipment, operating and office equipment	Payments on account and assets under construction	Total
Cost					
Balance at Jan. 1, 2013	24,633	33,657	46,499	5,657	110,446
Foreign exchange differences	−540	−908	−874	−185	−2,508
Changes in consolidated Group	137	15	30	75	258
Additions	897	2,016	3,506	4,642	11,061
Transfers	1,288	1,322	1,340	−3,954	−3
Disposals	139	942	1,203	77	2,362
Balance at Dec. 31, 2013	26,277	35,159	49,297	6,158	116,891
Depreciation and impairment Balance at Jan. 1, 2013	10,315	24,395	36,282	30	71,022
Foreign exchange differences	−188	−621	−654	−4	−1,468
Changes in consolidated Group	45	9	12	—	66
Additions to cumulative depreciation	824	2,226	3,637	1	6,689
Additions to cumulative impairment losses	11	2	97	8	118
Transfers	−13	−42	43	0	−12
Disposals	54	852	970	1	1,877
Reversal of impairment losses	1	25	0	9	35
Balance at Dec. 31, 2013	10,939	25,091	38,447	26	74,503
Carrying amount at Dec. 31, 2013	15,338	10,068	10,850	6,132	42,389
of which assets leased under finance leases carrying amount at Dec. 31, 2013	282	16	16	—	314

Options to purchase buildings and plant leased under the terms of finance leases exist in most cases, and are also expected to be exercised. Interest rates on the leases vary between 1.0% and 31.1% (previous year: between 1.6% and 11.0%), depending on the market and the date of inception of the lease.

Future finance lease payments due, and their present values, are shown in the following table:

€ million	2014	2015 – 2018	from 2019	Total
Finance lease payments	65	179	279	523
Interest component of finance lease payments	11	24	68	103
Carrying amount/present value	54	155	211	420

For assets leased under operating leases, payments recognized in the income statement amounted to €1,273 million (previous year: €1,164 million). With respect to internally used assets, €1,136 million (previous year: €1,024 million) of this figure is attributable to minimum lease payments and €51 million (previous year: €41 million) to contingent lease payments. The payments of €86 million (previous year: €99 million) under subleases primarily relate to minimum lease payments.

Government grants of €295 million (previous year: €418 million) were deducted from the cost of property, plant and equipment, and noncash benefits received amounting to €8 million (previous year: €4 million) were not capitalized as the cost of assets.

Real property liens of €661 million (previous year: €723 million) are pledged as collateral for financial liabilities related to land and buildings.

14. Leasing and rental assets and investment property

CHANGES IN LEASING AND RENTAL ASSETS AND INVESTMENT PROPERTY IN THE PERIOD JANUARY 1 TO DECEMBER 31, 2012

€ million	Leasing and rental assets	Investment property	Total
Cost			
Balance at Jan. 1, 2012	21,359	525	21,884
Foreign exchange differences	−215	−5	−220
Changes in consolidated Group	1,470	2	1,472
Additions	9,816	34	9,851
Transfers	−1	89	89
Disposals	6,976	19	6,996
Balance at Dec. 31, 2012	25,453	626	26,079
Depreciation and impairment Balance at Jan. 1, 2012	4,733	185	4,918
Foreign exchange differences	−69	−1	−70
Changes in consolidated Group	8	2	10
Additions to cumulative depreciation	3,498	14	3,512
Additions to cumulative impairment losses	99	0	99
Transfers	−3	6	3
Disposals	2,845	12	2,857
Reversal of impairment losses	2	1	3
Balance at Dec. 31, 2012	5,419	194	5,612
Carrying amount at Dec. 31, 2012	20,034	433	20,467

The following payments from noncancelable leases and rental agreements were expected to be received over the coming years:

€ million	2013	2014 – 2017	after 2018	Total
Lease payments	2,688	2,995	39	5,723

CHANGES IN LEASING AND RENTAL ASSETS AND INVESTMENT PROPERTY IN THE PERIOD JANUARY 1 TO DECEMBER 31, 2013

€ million	Leasing and rental assets	Investment property	Total
Cost			
Balance at Jan. 1, 2013	25,453	626	26,079
Foreign exchange differences	–908	–12	–920
Changes in consolidated Group	3	—	3
Additions	11,890	32	11,923
Transfers	— 1	32	31
Disposals	6,558	46	6,604
Balance at Dec. 31, 2013	29,878	633	30,511
Depreciation and impairment			
Balance at Jan. 1, 2013	5,419	194	5,612
Foreign exchange differences	–212	–2	–215
Changes in consolidated Group	0	—	0
Additions to cumulative depreciation	4,087	14	4,101
Additions to cumulative impairment losses	107	1	108
Transfers	0	12	12
Disposals	1,766	13	1,779
Reversal of impairment losses	16	—	16
Balance at Dec. 31, 2013	7,619	205	7,824
Carrying amount at Dec. 31, 2013	22,259	427	22,687

Leasing and rental assets include assets leased out under the terms of operating leases and assets covered by long-term buy-back agreements.

Investment property includes apartments rented out and leased dealerships with a fair value of €732 million (previous year: €758 million). Fair value is estimated using an investment method based on internal calculations (Level 3 of the fair value hierarchy). Operating expenses of €47 million (previous year: €50 million) were incurred for the maintenance of investment property in use. Expenses of €0 million (previous year: €1 million) were incurred for unused investment property.

The following payments from noncancelable leases and rental agreements are expected to be received over the coming years:

€ million	2014	2015 – 2018	after 2019	Total
Lease payments	2,635	2,971	23	5,628

15. Equity-accounted investments and other equity investments

CHANGES IN EQUITY-ACCOUNTED INVESTMENTS AND OTHER EQUITY INVESTMENTS IN THE PERIOD JANUARY 1 TO DECEMBER 31, 2012

€ million	Equity-accounted investments	Other equity investments	Total
Gross carrying amount at Jan. 1, 2012	10,261	3,264	13,526
Foreign exchange differences	−25	−3	−28
Changes in consolidated Group	−12,742	−46	−12,788
Additions	10,812	488	11,301
Transfers	0	0	—
Disposals	2	16	17
Changes recognized in profit or loss	3,226	—	3,226
Dividends	−3,925	—	−3,925
Other changes recognized in other comprehensive income	−243	419	176
Balance at Dec. 31, 2012	7,362	4,107	11,469
Impairment losses			
Balance at Jan. 1, 2012	12	216	228
Foreign exchange differences	0	−1	−1
Changes in consolidated Group	—	1	1
Additions	41	20	62
Transfers	—	—	—
Disposals	—	0	0
Reversal of impairment losses	—	—	—
Balance at Dec. 31, 2012	53	236	290
Carrying amount at Dec. 31, 2012	7,309	3,870	11,179

CHANGES IN EQUITY-ACCOUNTED INVESTMENTS AND OTHER EQUITY INVESTMENTS IN THE PERIOD JANUARY 1 TO DECEMBER 31, 2013

€ million	Equity-accounted investments	Other equity investments	Total
Gross carrying amount at Jan. 1, 2013	7,362	4,107	11,469
Foreign exchange differences	−24	−6	−30
Changes in consolidated Group	−3	−259	−262
Additions	38	297	335
Transfers	27	−27	0
Disposals	3	23	25
Changes recognized in profit or loss	3,612	—	3,612
Dividends	−2,827	—	−2,827
Other changes recognized in other comprehensive income	−170	88	−82
Balance at Dec. 31, 2013	8,014	4,177	12,191
Impairment losses			
Balance at Jan. 1, 2013	53	236	290
Foreign exchange differences	0	−1	−2
Changes in consolidated Group	—	−31	−31
Additions	26	37	63
Transfers	—	—	—
Disposals	—	3	3
Reversal of impairment losses	—	0	0
Balance at Dec. 31, 2013	80	237	316
Carrying amount at Dec. 31, 2013	7,934	3,941	11,875

Equity-accounted investments include joint ventures in the amount of €7,563 million (previous year: €6,870 million) and associates in the amount of €370 million (previous year: €439 million).

In fiscal year 2012, €12,566 million of the changes in the consolidated Group concerning equity-accounted investments related to the reclassification of the shares of Porsche Holding Stuttgart because of the initial consolidation of that company. The income of €10,716 million from the remeasurement of the existing shares held resulting from discontinuation of equity-method accounting was reported under additions.

Of the other changes recognized in other comprehensive income, €−162 million (previous year: €−245 million) is attributable to joint ventures and €−7 million (previous year: €2 million) to associates. They are mainly the result of foreign exchange differences in the amount of €−136 million (previous year: €−48 million), pension plan remeasurements in the amount of €−9 million (previous year: €−135 million) and losses on the fair value measurement of cash flow hedges in the amount of €−36 million (previous year: €−185 million).

16. Noncurrent and current financial services receivables

€ million	CARRYING AMOUNT Current	Noncurrent	Dec. 31, 2013	FAIR VALUE Dec. 31, 2013	CARRYING AMOUNT Current	Noncurrent	Dec. 31, 2012	FAIR VALUE Dec. 31, 2012
Receivables from financing business								
Customer financing	17,998	35,965	53,963	55,562	17,277	34,460	51,737	52,439
Dealer financing	11,658	1,368	13,026	12,987	11,389	1,330	12,719	12,647
Direct banking	183	1	184	184	167	1	168	168
	29,839	37,334	67,173	68,733	28,832	35,791	64,624	65,254
Receivables from operating leases	214	—	214	214	204	—	204	204
Receivables from finance leases	8,332	13,864	22,196	22,639	7,875	13,994	21,868	21,944
	38,386	51,198	89,583	91,586	36,911	49,785	86,696	87,402

Noncurrent receivables from the customer financing business mainly bear fixed rates of interest of between 0.0% and 39.1% (previous year: 0.0% and 37.0%), depending on the market concerned. They have terms of up to 240 months (previous year: 242 months). The noncurrent portion of dealer financing is granted at interest rates of between 0.0% and 25.9% (previous year: 0.0% and 18.4%), depending on the country.

The receivables from customer financing and finance leases contained in financial services receivables of €89.6 billion (previous year: €86.7 billion) decreased by €34 million as a result of a fair value adjustment from portfolio hedging (previous year: increase of €56 million).

The receivables from customer and dealer financing are secured by vehicles or real property liens. Collateral of €351 million (previous year: €357 million) has been furnished for financial liabilities and contingent liabilities.

The receivables from dealer financing include €71 million (previous year: €124 million) receivable from affiliated companies.

The receivables from finance leases — almost entirely in respect of vehicles — were or are expected to generate the following cash flows as of December 31, 2012 and December 31, 2013:

€ million	2013	2014 – 2017	after 2018	Total
Future payments from finance lease receivables	8,557	14,827	176	23,561
Unearned finance income from finance leases (discounting)	−683	−1,005	−5	−1,692
Present value of minimum lease payments outstanding at the reporting date	7,875	13,822	171	21,868

€ million	2014	2015 – 2018	after 2019	Total
Future payments from finance lease receivables	8,939	14,623	122	23,684
Unearned finance income from finance leases (discounting)	−607	−879	−2	−1,488
Present value of minimum lease payments outstanding at the reporting date	8,332	13,744	120	22,196

Accumulated valuation allowances for uncollectible minimum lease payments receivable amount to €−112 million (previous year: €−158 million).

17. Noncurrent and current other financial assets

€ million	CARRYING AMOUNT			CARRYING AMOUNT		
	Current	Noncurrent	Dec. 31, 2013	Current	Noncurrent	Dec. 31, 2012
Positive fair value of derivatives	1,680	2,414	4,094	832	2,226	3,057
Marketable securities	—	1,565	1,565	—	1,612	1,612
Receivables from loans, bonds, profit participation rights (excluding interest)	2,729	2,472	5,201	2,777	2,024	4,801
Miscellaneous financial assets	2,182	590	2,772	2,263	570	2,833
	6,591	7,040	13,631	5,872	6,431	12,304

Other financial assets include receivables from related parties of €5,170 million (previous year: €5,033 million). Other financial assets and current marketable securities of €3,119 million (previous year: €3,267 million) were furnished as collateral for financial liabilities and contingent liabilities. There is no original right of disposal or pledge for the furnished collateral on the part of the collateral taker.

There are restrictions on the disposal of the certificates of deposit amounting to €1.5 billion reported in noncurrent securities (see the disclosures on ''Interests in joint ventures''). In addition, the miscellaneous other financial assets include cash and cash equivalents that serve as collateral (mainly under asset-backed securities transactions).

The positive fair values of derivatives relate to the following items:

€ million	Dec. 31, 2013	Dec. 31, 2012
Transactions for hedging		
foreign currency risk from assets using fair value hedges	97	11
foreign currency risk from liabilities using fair value hedges	55	16
interest rate risk using fair value hedges	340	671
interest rate risk using cash flow hedges	5	1
foreign currency and price risk from future cash flows (cash flow hedges)	3,225	1,802
Hedging transactions	3,721	2,501
Assets related to derivatives not included in hedging relationships	373	556
	4,094	3,057

The positive fair value of transactions for hedging price risk from future cash flows (cash flow hedges) amounted to €21 million (previous year: €76 million).

Positive fair values of €20 million (previous year: €41 million) were recognized from transactions for hedging interest rate risk (fair value hedges) used in portfolio hedges.

Further details on derivative financial instruments as a whole are given in note 33.

18. Noncurrent and current other receivables

€ million	CARRYING AMOUNT			CARRYING AMOUNT		
	Current	Noncurrent	Dec. 31, 2013	Current	Noncurrent	Dec. 31, 2012
Recoverable income taxes	3,111	96	3,207	3,092	76	3,168
Miscellaneous receivables	1,919	1,360	3,279	1,731	1,595	3,326
	5,030	1,456	6,486	4,823	1,671	6,494

Miscellaneous receivables include assets to fund post-employment benefits in the amount of €65 million (previous year: €36 million). This item also includes the share of the technical provisions attributable to reinsurers amounting to €98 million (previous year: €131 million).

There are no material restrictions on title or right of use in respect of the reported other receivables. Default risks are accounted for by means of valuation allowances.

Current other receivables are predominantly non-interest-bearing.

19. Tax assets

€ million	CARRYING AMOUNT			CARRYING AMOUNT		
	Current	Noncurrent	Dec. 31, 2013	Current	Noncurrent*	Dec. 31, 2012*
Deferred tax assets	—	5,622	5,622	–	7,836	7,836
Tax receivables	729	633	1,362	761	552	1,313
	729	6,255	6,984	761	8,387	9,148

* Prior-year figures adjusted to reflect application of IAS 19R.

€4,393 million (previous year: €4,060 million) of the deferred tax assets is due within one year.

20. Inventories

€ million	Dec. 31, 2013	Dec. 31, 2012
Raw materials, consumables and supplies	3,716	3,506
Work in progress	3,096	3,504
Finished goods and purchased merchandise	18,284	18,015
Current leasing and rental assets	3,418	3,477
Payments on account	140	172
	28,653	28,674

Of the total inventories, €4,211 million (previous year: €3,576 million) is recognized at net realizable value. At the same time as the relevant revenue was recognized, inventories in the amount of €152,290 million were included in cost of sales (previous year: €150,121 million). Valuation allowances recognized as expenses in the reporting period amounted to €911 million (previous year: €748 million). Vehicles amounting to €220 million (previous year: €260 million) were assigned as collateral for partial retirement obligations.

21. Trade receivables

€ million	Dec. 31, 2013	Dec. 31, 2012
Trade receivables from		
third parties	9,126	8,705
affiliated companies	266	167
joint ventures	1,712	1,191
associates	26	33
other investees and investors	3	3
	11,133	10,099

The fair values of the trade receivables correspond to the carrying amounts.

The trade receivables include receivables from construction contracts accounted for using the percentage of completion (PoC) method. These are calculated as follows:

€ million	**Dec. 31, 2013**	**Dec. 31, 2012**
Contract costs and proportionate contract profit/loss of construction contracts	1,575	1,704
of which billed to customers	–49	–11
Exchange rate effects	–3	–2
PoC receivables, gross	1,523	1,691
Prepayments received	–1,272	–1,475
PoC receivables, net	251	217

Other payments received on account of construction contracts in the amount of €350 million (previous year: €407 million), for which no construction costs have yet been incurred, are recognized under other liabilities.

22. Marketable securities

The marketable securities serve to safeguard liquidity. Marketable securities are quoted, mainly short-term fixed-income securities and shares allocated to the available-for-sale financial instruments category.

23. Cash, cash equivalents and time deposits

€ million	**Dec. 31, 2013**	**Dec. 31, 2012**
Bank balances	22,997	18,017
Checks, cash-in-hand, bills and call deposits	181	471
	23,178	18,488

Bank balances are held at various banks in different currencies and include time deposits, for example.

24. Equity

The subscribed capital of Volkswagen AG is composed of no-par value bearer shares with a notional value of €2.56. As well as ordinary shares, there are preferred shares that entitle the bearer to a €0.06 higher dividend than ordinary shares, but do not carry voting rights.

The subscribed capital is composed of 295,089,818 no-par value ordinary shares and 170,148,171 preferred shares. In the first quarter of 2013, Volkswagen AG issued 5,393 newly created preferred shares (notional value: €13,806) resulting from the exercise of mandatory convertible notes.

Authorized capital of up to €110 million, expiring on April 18, 2017, was approved for the issue of new ordinary bearer shares or preferred shares based on the resolution by the Annual General Meeting on April 19, 2012.

Following the capital increase implemented in fiscal year 2010, there is still authorized capital of up to €179.4 million, resolved by the Extraordinary General Meeting on December 3, 2009 and expiring on December 2, 2014, to issue up to 70,095,502 new no-par value preferred bearer shares.

The Annual General Meeting on April 22, 2010 resolved to create contingent capital in the amount of up to €102.4 million expiring on April 21, 2015 that can be used to issue up to €5 billion in bonds with warrants and/or convertible bonds.

To date, Volkswagen has used this contingent capital as follows:

– In November 2012, via a subsidiary, Volkswagen International Finance N.V. Amsterdam/the Netherlands (issuer), Volkswagen AG placed a €2.5 billion mandatory convertible note that entitles and obliges holders to subscribe for Volkswagen preferred shares. The preemptive rights of existing shareholders were disapplied. The convertible note bears a coupon of 5.50% and matures on November 9, 2015.

– In June 2013, Volkswagen placed another €1.2 billion mandatory convertible note to supplement the mandatory convertible note issued in November 2012. The features of the new mandatory convertible note correspond to those of the mandatory convertible note issued in November 2012. It was issued at a price of 105.64% of the principal amount. Additionally, accrued interest (€1 million) was received and deferred. The new mandatory convertible note also matures on November 9, 2015. Because of the fixed conversion ratio, the mandatory convertible note is recognized in the capital reserves at an amount of €1,149 million, including a premium and deferred interest (€69 million), net of transaction costs (€14 million) and the deferral of taxes (€49 million), and in the financial liabilities at an amount of €156 million.

The current minimum conversion price for the mandatory convertible notes is €150.81, and the maximum conversion price is €180.97. The conversion price will be adjusted if certain events occur. The convertible notes will be settled by issuing new preferred shares no later than at maturity. The issuer is entitled to convert the mandatory convertible notes at any time at the minimum conversion price. The note terms and conditions also provide for early conversion options. This discretionary conversion right was exercised in the reporting period, with a total of €1 million of the notes being converted into 5,393 newly created preferred shares at the effective maximum conversion price at the conversion date.

Following the approval by the Annual General Meeting of MAN SE of the conclusion of a control and profit and loss transfer agreement on June 6, 2013, the noncontrolling interests in the equity of MAN SE were derecognized from Group equity as a capital transaction involving a change in ownership interest. At the same time, a liability was recognized as a separate item of current liabilities in accordance with the cash settlement offer. This reduces the Volkswagen Group's equity by a total of €3,125 million. For more information, please see the disclosures on the basis of consolidation.

In August 2013, Volkswagen AG placed unsecured subordinated hybrid notes with an aggregate principal amount of €2 billion via a subsidiary, Volkswagen International Finance N.V. Amsterdam/the Netherlands (issuer). The issuer transferred the proceeds to Volkswagen AG under the terms of a loan agreement. The perpetual hybrid notes were issued in two tranches and can be called by the issuer. The first call date for the first tranche (€1.25 billion and a coupon of 3.875%) is after five years, and the first call date for the second tranche (€0.75 billion and a coupon of 5.125%) is after ten years. Under IAS 32, the hybrid notes must be classified in their entirety as equity. The capital raised was recognized in equity, less a discount and transaction costs and net of deferred taxes. The interest payments payable to the noteholders will be recognized directly in equity, net of income taxes.

CHANGE IN ORDINARY AND PREFERRED SHARES AND SUBSCRIBED CAPITAL

	SHARES		€	
	2013	2012	2013	2012
Balance at January 1	465,232,596	465,232,595	1,190,995,446	1,190,995,443
Capital increase		1		3
Conversion of mandatory convertible notes	5,393	—	13,806	—
Balance at December 31	465,237,989	465,232,596	1,191,009,252	1,190,995,446

The capital reserves comprise the share premium totaling €12,332 million (previous year: €11,183 million) from capital increases, the share premium of €219 million from the issuance of bonds with warrants and an amount of €107 million appropriated on the basis of the capital reduction implemented in 2006. The capital reserves increased by €1,149 million in the reporting period (previous year: €2,181 million) due to the issuance of the mandatory convertible note. As a portion of the mandatory convertible note that had been issued was converted in fiscal year 2013, an amount of €13,806 was reclassified from the capital reserves to subscribed capital (see also note 11). No amounts were withdrawn from the capital reserves.

DIVIDEND PROPOSAL

In accordance with section 58(2) of the Aktiengesetz (AktG — German Stock Corporation Act), the dividend payment by Volkswagen AG is based on the net retained profits reported in the annual financial statements of Volkswagen AG prepared in accordance with the German Commercial Code. Based on these annual financial statements of Volkswagen AG, net retained profits of €1,874 million are eligible for distribution following the appropriation of €1,210 million to the revenue reserves. The Board of Management and Supervisory Board will propose to the Annual General Meeting that a total dividend of €1,871 million, i.e. €4.00 per ordinary share and €4.06 per preferred share, be paid from the net retained profits. Shareholders are not entitled to a dividend payment until it has been resolved by the Annual General Meeting.

A dividend of €3.50 per ordinary share and €3.56 per preferred share was distributed in fiscal year 2013.

NONCONTROLLING INTERESTS

The noncontrolling interests in equity are attributable primarily to shareholders of Scania AB. Please see the disclosures on the basis of consolidation for explanatory notes regarding the derecognition of noncontrolling interests in the equity of MAN SE.

25. Noncurrent and current financial liabilities

The details of noncurrent and current financial liabilities are presented in the following table:

	CARRYING AMOUNT			CARRYING AMOUNT		
€ million	**Current**	**Noncurrent**	**Dec. 31, 2013**	**Current**	**Noncurrent**	**Dec. 31, 2012**
Bonds	16,645	39,677	56,322	12,822	36,883	49,705
Commercial paper and notes	9,281	11,953	21,233	9,206	12,687	21,892
Liabilities to banks	11,305	7,659	18,964	9,670	10,621	20,291
Deposit business	22,310	1,015	23,325	21,974	1,943	23,917
Loans and miscellaneous liabilities	396	850	1,247	355	1,074	1,428
Bills of exchange	—	—	—	0	—	0
Finance lease liabilities	50	363	413	33	396	429
	59,987	61,517	121,504	54,060	63,603	117,663

The deposits from direct banking business contained in the financial liabilities of €121.5 billion (previous year: €117.7 billion) decreased by €5.5 million as a result of a fair value adjustment from portfolio hedging (previous year: increase of €3.4 million).

Asset-backed securities transactions amounting to €19,076 million (previous year: €17,655 million) entered into to refinance the financial services business are included in bonds, commercial paper and notes, and liabilities from loans. Receivables of €24,529 million (previous year: €21,543 million) from the customer finance and leasing business are pledged as collateral. The expected payments are assigned to special purpose entities and the financed vehicles transferred as collateral.

Most of the public and private asset-backed securities transactions of the Volkswagen Financial Services AG group can be repaid in advance (clean-up call) if less than 9% or 10%, as appropriate, of the original transaction volume is outstanding. The asset-backed securities transactions of Volkswagen Financial Services (UK) will have been largely repaid by the time all of the liabilities have been redeemed.

26. Noncurrent and current other financial liabilities

	CARRYING AMOUNT			CARRYING AMOUNT		
€ million	**Current**	**Noncurrent**	**Dec. 31, 2013**	**Current**	**Noncurrent**	**Dec. 31, 2012**
Negative fair values of derivative financial instruments	1,070	1,169	2,239	1,230	1,587	2,818
Interest payable	667	62	730	731	6	737
Miscellaneous financial liabilities	2,789	1,074	3,863	2,464	803	3,267
	4,526	2,305	6,832	4,425	2,397	6,822

The negative fair values of derivatives relate to the following items:

€ million	**Dec. 31, 2013**	**Dec. 31, 2012**
Transactions for hedging		
foreign currency risk from assets using fair value hedges	34	21
foreign currency risk from liabilities using fair value hedges	300	53
interest rate risk using fair value hedges	117	238
interest rate risk using cash flow hedges	30	77
foreign currency and price risk from future cash flows (cash flow hedges)	996	1,822
Hedging transactions	1,476	2,211
Liabilities related to derivatives not included in hedging relationships	762	607
	2,239	2,818

The negative fair value of transactions for hedging price risk from future cash flows (cash flow hedges) amounted to €61 million (previous year: €26 million).

Negative fair values of €41 million (previous year: €158 million) were recognized from transactions for hedging interest rate risk (fair value hedges) used in portfolio hedges.

Further details on derivative financial instruments as a whole are given in note 33.

27. Noncurrent and current other liabilities

€ million	CARRYING AMOUNT			CARRYING AMOUNT		
	Current	Noncurrent	Dec. 31, 2013	Current	Noncurrent	Dec. 31, 2012
Payments on account received in respect of orders	3,785	702	4,487	3,891	779	4,671
Liabilities relating to						
other taxes	1,850	465	2,316	1,652	388	2,040
social security	444	22	466	458	32	490
wages and salaries	2,735	559	3,294	2,730	715	3,446
Miscellaneous liabilities	2,190	2,778	4,968	2,380	2,761	5,140
	11,004	4,527	15,530	11,111	4,675	15,786

28. Tax liabilities

€ million	CARRYING AMOUNT			CARRYING AMOUNT		
	Current	Noncurrent	Dec. 31, 2013	Current	Noncurrent	Dec. 31, 2012
Deferred tax liabilities	—	7,894	7,894	—	9,050	9,050
Provisions for taxes	2,869	3,674	6,543	1,721	4,239	5,960
Current tax payables	218	—	218	238	–	238
	3,086	11,567	14,654	1,959	13,289	15,248

€40 million (previous year: €14 million) of the deferred tax liabilities is due within one year.

29. Provisions for pensions and other post-employment benefits

Provisions for pensions are recognized for commitments in the form of retirement, invalidity and dependents' benefits payable under pension plans. The benefits provided by the Group vary according to the legal, tax and economic circumstances of the country concerned, and usually depend on the length of service and remuneration of the employees.

Volkswagen Group companies provide occupational pensions under both defined contribution and defined benefit plans. In the case of defined contribution plans, the Company makes contributions to state or private pension schemes based on legal or contractual requirements, or on a voluntary basis. Once the contributions have been paid, there are no further obligations for the Volkswagen Group. Current contributions are recognized as pension expenses of the period concerned. In 2013, they amounted to a total of €1,670 million (previous year: €1,580 million) in the Volkswagen Group. Of this figure, contributions to the compulsory state pension system in Germany amounted to €1,292 million (previous year: €1,219 million).

Most pension plans are defined benefit plans, with a distinction made between pensions financed by provisions and externally funded plans.

The pension provisions for defined benefits are measured by independent actuaries using the internationally accepted projected unit credit method in accordance with IAS 19, under which the future obligations are measured on the basis of the ratable benefit entitlements earned as of the balance sheet date. Measurement reflects actuarial assumptions as to discount rates, salary and pension trends, employee turnover rates, longevity and increases in healthcare costs, which were determined for each Group company depending on the economic environment. Actuarial gains or losses arise from differences between what has actually occurred and the prior-year assumptions as well as from changes in assumptions. They are recognized in other comprehensive income, net of deferred taxes, in the period in which they arise.

Multi-employer pension plans exist in the Volkswagen Group in the United Kingdom, Switzerland, Sweden, the Netherlands and Japan. These plans are defined benefit plans. A small proportion of them are accounted for as defined contribution plans, as the Volkswagen Group is not authorized to receive the information required in order to account for them as defined benefit plans. Under the terms of the multi-employer plans, the Volkswagen Group is not liable for the obligations of the other employers. In the event of its withdrawal from the plans or their winding-up, the proportionate share of the surplus of assets attributable to the Volkswagen Group will be credited or the proportionate share of the deficit attributable to the Volkswagen Group will have to be funded. In the case of the defined benefit plans accounted for as defined contribution plans, the Volkswagen Group's share of the obligations represents a small proportion of the total obligations. It is not aware of any probable significant risks arising from multi-employer defined benefit pension plans that are accounted for as defined contribution plans. The expected contributions to those plans will amount to €17 million for fiscal year 2014.

Owing to their benefit character, the obligations of the US Group companies in respect of post-employment medical care in particular are also carried under provisions for pensions and other post-employment benefits. These post-employment benefit provisions take into account the expected long-term rise in the cost of healthcare. €16 million (previous year: €18 million) was recognized in fiscal year 2013 as an expense for health care costs. The related carrying amount as of December 31, 2013 was €177 million (previous year: €226 million).

The following amounts were recognized in the balance sheet for defined benefit plans:

€ million	**Dec. 31, 2013**	**Dec. 31, 2012***
Present value of funded obligations	8,728	8,824
Fair value of plan assets	7,970	7,288
Funded status (net)	758	1,536
Present value of unfunded obligations	20,929	22,361
Amount not recognized as an asset because of the ceiling in IAS 19	22	7
Net liability recognized in the balance sheet	21,709	23,903
of which provisions for pensions	21,774	23,939
of which other assets	65	36

* Prior-year figures adjusted to reflect application of IAS 19R.

SIGNIFICANT PENSION ARRANGEMENTS IN THE VOLKSWAGEN GROUP

For the period after their active working life, the Volkswagen Group offers its employees benefits under attractive, modern occupational pension arrangements. Most of the arrangements in the Volkswagen Group are pension plans for employees in Germany classified as defined benefit plans under IAS 19. The majority of these obligations are funded solely by recognized provisions. These plans are now largely closed to new members. To reduce the risks associated with defined benefit plans, in particular longevity, salary increases and inflation, the Volkswagen Group has introduced new defined benefit plans in recent years whose benefits are funded by appropriate external plan assets. The above-mentioned risks have been largely reduced in these pension plans. The proportion of the total defined benefit obligation attributable to pension obligations funded by plan assets will continue to rise in the future. The significant pension plans are described in the following.

GERMAN PENSION PLANS FUNDED SOLELY BY RECOGNIZED PROVISIONS

The pension plans funded solely by recognized provisions comprise both contribution-based plans with guarantees and final salary plans. For contribution-based plans, an annual pension expense dependent on income and status is converted into a lifelong pension entitlement using annuity factors (guaranteed modular pension entitlements). The annuity factors include a guaranteed rate of interest. At retirement, the modular pension entitlements earned annually are added together. For final salary plans, the underlying salary is multiplied at retirement by a percentage that depends on the years of service up until the retirement date.

The present value of the guaranteed obligation rises as interest rates fall and is therefore exposed to interest rate risk.

The pension system provides for lifelong pension payments. The companies bear the longevity risk in this respect. This is accounted for by calculating the annuity factors and the present value of the guaranteed obligation using the latest generational mortality tables — the ''Heubeck 2005 G'' mortality tables — which already reflect future increases in life expectancy.

To reduce the inflation risk from adjusting the regular pension payments by the rate of inflation, a pension adjustment that is not indexed to inflation was introduced for pension plans where this is permitted by law.

GERMAN PENSION PLANS FUNDED BY EXTERNAL PLAN ASSETS

The pension plans funded by external plan assets are contribution-based plans with guarantees. In this case, an annual pension expense dependent on income and status is either converted into a lifelong pension entitlement using annuity factors (guaranteed modular pension entitlement) or paid out in a single lump sum or in installments. In some cases, employees also have the opportunity to provide for their own retirement through deferred compensation. The annuity factors include a guaranteed rate of interest. At retirement, the modular pension entitlements earned annually are added together. The pension expense is contributed on an ongoing basis to a separate pool of assets that is administered in trust. These assets are invested in the capital markets by trusts that are independent of the Company. If the plan assets exceed the present value of the obligations calculated using the guaranteed rate of interest, surpluses are allocated (modular pension bonuses).

Since the assets administered in trust meet the IAS 19 criteria for classification as plan assets, they are deducted from the obligations.

The amount of the pension assets is exposed to general market risk. The investment strategy and its implementation are therefore continuously monitored by the trusts' governing bodies, on which the companies are also represented. For example, investment policies are stipulated in investment guidelines with the aim of limiting market risk and its impact on plan assets. In addition, asset-liability management studies are conducted if required so as to ensure that investments are in line with the obligations that need to be covered. The pension assets are currently invested primarily in fixed-income or equity funds. The main risks are therefore interest rate and equity price risk. To mitigate market risk, the pension system also provides for cash funds to be set aside in an equalization reserve before any surplus is allocated.

The present value of the obligation is the present value of the guaranteed obligation after deducting the plan assets. If the plan assets fall below the present value of the guaranteed obligation, a provision must be recognized in that amount. The present value of the guaranteed obligation rises as interest rates fall and is therefore exposed to interest rate risk.

In the case of lifelong pension payments, the Volkswagen Group bears the longevity risk. This is accounted for by calculating the annuity factors and the present value of the guaranteed obligation using the latest generational mortality tables — the ''Heubeck 2005 G'' mortality tables — which already reflect future increases in life expectancy. In addition, the independent actuaries carry out annual risk monitoring as part of the review of the assets administered by the trusts.

To reduce the inflation risk from adjusting the regular pension payments by the rate of inflation, a pension adjustment that is not indexed to inflation was introduced for pension plans where this is permitted by law.

Calculation of the pension provisions was based on the following actuarial assumptions:

	GERMANY		ABROAD	
%	**2013**	**2012**	**2013**	**2012**
Discount rate at December 31	3.70	3.20	5.51	4.66
Payroll trend	3.36	2.78	3.24	3.87
Pension trend	1.80	1.80	3.02	2.29
Employee turnover rate	1.03	1.02	3.76	4.22
Annual increase in healthcare costs	—	—	5.51	6.08

These assumptions are averages that were weighted using the present value of the defined benefit obligation.

With regard to life expectancy, consideration is given to the latest mortality tables in each country.

The discount rates are generally defined to reflect the yields on prime-rated corporate bonds with matching maturities and currencies. The iBoxx AA 10+ Corporates index was taken as the basis for the obligations of German Group companies. Similar indices were used for foreign pension obligations.

The payroll trends cover expected wage and salary trends, which also include increases attributable to career development.

The pension trends either reflect the contractually guaranteed pension adjustments or are based on the rules on pension adjustments in force in each country.

The employee turnover rates are based on past experience and future expectations.

The following table shows changes in the net defined benefit liability recognized in the balance sheet:

€ million	**2013**	**2012***
Net liability recognized in the balance sheet at January 1	23,903	16,705
Current service cost	759	573
Net interest expense	752	760
Actuarial gains (−)/losses (+) arising from changes in demographic assumptions	21	−14
Actuarial gains (−)/losses (+) arising from changes in financial assumptions	−2,323	5,518
Actuarial gains (−)/losses (+) arising from experience adjustments	−16	193
Income/expenses from plan assets not included in interest income	49	108
Change in amount not recognized as an asset because of the ceiling in IAS 19	−17	6
Employer contributions to plan assets	572	440
Pension payments from company assets	766	762
Past service cost (including plan curtailments)	4	−10
Gains (−) or losses (+) arising from plan settlements	1	0
Changes in consolidated Group	1	1,424
Other changes	47	78
Foreign exchange differences from foreign plans	−72	−8
Net liability recognized in the balance sheet at December 31	21,709	23,903

* Prior-year figures adjusted to reflect application of IAS 19R.

The change in the present value of the defined benefit obligation is attributable to the following factors:

€ million	2013	2012*
Present value of obligations at January 1	31,185	23,251
Current service cost	759	573
Interest cost	1,041	1,102
Actuarial gains(−)/losses (+) arising from changes in demographic assumptions	21	−14
Actuarial gains(−)/losses (+) arising from changes in financial assumptions	−2,323	5,518
Actuarial gains(−)/losses (+) arising from experience adjustments	−16	193
Employee contributions to plan assets	41	41
Pension payments from company assets	766	762
Pension payments from plan assets	222	210
Past service cost (including plan curtailments)	4	−10
Gains (−) or losses (+) arising from plan settlements	1	0
Changes in consolidated Group	1	1,485
Other changes	197	84
Foreign exchange differences from foreign plans	−266	−67
Present value of obligations at December 31	29,657	31,185

* Prior-year figures adjusted to reflect application of IAS 19R.

Changes in the relevant actuarial assumptions would have had the following effects on the defined benefit obligation:

		DEC. 31, 2013	
Present value of defined benefit obligation if		**€ million**	**Change in percent**
Discount rate	is 0.5 percentage points higher	27,656	−6.75
	is 0.5 percentage points lower	32,263	8.79
Pension trend	is 0.5 percentage points higher	31,113	4.91
	is 0.5 percentage points lower	28,360	−4.37
Payroll trend	is 0.5 percentage points higher	30,047	1.31
	is 0.5 percentage points lower	29,324	−1.12
Longevity	increases by one year	30,413	2.55

The sensitivity analysis shown above considers the change in one assumption at a time, leaving the other assumptions unchanged versus the original calculation, i.e. any correlation effects between the individual assumptions are ignored.

To examine the sensitivity of the defined benefit obligation to a change in assumed longevity, the estimates of mortality were reduced as part of a comparative calculation to the extent that doing so increases life expectancy by approximately one year.

The average duration of the defined benefit obligation weighted by the present value of the defined benefit obligation (Macaulay duration) is 17 years (previous year: 18 years).

The present value of the defined benefit obligation is attributable as follows to the members of the plan:

€ million	2013	2012*
Active members with pension entitlements	15,772	16,431
Members with vested entitlements who have left the Company	1,418	1,567
Pensioners	12,468	13,186

* Prior-year figures adjusted to reflect application of IAS 19R.

The maturity profile of payments attributable to the defined benefit obligation is presented in the following table, which classifies the present value of the obligation by the maturity of the underlying payments:

€ million	2013	2012*
Payments due within the next fiscal year	977	1,047
Payments due between two and five years	3,856	3,844
Payments due in more than five years	24,824	26,294

* Prior-year figures adjusted to reflect application of IAS 19R.

Changes in plan assets are shown in the following table:

€ million	2013	2012
Fair value of plan assets at January 1	7,288	6,559
Interest income on plan assets determined using the discount rate	290	342
Income/expenses from plan assets not included in interest income	49	108
Employer contributions to plan assets	572	440
Employee contributions to plan assets	41	41
Pension payments from plan assets	222	210
Gains (+) or losses (−) arising from plan settlements	—	—
Changes in consolidated Group	0	60
Other changes	150	6
Foreign exchange differences from foreign plans	−196	−59
Fair value of plan assets at December 31	7,970	7,288

The investment of the plan assets to cover future pension obligations resulted in income in the amount of €338 million (previous year: €450 million).

Employer contributions to plan assets are expected to amount to €501 million in the next fiscal year (previous year: €485 million).

Plan assets are invested in the following asset classes:

	DEC. 31, 2013			DEC. 31, 2012*		
€ million	Quoted prices in active markets	No quoted prices in active markets	Total	Quoted prices in active markets	No quoted prices in active markets	Total
Cash and cash equivalents	338	—	338	478	0	478
Equity instruments	271	—	271	119	23	141
Debt instruments	1,304	0	1,305	1,353	1	1,354
Direct investments in real estate	2	82	84	—	39	39
Derivatives	17	—	17	63	—	63
Equity funds	1,812	70	1,883	1,637	59	1,696
Bond funds	2,955	86	3,041	2,467	91	2,558
Real estate funds	197	1	197	158	34	192
Other funds	317	2	319	240	—	240
Other instruments	46	469	516	95	431	526

* Prior-year figures adjusted to reflect application of IAS 19R.

37.7% (previous year: 30.4%) of the plan assets are invested in German assets, 29.6% (previous year: 17.2%) in other European assets and 32.7% (previous years: 52.3%) in assets in other regions.

Plan assets include €22 million (previous year: €20 million) invested in Volkswagen Group assets and €19 million (previous year: €7 million) in Volkswagen Group debt instruments.

The following amounts were recognized in the income statement:

€ million	2013	2012*
Current service cost	759	573
Net interest expense (+)/income (−)	752	760
Past service cost (including plan curtailments)	4	−10
Gains (−) or losses (+) arising from plan settlements	1	0
Net income (−) and expenses (+) recognized in profit or loss	1,516	1,324

* Prior-year figures adjusted to reflect application of IAS 19R.

The above amounts are generally included in the personnel costs of the functions in the income statement. Net interest expense/income from unwinding the discount on the obligation and contained in the return on plan assets is presented in finance costs.

30. Noncurrent and current other provisions

€ million	Obligations arising from sales	Employee expenses[1]	Miscellaneous provisions[2]	Total[1, 2]
Balance at Jan. 1, 2012	15,370	4,319	9,346	29,035
Foreign exchange differences	−119	−26	−157	−302
Changes in consolidated Group	988	482	407	1,877
Utilized	6,025	2,534	2,731	11,289
Additions/New provisions	7,780	3,029	3,108	13,917
Unwinding of discount/effect of change in discount rate	246	103	5	354
Reversals	1,116	130	1,550	2,796
Balance at Dec. 31, 2012	17,124	5,243	8,429	30,796
of which current	8,487	3,285	4,930	16,702
of which noncurrent	8,637	1,958	3,499	14,094
Balance at Jan. 1, 2013	17,124	5,243	8,429	30,796
Foreign exchange differences	−417	−63	−287	−766
Changes in consolidated Group	14	5	9	28
Utilized	7,146	2,864	1,896	11,906
Additions/New provisions	9,930	3,227	3,332	16,489
Unwinding of discount/effect of change in discount rate	−33	78	3	48
Reversals	934	247	1,167	2,348
Balance at Dec. 31, 2013	18,537	5,380	8,423	32,341
of which current	9,655	3,377	5,327	18,360
of which noncurrent	8,882	2,003	3,096	13,981

1 Prior-year figures adjusted to reflect the application of IAS 19R.

2 Prior-period figures adjusted because of the updated purchase price allocation for MAN.

The obligations arising from sales contain provisions covering all risks relating to the sale of vehicles, components and genuine parts through to the disposal of end-of-life vehicles. They primarily comprise warranty obligations, calculated on the basis of losses to date and estimated future losses. They also include provisions for discounts, bonuses and similar allowances which are incurred after the balance sheet date, but for which there is a legal or constructive obligation attributable to sales revenue before the balance sheet date.

Provisions for employee expenses are recognized for long-service awards, time credits, partial retirement arrangements, severance payments and similar obligations, among other things.

Miscellaneous provisions relate to a wide range of identifiable specific risks and uncertain obligations, which are measured in the amount of the expected settlement value.

Miscellaneous provisions include provisions amounting to €370 million relating to the insurance business (previous year: €293 million).

31. Trade payables

€ million	Dec. 31, 2013	Dec. 31, 2012
Trade payables to		
third parties	17,753	16,978
affiliated companies	100	80
joint ventures	117	136
associates	47	68
other investees and investors	6	6
	18,024	17,268

Additional Balance Sheet Disclosures in Accordance with IFRS 7 (Financial Instruments)

CARRYING AMOUNT OF FINANCIAL INSTRUMENTS BY IAS 39 MEASUREMENT CATEGORY

€ million	Dec. 31, 2013	Dec. 31, 2012
Financial assets at fair value through profit or loss	373	556
Loans and receivables	111,010	102,451
Available-for-sale financial assets	12,435	11,306
Financial liabilities at fair value through profit or loss	762	607
Financial liabilities measured at amortized cost	147,346	138,506

RECONCILIATION OF BALANCE SHEET ITEMS TO CLASSES OF FINANCIAL INSTRUMENTS

The following table shows the reconciliation of the balance sheet items to the relevant classes of financial instruments, broken down by the carrying amount and fair value of the financial instruments.

The fair value of financial instruments measured at amortized cost, such as receivables and liabilities, is calculated by discounting using a market rate of interest for a similar risk and matching maturity. For reasons of materiality, the fair value of current balance sheet items is generally deemed to be their carrying amount.

RECONCILIATION OF BALANCE SHEET ITEMS TO CLASSES OF FINANCIAL INSTRUMENTS AS OF DECEMBER 31, 2012

€ million	MEASURED AT FAIR VALUE	MEASURED AT AMORTIZED COST		NOT WITHIN SCOPE OF IFRS 7	BALANCE SHEET ITEM AT DEC. 31, 2012
	Carrying amount	Carrying amount	Fair value	Carrying amount	
Noncurrent assets					
Equity-accounted investments	—	—	—	7,309	7,309
Other equity investments	2,606	1,265	1,265	—	3,870
Financial services receivables	—	49,785	50,491	—	49,785
Other financial assets	2,226	4,206	4,279	—	6,431
Current assets					
Trade receivables	—	10,099	10,099	—	10,099
Financial services receivables	—	36,911	36,911	—	36,911
Other financial assets	832	5,041	5,041	—	5,872
Marketable securities	7,433	—	—	—	7,433
Cash, cash equivalents and time deposits	—	18,488	18,488	—	18,488
Noncurrent liabilities					
Noncurrent financial liabilities	—	63,603	66,183	—	63,603
Other noncurrent financial liabilities	1,587	810	816	—	2,397
Current liabilities					
Put options and compensation rights granted to noncontrolling interest shareholders	—	—	—	—	—
Current financial liabilities	—	54,060	54,060	—	54,060
Trade payables	—	17,268	17,268	—	17,268
Other current financial liabilities	1,230	3,195	3,195	—	4,425

RECONCILIATION OF BALANCE SHEET ITEMS TO CLASSES OF FINANCIAL INSTRUMENTS AS OF DECEMBER 31, 2013

€ million	MEASURED AT FAIR VALUE	MEASURED AT AMORTIZED COST		NOT WITHIN SCOPE OF IFRS 7	BALANCE SHEET ITEM AT DEC. 31, 2013
	Carrying amount	Carrying amount	Fair value	Carrying amount	
Noncurrent assets					
Equity-accounted investments	—	—	—	7,934	7,934
Other equity investments	2,666	1,274	1,274	—	3,941
Financial services receivables	—	51,198	53,200	—	51,198
Other financial assets	2,414	4,626	4,593	—	7,040
Current assets					
Trade receivables	—	11,133	11,133	—	11,133
Financial services receivables	—	38,386	38,386	—	38,386
Other financial assets	1,680	4,911	4,911	—	6,591
Marketable securities	8,492	—	—	—	8,492
Cash, cash equivalents and time deposits	—	23,178	23,178	—	23,178
Noncurrent liabilities					
Noncurrent financial liabilities	—	61,517	62,810	—	61,517
Other noncurrent financial liabilities	1,169	1,136	1,153	—	2,305
Current liabilities					
Put options and compensation rights granted to noncontrolling interest shareholders	—	3,638	3,563	—	3,638
Current financial liabilities	—	59,987	59,987	—	59,987
Trade payables	—	18,024	18,024	—	18,024
Other current financial liabilities	1,070	3,456	3,456	—	4,526

Uniform valuation techniques and inputs are used to measure fair value. The fair value of Level 2 and 3 financial instruments is measured in the individual divisions on the basis of Group-wide specifications. The measurement techniques used are explained in the disclosures on ''accounting policies''. The fair value of put options and compensation rights granted to noncontrolling interest shareholders is calculated using a present value model based on the contractually agreed cash settlement, including cash compensation, as well as the minimum statutory interest rate and a risk-adjusted discount rate for a matching maturity. For further information, please see the disclosures on the basis of consolidation. The fair value of Level 3 receivables was measured by reference to individual expectations of losses; these are based to a significant extent on the Company's assumptions about counterparty credit quality.

The following table contains an overview of the financial assets and liabilities measured at fair value by level:

FINANCIAL ASSETS AND LIABILITIES MEASURED AT FAIR VALUE BY LEVEL

€ million	Dec. 31, 2012	Level 1	Level 2	Level 3
Financial assets at fair value through profit or loss				
Derivatives	3,057	—	2,939	119
Available-for-sale financial assets				
Other equity investments	2,606	2,606	—	—
Marketable securities	7,433	7,419	14	—
Financial assets measured at fair value	13,096	10,025	2,953	119
Financial liabilities at fair value through profit or loss				
Derivatives	2,818	—	2,757	60
Financial liabilities measured at fair value	2,818	—	2,757	60

€ million	Dec. 31, 2013	Level 1	Level 2	Level 3
Financial assets at fair value through profit or loss				
Derivatives	4,094	—	4,062	32
Available-for-sale financial assets				
Other equity investments	2,666	2,666	—	—
Marketable securities	8,492	8,410	83	—
Financial assets measured at fair value	15,252	11,076	4,144	32
Financial liabilities at fair value through profit or loss				
Derivatives	2,239	—	2,021	218
Financial liabilities measured at fair value	2,239	—	2,021	218

FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES MEASURED AT AMORTIZED COST BY LEVEL

€ million	Dec. 31, 2012	Level 1	Level 2	Level 3
Fair value of financial assets measured at amortized cost				
Other equity investments	1,265	—	226	1,039
Financial services receivables	87,402	—	85,361	2,041
Trade receivables	10,099	—	9,998	100
Other financial assets	9,320	39	9,266	14
Cash, cash equivalents and time deposits	18,488	17,816	672	—
Fair value of financial assets measured at amortized cost	126,573	17,855	105,524	3,195
Fair value of financial liabilities measured at amortized cost				
Put options and compensation rights granted to noncontrolling interest shareholders	—	—	—	—
Trade payables	17,268	—	17,268	—
Financial liabilities	120,242	21,568	98,674	—
Other financial liabilities	4,010	2	4,003	5
Fair value of financial liabilities measured at amortized cost	141,521	21,571	119,945	5

€ million	Dec. 31, 2013	Level 1	Level 2	Level 3
Fair value of financial assets measured at amortized cost				
Other equity investments	1,274	—	186	1,088
Financial services receivables	91,586	—	89,889	1,698
Trade receivables	11,133	—	10,999	134
Other financial assets	9,504	166	9,313	26
Cash, cash equivalents and time deposits	23,178	22,013	1,165	—
Fair value of financial assets measured at amortized cost	136,675	22,179	111,551	2,945
Fair value of financial liabilities measured at amortized cost				
Put options and compensation rights granted to noncontrolling interest shareholders	3,563	—	—	3,563
Trade payables	18,024	—	18,024	—
Financial liabilities	122,797	20,905	101,728	165
Other financial liabilities	4,609	63	4,507	40
Fair value of financial liabilities measured at amortized cost	148,993	20,967	124,258	3,768

The allocation of fair values to the three levels in the fair value hierarchy is based on the availability of observable market prices in an active market. Level 1 is used to report the fair value of financial instruments for which a quoted price is available. Examples include marketable securities and other equity investments measured at fair value. Fair values in Level 2, e.g. of derivatives, are measured on the basis of market inputs such as exchange rates or yield curves using market-based valuation techniques. Level 3 fair values are calculated using valuation techniques that incorporate inputs that are not directly observable in active markets. In the Volkswagen Group, Level 3 fair values comprise long-term commodity futures because the prices available on the market must be extrapolated for measurement purposes. Options on equity instruments and residual value protection models are also reported in Level 3.

CHANGES IN BALANCE SHEET ITEMS MEASURED AT FAIR VALUE BASED ON LEVEL 3

€ million	Financial assets measured at fair value	Financial liabilities measured at fair value
Balance at Jan. 1, 2012	8,584	595
Foreign exchange differences	0	0
Total comprehensive income	1,784	486
recognized in profit or loss	1,785	423
recognized in other comprehensive income	–1	63
Additions (purchases)	—	—
Sales and settlements	–10,199	21
Transfers into Level 2	–51	–28
Balance at Dec. 31, 2012	119	60
Total gains or losses recognized in profit or loss	1,785	423
Net other operating expense/income	9	–3
of which attributable to assets/liabilities held at the reporting date	–13	24
Financial result	1,776	426
of which attributable to assets/liabilities held at the reporting date	3	–228

€ million	Financial assets measured at fair value	Financial liabilities measured at fair value
Balance at Jan. 1, 2013	119	60
Foreign exchange differences	0	0
Total comprehensive income	–70	–197
recognized in profit or loss	–63	–182
recognized in other comprehensive income	–7	–16
Additions (purchases)	2	2
Sales and settlements	–8	20
Transfers into Level 2	–11	–22
Balance at Dec. 31, 2013	32	218
Total gains or losses recognized in profit or loss	–63	–182
Net other operating expense/income	—	—
of which attributable to assets/liabilities held at the reporting date	—	—
Financial result	–63	–182
of which attributable to assets/liabilities held at the reporting date	–65	–184

The transfers between the levels of the fair value hierarchy are reported at the respective reporting dates. The transfers out of Level 3 into Level 2 comprise commodity futures for which observable quoted prices are now available again for measurement purposes due to the decline in their remaining maturities; consequently, no extrapolation is required. There were no transfers between other levels of the fair value hierarchy.

Commodity prices are the key risk variable for the fair value of commodity futures. Sensitivity analyses are used to present the effect of changes in commodity prices on profit after tax and equity.

If commodity prices for commodity futures classified as Level 3 had been 10% higher (lower) as of December 31, 2013, profit would have been €6 million (previous year: €4 million) higher (lower) and equity would have been €9 million (previous year: €18 million) higher (lower).

The key risk variable for measuring options on equity instruments held by the Company is the relevant enterprise value. Sensitivity analyses are used to present the effect of changes in risk variables on profit.

If the assumed enterprise values had been 10% higher, profit would have been €12 million (previous year: €14 million) higher. If the assumed enterprise values had been 10% lower, profit would have been €21 million (previous year: €25 million) lower.

Residual value risks result from hedging agreements with dealers under which earnings effects caused by market-related fluctuations in residual values that arise from buy-back obligations under leases are borne in part by the Volkswagen Group.

The key risk variable influencing the fair value of the options relating to residual value risks is used car prices. Sensitivity analyses are used to quantify the effects of changes in used car prices on earnings after tax.

If the prices for the used cars covered by the residual value protection model had been 10% higher as of December 31, 2013, profit after tax would have been €169 million higher. If the prices for the used cars covered by the residual value protection model had been 10% lower as of December 31, 2013, profit after tax would have been €169 million lower.

OFFSETTING OF FINANCIAL ASSETS AND LIABILITIES

The following tables contain information about the effects of offsetting in the balance sheet and the potential financial effects of offsetting in the case of instruments that are subject to a legally enforceable master netting arrangement or a similar agreement.

€ million	Gross amounts of recognized financial assets	Gross amounts of recognized financial liabilities set off in the balance sheet	Net amounts of financial assets presented in the balance sheet	AMOUNTS THAT ARE NOT SET OFF IN THE BALANCE SHEET		Net amount at Dec. 31, 2012
				Financial instruments	Collateral received	
Derivatives	3,057	—	3,057	−1,833	—	1,224
Financial services receivables	86,958	−262	86,696	—	−35	86,661
Trade receivables	10,198	−99	10,099	0	−290	9,808
Marketable securities	7,433	—	7,433	—	—	7,433
Cash, cash equivalents and time deposits	18,488	—	18,488	—	—	18,488
Other financial assets	13,197	−80	13,117	−3	—	13,114

€ million	Gross amounts of recognized financial assets	Gross amounts of recognized financial liabilities set off in the balance sheet	Net amounts of financial assets presented in the balance sheet	AMOUNTS THAT ARE NOT SET OFF IN THE BALANCE SHEET		Net amount at Dec. 31, 2013
				Financial instruments	Collateral received	
Derivatives	4,094	—	4,094	−1,101	—	2,992
Financial services receivables	89,870	−286	89,584	—	−31	89,554
Trade receivables	11,269	−135	11,133	0	−348	10,786
Marketable securities	8,492	—	8,492	—	—	8,492
Cash, cash equivalents and time deposits	23,178	—	23,178	—	—	23,178
Other financial assets	13,520	−42	13,478	−1	—	13,478

€ million	Gross amounts of recognized financial liabilities	Gross amounts of recognized financial assets set off in the balance sheet	Net amounts of financial liabilities presented in the balance sheet	AMOUNTS THAT ARE NOT SET OFF IN THE BALANCE SHEET		Net amount at Dec. 31, 2012
				Financial instruments	Collateral pledged	
Put options and compensation rights granted to noncontrolling interest shareholders	—	—	—	—	—	—
Derivatives	2,818	—	2,818	−1,785	—	1,032
Financial liabilities	117,663	—	117,663	—	−1,769	115,894
Trade payables	17,340	−72	17,268	0	—	17,268
Other financial liabilities	4,375	−369	4,005	−3	—	4,003

€ million	Gross amounts of recognized financial liabilities	Gross amounts of recognized financial assets set off in the balance sheet	Net amounts of financial liabilities presented in the balance sheet	AMOUNTS THAT ARE NOT SET OFF IN THE BALANCE SHEET		Net amount at Dec. 31, 2013
				Financial instruments	Collateral pledged	
Put options and compensation rights granted to noncontrolling interest shareholders	3,638	—	3,638	—	—	3,638
Derivatives	2,236	—	2,236	−1,072	—	1,165
Financial liabilities	121,504	—	121,504	—	−2,060	119,444
Trade payables	18,162	−138	18,024	−1	—	18,024
Other financial liabilities	4,921	−326	4,595	—	—	4,595

The ''Financial instruments'' column shows the amounts that are subject to a master netting arrangement but were not set off because they do not meet the criteria for offsetting in the balance sheet. The ''Collateral received'' and ''Collateral pledged'' columns show the amounts of cash collateral and collateral in the form of financial instruments received and pledged for the total assets and liabilities that do not meet the criteria for offsetting in the balance sheet.

CHANGES IN CREDIT RISK VALUATION ALLOWANCES ON FINANCIAL ASSETS

€ million	Specific valuation allowances	Portfolio-based valuation allowances	2013	Specific valuation allowances	Portfolio-based valuation allowances	2012
Balance at Jan. 1	2,072	1,253	3,325	1,983	1,050	3,033
Exchange rate and other changes	−75	−37	−113	−20	−13	−34
Changes in consolidated Group	2	0	2	46	13	59
Additions	887	393	1,280	901	383	1,284
Utilization	383	—	383	399	—	399
Reversals	308	133	441	416	203	619
Reclassification	43	−43	0	−23	23	0
Balance at Dec. 31	2,237	1,433	3,670	2,072	1,253	3,325

The valuation allowances mainly relate to the credit risks associated with the financial services business.

The trade receivables and receivables from customer financing include transferred receivables in the total amount of €17 million (previous year: €8 million) and €− million (previous year: €570 million) respectively that were not derecognized in their entirety because the credit risk remains with the Volkswagen Group. The total purchase price received of €8 million (previous year: €8 million) and €− million (previous year: €553 million) respectively is reported in financial liabilities. The fair values of the receivables and liabilities are not materially different to their carrying amounts.

OTHER DISCLOSURES

32. Cash flow statement

Cash flows are presented in the cash flow statement classified into cash flows from operating activities, investing activities and financing activities, irrespective of the balance sheet classifikation.

Cash flows from operating activities are derived indirectly from profit before tax. Profit before tax is adjusted to eliminate noncash expenditures (mainly depreciation, amortization and impairment losses) and income. In the previous year, other noncash income and expenses included in particular income from the remeasurement of the Porsche call option amounting to €1,875 million. This results in cash flows from operating activities after accounting for changes in working capital, which also include changes in leasing and rental assets and in financial services receivables.

Investing activities include additions to property, plant and equipment and equity investments, additions to capitalized development costs and investments in securities and loans.

Financing activities include outflows of funds from dividend payments and redemption of bonds, inflows from the capital increase and issuance of bonds, and changes in other financial liabilities. Please refer to note 24 for information on the inflows from the issuance of a mandatory convertible note (€1,099 million) and hybrid capital (€1,967 million) contained in the capital contributions.

The changes in balance sheet items that are presented in the cash flow statement cannot be derived directly from the balance sheet, as the effects of currency translation and changes in the consolidated Group are noncash transactions and are therefore eliminated.

In 2013, cash flows from operating activities include interest received amounting to €5,754 million (previous year: €5,740 million) and interest paid amounting to €3,864 million (previous year: €3,915 million). In addition, the share of profits and losses of equity-accounted investments (note 7) includes dividends amounting to €2,827 million (previous year: €3,925 million).

Dividends amounting to €1,639 million (previous year: €1,406 million) were paid to Volkswagen AG shareholders.

€ million	Dec. 31, 2013	Dec. 31, 2012
Cash, cash equivalents and time deposits as reported in the balance sheet	23,178	18,488
Time deposits and restricted cash	– 1,169	– 694
Cash and cash equivalents as reported in the cash flow statement	22,009	17,794

Time deposits and restricted cash are not classified as cash equivalents. Time deposits have a contractual maturity of more than three months. At the reporting date, restricted cash within cash and cash equivalents as reported in the balance sheet amounted to € – million (previous year: €128 million). The maximum default risk corresponds to its carrying amount.

33. Financial risk management and financial instruments

1. HEDGING GUIDELINES AND FINANCIAL RISK MANAGEMENT PRINCIPLES

The principles and responsibilities for managing and controlling the risks that could arise from financial instruments are defined by the Board of Management and monitored by the Supervisory Board. General rules apply to the Group-wide risk policy; these are oriented on the statutory requirements and the ''Minimum Requirements for Risk Management by Credit Institutions''.

Group Treasury is responsible for operational risk management and control. The Scania subgroup is not coordinated centrally because of restrictions under stock exchange law. The integration process has not yet been completed for MAN. However, these companies have their own, well-established risk management structures. The Executive Committee for Liquidity and Foreign Currency is regularly informed about current financial risks. In addition, the Group Board of Management and the Supervisory Board are regularly updated on the current risk situation.

For more information, please see the following excerpt from the management report.

Strategies for hedging financial risks

In the course of our business activities, financial risks may arise from changes in interest rates, exchange rates, raw materials prices, or share and fund prices. Management of financial and liquidity risks is the responsibility of the central Group Treasury department, which minimizes these risks using nonderivative and derivative financial instruments. The Board of Management is informed of the current risk situation at regular intervals.

We hedge interest rate risk, where appropriate in combination with currency risk, and risks arising from fluctuations in the value of financial instruments by means of interest rate swaps, cross-currency swaps and other interest rate contracts with matching amounts and maturity dates. This also applies to financing arrangements within the Volkswagen Group.

Foreign currency risk is reduced in particular through natural hedging, i.e. by flexibly adapting our production capacity at our locations around the world, establishing new production facilities in the most important currency regions and also procuring a large percentage of components locally, currently for instance in Russia, China and Mexico. We hedge the residual foreign currency risk using hedging instruments. These include currency forwards, currency options and cross-currency swaps. We use these transactions to limit the currency risk associated with forecasted cash flows from operating activities and intragroup financing in currencies other than the respective functional currency. The currency forwards and currency options can have a term of up to six years. We use them to hedge our principal foreign currency risks associated with forecasted cash flows, mostly against the euro and primarily in US dollars, sterling, Chinese renminbi, Swiss francs, Mexican pesos, Swedish kronor, Polish zloty and Australian dollars.

Raw materials purchasing entails risks relating to the availability of raw materials and price trends. We limit these risks mainly by entering into forward transactions and swaps. We have used appropriate contracts to hedge some of our requirements for commodities such as aluminum, copper, lead, platinum, rhodium, palladium and coal over a period of up to seven years. Similar transactions have been entered into for the purpose of supplementing and improving allocations of CO_2 emission certificates.

Pages F-106 to F-114 of the notes to the consolidated financial statements explain our hedging policy, the hedging rules and the default and liquidity risks, and quantify the hedging transactions mentioned. Additionally, we outline the market risk within the meaning of IFRS 7.

Risks arising from financial instruments

Channeling excess liquidity into investments gives rise to counterparty risk. Partial or complete failure by a counterparty to perform its obligation to pay interest and repay principal would have a negative impact on the Volkswagen Group's earnings and liquidity. We counter this risk through our counterparty risk management, which we describe in more detail in the section entitled ''Principles and Goals of Financial Management.''

Principles and goals of financial management

Financial management at the Volkswagen Group covers liquidity management, currency, interest rate and commodity risk management, as well as credit and country risk management. It is performed centrally for all Group companies by Group Treasury, based on internal directives and risk parameters. The Scania subgroup is not coordinated centrally due to legal restrictions related to stock exchange law. The integration process for MAN has not yet been fully completed.

With regard to liquidity, the goals of financial management are to ensure that the Volkswagen Group remains solvent at all times and to achieve an adequate return from the investment of surplus funds. The Group's material companies in Europe also use cash pooling to optimize the use of existing liquidity. This enables Group companies to pool the balances accumulating on cash pooling accounts on a daily basis by closing out these accounts and transferring both the positive and negative balances to a target account at Group Treasury. Currency, interest rate and commodity risk management is designed to hedge the prices on which investment, production and sales plans are based using derivative financial instruments. Credit and country risk management aims to use diversification to avoid exposing the Volkswagen Group to the risk of loss or default. To achieve this, internal limits are defined for the volume of business per counterparty when entering into financial transactions. Various rating criteria are taken into account when setting these limits, including the ratings awarded by independent agencies and the capital resources of potential counterparties. The relevant risk limits and the authorized financial instruments, hedging methods and hedging horizons are approved by the Executive Committee for Liquidity and Foreign Currency.

In addition to counterparty risk, the financial instruments held for hedging purposes hedge balance sheet risks, which we limit by applying hedge accounting.

By diversifying when we invest excess liquidity and by entering into financial instruments for hedging purposes, we ensure that the Volkswagen Group remains solvent at all times, even in the event of a default by individual counterparties.

Risks arising from trade receivables and from financial services are explained in more detail in the notes to the consolidated financial statements, starting on page F-106.

2. CREDIT AND DEFAULT RISK

The credit and default risk arising from financial assets involves the risk of default by counterparties, and therefore comprises at a maximum the amount of the claims under carrying amounts receivable from them and the irrevocable credit commitments. The maximum potential credit and default risk is reduced by collateral held and other credit enhancements in the amount of €68,763 million (previous year: €65,267 million). The collateral held relates solely to financial assets carried at amortized cost and mainly serves to secure financial services receivables and trade receivables. Collateral comprises vehicles and assets transferred as security, as well as guarantees and real property liens. Cash collateral is also used in hedging transactions. The risk arising from nonderivative financial instruments is also accounted for by recognizing bad debt losses. Significant cash and capital investments, as well as derivatives, are only entered into with national and international banks of good credit standing. Risk is additionally limited by a limit system based primarily on credit assessments by international rating agencies and on the equity base of the counterparties concerned.

There were no material concentrations of risk at individual counterparties or counterparty groups in the past fiscal year due to the global allocation of the Group's business activities and the resulting diversification. The concentration of credit and default risk exposures to the German public banking sector as a whole that has arisen from Group-wide cash and capital investments as well as derivatives and had persisted since the previous year was reduced at the end of 2013: the portion attributable to this sector was 12.9% compared with 28.2% at the end of 2012. Any existing concentration of risk is assessed and monitored both at the level of individual counterparties or counterparty groups and with regard to the countries in which these are based, in each case using the share of all credit and default risk exposures accounted for by the risk exposure concerned.

CREDIT AND DEFAULT RISK RELATING TO FINANCIAL ASSETS BY GROSS CARRYING AMOUNT

€ million	Neither past due nor impaired	Past due and not impaired	Impaired	Dec. 31, 2013	Neither past due nor impaired	Past due and not impaired	Impaired	Dec. 31, 2012
Measured at amortized cost								
Financial services receivables	86,588	2,694	3,121	92,403	83,104	2,767	3,333	89,204
Trade receivables	8,219	2,814	514	11,547	7,055	3,111	378	10,544
Other receivables	9,442	84	446	9,972	8,832	73	512	9,417
	104,249	5,592	4,081	113,922	98,991	5,951	4,223	109,165

There are no past due financial instruments measured at fair value in the Volkswagen Group. In fiscal year 2013, marketable securities measured at fair value with a cost of €85 million (previous year: €85 million) were individually impaired.

CREDIT RATING OF THE GROSS CARRYING AMOUNTS OF FINANCIAL ASSETS THAT ARE NEITHER PAST DUE NOR IMPAIRED

€ million	Risk class 1	Risk class 2	Dec. 31, 2013	Risk class 1	Risk class 2	Dec. 31, 2012
Measured at amortized cost						
Financial services receivables	71,592	14,996	86,588	67,630	15,475	83,104
Trade receivables	8,218	1	8,219	7,054	1	7,055
Other receivables	9,402	40	9,442	8,796	36	8,832
Measured at fair value	12,009	—	12,009	10,108	—	10,108
	101,221	15,037	116,258	93,587	15,512	109,099

The Volkswagen Group performs a credit assessment of borrowers in all loan and lease agreements, using scoring systems for the high-volume business and rating systems for corporate customers and receivables from dealer financing. Receivables rated as good are contained in risk class 1. Receivables from customers whose credit rating is not good but have not yet defaulted are contained in risk class 2.

MATURITY ANALYSIS OF THE GROSS CARRYING AMOUNTS OF FINANCIAL ASSETS THAT ARE PAST DUE AND NOT IMPAIRED

€ million	PAST DUE BY up to 30 days	30 to 90 days	more than 90 days	GROSS CARRYING AMOUNT Dec. 31, 2012
Measured at amortized cost				
Financial services receivables	2,206	536	24	2,767
Trade receivables	1,677	868	566	3,111
Other receivables	37	7	29	73
Measured at fair value	—	—	—	—
	3,920	1,411	620	5,951

€ million	PAST DUE BY up to 30 days	30 to 90 days	more than 90 days	GROSS CARRYING AMOUNT Dec. 31, 2013
Measured at amortized cost				
Financial services receivables	2,011	664	19	2,694
Trade receivables	1,356	654	804	2,814
Other receivables	34	21	30	84
Measured at fair value	—	—	—	—
	3,401	1,339	852	5,592

Collateral that was accepted for financial assets in the current fiscal year was recognized in the balance sheet in the amount of €103 million (previous year: €129 million). This mainly relates to vehicles.

3. LIQUIDITY RISK

The solvency and liquidity of the Volkswagen Group are ensured at all times by rolling liquidity planning, a liquidity reserve in the form of cash, confirmed credit lines and globally available debt issuance programs. There were no significant risk concentrations in the past fiscal year.

The following overview shows the contractual undiscounted cash flows from financial instruments.

MATURITY ANALYSIS OF UNDISCOUNTED CASH FLOWS FROM FINANCIAL INSTRUMENTS

€ million	REMAINING CONTRACTUAL MATURITIES under one year	within one to five years	over five years	2013	REMAINING CONTRACTUAL MATURITIES under one year	within one to five years	over five years	2012
Put options and compensation rights granted to noncontrolling interest shareholders	3,638	—	—	3,638	—	—	—	—
Financial liabilities	62,263	61,233	9,565	133,062	56,609	61,032	6,273	123,914
Trade payables	18,009	14	—	18,024	17,264	4	—	17,269
Other financial liabilities	3,455	1,047	91	4,593	3,196	729	96	4,021
Derivatives	54,325	46,626	1,158	102,109	51,425	56,029	78	107,532
	141,691	108,920	10,814	261,425	128,494	117,794	6,447	252,736

Derivatives comprise both cash flows from derivative financial instruments with negative fair values and cash flows from derivatives with positive fair values for which gross settlement has been agreed. The cash outflows from derivatives for which gross settlement has been agreed are matched in part by cash inflows. These cash inflows are not reported in the maturity analysis. If these cash inflows were also recognized, the cash outflows presented would be substantially lower.

The cash outflows from irrevocable credit commitments are presented in note 37, classified by contractual maturities.

The maximum potential liability under financial guarantees amounted to €847 million as of December 31, 2013 (previous year: €846 million). Financial guarantees are assumed to be due immediately in all cases. They relate primarily to guarantees.

4. MARKET RISK

4.1 Hedging policy and financial derivatives

During the course of its general business activities, the Volkswagen Group is exposed to foreign currency, interest rate, commodity price, equity price and fund price risk. Corporate policy is to limit or eliminate such risk by means of hedging. All necessary hedging transactions with the exception of the Scania, MAN and Porsche Holding GmbH (Salzburg) subgroups are executed or coordinated centrally by Group Treasury. There were no significant risk concentrations in the past fiscal year.

The following table shows the gains and losses on hedges:

€ million	2013	2012
Hedging instruments used in fair value hedges	−340	12
Hedged items used in fair value hedges	354	−119
Ineffective portion of cash flow hedges	−47	0

The ineffective portion of cash flow hedges represents the income and expenses from changes in the fair value of hedging instruments that exceed the changes in the fair value of the hedged items but that are documented to be within the permitted range of 80% to 125% overall when measuring effectiveness. Such income or expenses are recognized directly in the financial result.

In 2013, €−142 million (previous year: €958 million) from the cash flow hedge reserve was transferred to the other operating result, increasing earnings, while €1 million (previous year: €14 million) was transferred to the financial result, reducing earnings, and €23 million (previous year: €−21 million) was included in the cost of sales, reducing earnings.

The Volkswagen Group uses two different methods to present market risk from nonderivative and derivative financial instruments in accordance with IFRS 7. For quantitative risk measurement, interest rate and foreign currency risk in the Volkswagen Financial Services subgroup are measured using a value-at-risk (VaR) model on the basis of a historical simulation, while market risk in the other Group companies is determined using a sensitivity analysis. The value-at-risk calculation indicates the size of a potential loss on the portfolio as a whole within a time horizon of 40 days, measured at a confidence level of 99%. To provide the basis for this calculation, all cash flows from nonderivative and derivative financial instruments are aggregated into an interest rate gap analysis. The historical market data used in calculating value at risk covers a period of 1,000 trading days. The sensitivity analysis calculates the effect on equity and profit or loss by modifying risk variables within the respective market risks.

4.2 Market risk in the Volkswagen Group (excluding Volkswagen Financial Services)

4.2.1 Foreign currency risk

Foreign currency risk in the Volkswagen Group (excluding Volkswagen Financial Services) is attributable to investments, financing measures and operating activities. Currency forwards, currency options, currency swaps and cross-currency swaps are used to limit foreign currency risk. These transactions relate to the exchange rate hedging of all material payments covering general business activities that are not made in the functional currency of the respective Group companies. The principle of matching currencies applies to the Group's financing activities.

Hedging transactions performed in 2013 as part of foreign currency risk management related primarily to the US dollar, sterling, the Chinese renminbi, the Swiss franc, the Mexican peso, the Swedish krona, the Polish zloty and the Australian dollar.

All nonfunctional currencies in which the Volkswagen Group enters into financial instruments are included as relevant risk variables in the sensitivity analysis in accordance with IFRS 7.

If the functional currencies concerned had appreciated or depreciated by 10% against the other currencies, the exchange rates shown below would have resulted in the following effects on the hedging reserve in equity and on profit after tax. It is not appropriate to add together the individual figures, since the results of the various functional currencies concerned are based on different scenarios.

	DEC. 31, 2013		DEC. 31, 2012	
€ million	**+10%**	**–10%**	**+10%**	**–10%**
Exchange rate				
EUR/USD				
Hedging reserve	1,570	–1,407	2,000	–1,863
Profit/loss after tax	–295	244	–367	266
EUR/GBP				
Hedging reserve	1,000	–1,000	1,200	–1,200
Profit/loss after tax	–50	50	–53	53
EUR/CNY				
Hedging reserve	564	–526	716	–660
Profit/loss after tax	–48	40	4	–34
EUR/CHF				
Hedging reserve	423	–416	385	–380
Profit/loss after tax	4	–6	–8	5
EUR/SEK				
Hedging reserve	122	–122	148	–148
Profit/loss after tax	–51	51	–49	49
CZK/GBP				
Hedging reserve	96	–96	104	–104
Profit/loss after tax	0	0	0	0
EUR/CAD				
Hedging reserve	82	–79	115	–113
Profit/loss after tax	–15	14	–19	15
EUR/JPY				
Hedging reserve	70	–69	207	–200
Profit/loss after tax	–22	22	–17	11
EUR/AUD				
Hedging reserve	75	–74	108	–108
Profit/loss after tax	–16	16	–7	7
CZK/USD				
Hedging reserve	64	–64	81	–81
Profit/loss after tax	–2	2	–2	2
EUR/HUF				
Hedging reserve	–64	64	–58	58
Profit/loss after tax	–2	2	2	–2
GBP/USD				
Hedging reserve	58	–58	54	–54
Profit/loss after tax	3	–3	1	–1
GBP/CNY				
Hedging reserve	41	–41	14	–14
Profit/loss after tax	8	–8	5	–5

4.2.2 Interest rate risk

Interest rate risk in the Volkswagen Group (excluding Volkswagen Financial Services) results from changes in market interest rates, primarily for medium- and long-term variable interest receivables and liabilities. Interest rate swaps, cross-currency swaps and other types of interest rate contracts are entered into to hedge against this risk primarily under fair value or cash flow hedges, and depending on market conditions. Intragroup financing arrangements are mainly structured to match the maturities of their refinancing.

Interest rate risk within the meaning of IFRS 7 is calculated for these companies using sensitivity analyses. The effects of the risk-variable market rates of interest on the financial result and on equity are presented, net of tax.

If market interest rates had been 100 bps higher as of December 31, 2013, equity would have been €40 million (previous year: €126 million) lower. If market interest rates had been 100 bps lower as of December 31, 2013, equity would have been €27 million (previous year: €103 million) higher.

If market interest rates had been 100 bps higher as of December 31, 2013, profit after tax would have been €25 million (previous year: €81 million) higher. If market interest rates had been 100 bps lower as of December 31, 2013, profit after tax would have been €43 million (previous year: €67 million) lower.

4.2.3 Commodity price risk

Commodity price risk in the Volkswagen Group (excluding Volkswagen Financial Services) primarily results from price fluctuations and the availability of nonferrous metals and precious metals, as well as of coal, CO_2 certificates and rubber. Forward transactions and swaps are entered into to limit these risks.

Hedge accounting in accordance with IAS 39 was applied in some cases to the hedging of commodity risk associated with aluminum, copper and coal.

Commodity price risk within the meaning of IFRS 7 is presented using sensitivity analyses. These show the effect on profit after tax and equity of changes in risk variables in the form of commodity prices.

If the commodity prices of the hedged metals, coal and rubber had been 10% higher (lower) as of December 31, 2013, profit after tax would have been €86 million (previous year: €114 million) higher (lower).

If the commodity prices of the hedging transactions accounted for using hedge accounting had been 10% higher (lower) as of December 31, 2013, equity would have been €49 million (previous year: €65 million) higher (lower).

4.2.4 Equity and bond price risk

The Spezialfonds (special funds) launched using surplus liquidity and the equity interests measured at fair value are subject in particular to equity price and bond price risk, which can arise from fluctuations in quoted market prices, stock exchange indices and market rates of interest. The changes in bond prices resulting from variations in the market rates of interest are quantified in sections 4.2.1 and 4.2.2, as are the measurement of foreign currency and other interest rate risks arising from the special funds and the equity interests measured at fair value. As a rule, we counter the risks arising from the special funds by ensuring a broad diversification of products, issuers and regional markets when investing funds, as stipulated by our Investment Guidelines. In addition, we use exchange rate hedges in the form of futures contracts when market conditions are appropriate.

As part of the presentation of market risk, IFRS 7 requires disclosures on how hypothetical changes in risk variables affect the price of financial instruments. Potential risk variables here are in particular quoted market prices or indices, as well as interest rate changes as bond price parameters.

If share prices had been 10% higher as of December 31, 2013, equity would have been €194 million (previous year: €222 million) higher. If share prices had been 10% lower as of December 31, 2013, equity would have been €197 million (previous year: €233 million) lower.

4.3 Market risk at Volkswagen Financial Services

Exchange rate risk in the Volkswagen Financial Services subgroup is mainly attributable to assets that are not denominated in the functional currency and from refinancing within operating activities. Interest rate risk relates to refinancing without matching maturities and the varying interest rate elasticity of individual asset and liability items. The risks are limited by the use of currency and interest rate hedges.

Microhedges and portfolio hedges are used for interest rate hedging. Fixed-rate assets and liabilities included in the hedging strategy are recognized at fair value, as opposed to their original subsequent measurement at amortized cost. The resulting effects in the income statement are offset by the corresponding gains and losses on the interest rate hedging instruments (swaps). Currency hedges (currency forwards and cross-currency swaps) are used to mitigate foreign currency risk. All cash flows in foreign currency are hedged.

As of December 31, 2013, the value at risk was €151 million (previous year: €87 million) for interest rate risk and €149 million (previous year: €144 million) for foreign currency risk.

The entire value at risk for interest rate and foreign currency risk at the Volkswagen Financial Services subgroup was €224 million (previous year: €155 million).

5. METHODS FOR MONITORING HEDGE EFFECTIVENESS

In the Volkswagen Group, hedge effectiveness is assessed prospectively using the critical terms match method and using statistical methods in the form of a regression analysis. Retrospective analysis of effectiveness uses effectiveness tests in the form of the dollar offset method or a regression analysis.

Under the dollar offset method, the changes in value of the hedged item expressed in monetary units are compared with the changes in value of the hedging instrument expressed in monetary units.

Where regression analysis is used, the change in value of the hedged item is presented as an independent variable, and that of the hedging instrument as a dependent variable. Hedge relationships are classified as effective if they have sufficient coefficients of determination and slope factors.

NOTIONAL AMOUNT OF DERIVATIVES

€ million	REMAINING TERM under one year	within one to five years	over five years	TOTAL NOTIONAL AMOUNT Dec. 31, 2013	TOTAL NOTIONAL AMOUNT Dec. 31, 2012
Notional amount of hedging instruments used in cash flow hedges:					
Interest rate swaps	2,436	3,690	1	6,127	5,967
Currency forwards	31,544	33,822	—	65,366	82,293
Currency options	3,738	6,627	—	10,365	12,980
Currency swaps	4,487	396	—	4,883	912
Cross-currency swaps	279	1,015	—	1,293	1,538
Commodity futures contracts	280	469	—	749	884
Notional amount of other derivatives:					
Interest rate swaps	22,249	35,509	7,810	65,568	61,642
Interest rate option contracts	—	20	40	61	40
Currency forwards	6,057	1,019	1	7,077	7,394
Other currency options	8	28	6	42	290
Currency swaps	5,004	221	—	5,226	5,800
Cross-currency swaps	4,433	5,584	5	10,022	8,928
Commodity futures contracts	798	586	—	1,384	1,723

In addition to the derivatives used for hedging foreign currency, interest rate and price risk, the Group held options and other derivatives on equity instruments at the reporting date with a notional amount of €1.5 billion (previous year: €1.5 billion) whose remaining maturity is under one year.

Existing cash flow hedges in the notional amount of €214 million (previous year: €76 million) were discontinued because of a reduction in the projections. €1 million was transferred from the cash flow hedge reserve to the other financial result, decreasing earnings (previous year: €3 million, increasing earnings).

Items hedged under cash flow hedges are expected to be realized in accordance with the maturity buckets of the hedges reported in the table.

The fair values of the derivatives are estimated using market data at the balance sheet date as well as by appropriate valuation techniques. The following term structures were used for the calculation:

in %	EUR	USD	GBP	CNY	CHF	MXN	SEK	PLN	AUD
Interest rate for six months	0.4014	0.2579	0.5529	5.7046	0.1797	3.9575	0.9177	2.6874	2.6270
Interest rate for one year	0.4282	0.3041	0.6439	5.8818	0.2301	4.0599	0.9909	2.7217	2.6533
Interest rate for five years	1.2580	1.7530	2.1360	5.7850	0.7700	5.4150	2.1700	3.7050	3.7750
Interest rate for ten years	2.1550	3.0300	2.9860	5.8000	1.6380	6.3300	2.8575	4.2150	4.5900

34. Capital management

The goal of capital management is to ensure that the Group can effectively achieve its goals and strategies in the interests of shareholders, employees and other stakeholders. In particular, management focuses on generating the minimum return on invested assets in the Automotive Division that is required by the capital markets, and on increasing the return on equity in the Financial Services Division. In addition, the goals of the Financial Services Division are to meet the banking supervisory authorities' regulatory capital requirements, to support its external rating by ensuring capital adequacy and to procure equity for the growth planned in the next fiscal years. In the process, it aims overall to achieve the highest possible growth in the value of the Group and its divisions for the benefit of all the Company's stakeholder groups.

The Volkswagen Group's financial target system focuses systematically on continuously and sustainably increasing the value of the Company. In order to maximize the use of resources in the Automotive Division and to measure the success of this, we have been using value contribution, a control variable linked to the cost of capital, for a number of years.

The concept of value contribution not only allows overall performance to be measured in the Automotive Division, but also in the individual business units, projects and products. In addition, business units and product-specific investment projects can be managed operationally and strategically using the value contribution.

Equity and financial liabilities are compared in the following table:

€ million	**Dec. 31, 2013**	**Dec. 31, 2012**
Equity	**90,037**	**81,995**
Proportion of total equity and liabilities in %	27.8	26.5
Noncurrent financial liabilities	61,517	63,603
Current financial liabilities	59,987	54,060
Total financial liabilities	121,504	117,663
Proportion of total equity and liabilities in %	37.5	38.0
Total equity and liabilities	324,333	309,518

35. Contingent liabilities

€ million	**Dec. 31, 2013**	**Dec. 31, 2012**
Liabilities under guarantees	847	846
Liabilities under warranty contracts	155	96
Assets pledged as security for third-party liabilities	1,468	1,487
Other contingent liabilities	1,750	2,188
	4,220	4,617

The trust assets and liabilities of the savings and trust entities belonging to the South American subsidiaries not included in the consolidated balance sheet amount to €601 million (previous year: €511 million).

In the case of liabilities from guarantees (financial guarantee contracts), the Group is required to make specific payments if the debtors fail to meet their financial obligations.

Liabilities arising from the assets pledged as security for third-party liabilities primarily include the pledge of claims under certificates of deposit with Bankhaus Metzler in the amount of €1.5 billion to secure a loan granted to Fleet Investments B.V. by Bankhaus Metzler (please see the information on the basis of consolidation and joint ventures).

The other contingent liabilities are attributable primarily to potential liabilities arising from matters relating to taxes and customs duties, as well as to litigation and proceedings relating to suppliers, dealers, customers and employees.

36. Litigation

In the course of their operating activities, Volkswagen AG and the companies in which it is directly or indirectly invested become involved in legal disputes and official proceedings in Germany and internationally. In particular, such proceedings may occur in relation to suppliers, dealers, customers, employees, or investors. For the companies involved, these may result in payment or other obligations. Particularly in cases where US customers assert claims for vehicle defects individually or by way of a class action, highly cost-intensive measures may have to be taken and substantial compensation or punitive damages paid. Corresponding risks also result from US patent infringement proceedings.

Where transparent and economically viable, adequate insurance cover is taken out for these risks and appropriate provisions recognized for the remaining identifiable risks. The Company does not believe, therefore, that these risks will have a sustained effect on the economic position of the Group. However, as some risks cannot be assessed or can only be assessed to a limited extent, the possibility of loss or damage not being covered by the insured amounts and provisions cannot be ruled out.

In 2011, the European Commission opened antitrust proceedings against European truck manufacturers including MAN and Scania. The investigations continued in fiscal year 2013. As of the reporting date, it is still too early to judge whether these investigations pose any risk to Volkswagen Group companies.

Antitrust proceedings, also opened in 2011, by the Korea Fair Trade Commission (KFTC) against several truck manufacturers including MAN and Scania were brought to a close in fiscal year 2013 with decisions to impose administrative fines on all manufacturers involved. MAN and Scania are currently examining legal action against the decision to impose fines.

MAN has also launched an investigation into the extent to which irregularities occurred in the course of the handover of four-stroke marine diesel engines, and in particular whether technically calculated fuel consumption figures were externally manipulated. MAN informed the Munich Public Prosecution Office (I) about the ongoing investigation and the matter was handed to the Augsburg Public Prosecution Office. In this connection, the Augsburg Local Court imposed an administrative fine in the single-digit millions on MAN Diesel & Turbo SE. The investigations by the Augsburg Public Prosecution Office into MAN Diesel & Turbo SE were terminated on payment of this amount.

In June 2013, the Annual General Meeting of MAN SE approved the conclusion of a control and profit and loss transfer agreement between it and Truck & Bus GmbH, a subsidiary of VOLKSWAGEN AG. In July 2013, award proceedings were instituted to review the appropriateness of the cash settlement set out in the agreement in accordance with section 305 of the Aktiengesetz (AktG — German Stock Corporation Act) and the cash compensation in accordance with section 304 of the AktG. It is not uncommon for noncontrolling interest shareholders to institute such proceedings. Volkswagen continues to maintain that the results of the valuation are correct. The appropriateness of the valuation was confirmed by the audit firms engaged by the parties and by the court-appointed auditor of the agreement.

37. Other financial obligations

€ million	PAYABLE 2013	PAYABLE 2014 – 2017	PAYABLE after 2018	TOTAL Dec. 31, 2012
Purchase commitments in respect of				
property, plant and equipment	6,755	1,170	—	7,925
intangible assets	428	98	—	525
investment property	1	—	—	1
Obligations from				
loan commitments to unconsolidated subsidiaries	95	—	—	95
irrevocable credit commitments to customers	2,747	151	284	3,183
long-term leasing and rental contracts	805	1,996	2,163	4,963
Miscellaneous other financial obligations	4,121	1,215	76	5,412

€ million	PAYABLE 2014	PAYABLE 2015 – 2018	PAYABLE after 2019	TOTAL Dec. 31, 2013
Purchase commitments in respect of				
property, plant and equipment	7,391	1,267	—	8,658
intangible assets	636	290	—	925
investment property	10	—	—	10
Obligations from				
loan commitments to unconsolidated subsidiaries	107	—	—	107
irrevocable credit commitments to customers	2,918	132	298	3,348
long-term leasing and rental contracts	825	2,181	2,327	5,333
Miscellaneous other financial obligations	4,208	1,697	83	5,988

Other financial obligations from long-term leasing and rental contracts are partly offset by expected income from subleases of €902 million (previous year: €626 million).

The miscellaneous other financial obligations contain obligations under an irrevocable credit commitment in the amount of €1.3 billion to LeasePlan Corporation N.V., Amsterdam, the Netherlands, a Volkswagen Group joint venture, with a term until December 2015. The loan has not been drawn down to date.

38. Total audit fees of the Group auditors

Under the provisions of the Handelsgesetzbuch (HGB — German Commercial Code), Volkswagen AG is obliged to disclose the total audit fee of the Group auditors in Germany.

€ million	2013	2012
Financial statement audit services	12	12
Other assurance services	5	4
Tax advisory services	0	0
Other services	5	4
	22	20

39. Total expense for the period

€ million	2013	2012*
Cost of materials		
Cost of raw materials, consumables and supplies, purchased merchandise and services	**127,089**	**122,450**
Personnel expenses		
Wages and salaries	25,788	24,050
Social security, post-employment and other employee benefit costs	5,959	5,453
	31,747	29,504

* Figures adjusted to reflect application of IAS 19R.

40. Average number of employees during the year

	2013	2012
Performance-related wage-earners	222,654	222,487
Salaried staff	267,105	247,010
	489,759	469,497
of which in the passive phase of partial retirement	(9,340)	(6,386)
Vocational trainees	16,255	14,803
	506,014	484,300
Chinese manufacturing joint ventures	57,052	49,169
	563,066	533,469

41. Events after the balance sheet date

There were no significant events after the end of fiscal year 2013.

42. Related party disclosures in accordance with IAS 24

Related parties as defined by IAS 24 are natural persons and entities that Volkswagen AG has the ability to control or on which it can exercise significant influence, or natural persons and entities that have the ability to control or exercise significant influence on Volkswagen AG, or that are influenced by another related party of Volkswagen AG.

At 50.73%, Porsche SE held the majority of the voting rights in Volkswagen AG as of the reporting date. The creation of rights of appointment for the State of Lower Saxony was resolved at the Extraordinary General Meeting of Volkswagen AG on December 3, 2009. As a result, Porsche SE can no longer appoint the majority of the members of Volkswagen AG's Supervisory Board for as long as the State of Lower Saxony holds at least 15% of Volkswagen AG's ordinary shares. However, Porsche SE has the power to participate in the operating policy decisions of the Volkswagen Group.

Porsche SE contributed its holding company operating business to Volkswagen AG by way of singular succession on August 1, 2012. A more detailed description of the transaction, including the treatment of the options on the outstanding shares of Porsche Holding Stuttgart that existed until that date, is contained in the section entitled ''Basis of consolidation — Consolidated subsidiaries''.

In addition, the contribution of Porsche SE's holding company operating business to Volkswagen AG has the following effects on the agreements between Porsche SE, Volkswagen AG and companies of the

Porsche Holding Stuttgart Group that existed prior to the contribution and were entered into on the basis of the Comprehensive Agreement and its related implementation agreements:

- Porsche SE had already issued an undertaking to Volkswagen AG, Porsche Holding Stuttgart and Porsche AG under an implementation agreement relating to the Comprehensive Agreement to indemnify those companies in relation to obligations arising from certain legal disputes, tax liabilities (including interest in accordance with section 233a of the Abgabenordnung (AO — German Tax Code)) and certain major losses. Unless otherwise described in the following, these indemnifications ceased to apply effective August 1, 2012 because of the contribution of Porsche SE's holding company operating business to Volkswagen AG.
- Moreover, Porsche SE had issued various guarantees relating to Porsche Holding Stuttgart and Porsche AG to Volkswagen AG under an implementation agreement relating to the Comprehensive Agreement. Among other things, these related to the proper issuance of and full payment for shares and capital contributions, to the ownership of the shares of Porsche Holding Stuttgart and Porsche AG, and to the existence of the approvals, permissions and industrial property rights required to operate the business activities of Porsche AG. Unless otherwise described in the following, these indemnifications ceased to apply effective August 1, 2012 because of the contribution of Porsche SE's holding company operating business to Volkswagen AG.
- Volkswagen AG continues to indemnify Porsche SE against certain financial guarantees issued by Porsche SE to creditors of the companies belonging to the Porsche Holding Stuttgart Group up to the amount of its share in the capital of Porsche Holding Stuttgart, which amounts to 100% since the contribution as of August 1, 2012. Porsche Holding Finance plc, Dublin, Ireland, was contributed to the Volkswagen Group in the course of the transfer of Porsche SE's holding company operating business. Since August 1, 2012, the indemnification therefore includes financial guarantees issued by Porsche SE to creditors of Porsche Holding Finance plc in relation to interest payments on and the repayment of bonds in the aggregate amount of €310 million. As part of the contribution of Porsche SE's holding company operating business to Volkswagen AG, Volkswagen AG undertook to assume standard market liability compensation effective August 1, 2012 for guarantees issued to external creditors, whereby it is indemnified internally.
- Until the date of the contribution, Volkswagen AG guaranteed loans made by Porsche Holding Stuttgart or Porsche AG to Porsche SE in the case that these loans fell due and could not be recovered because of the insolvency of Porsche Holding Stuttgart or Porsche AG, to the extent that these obligations could have been settled if the companies had not been insolvent on the due date by offsetting them against counterclaims against Porsche SE. As a result of the contribution of the holding company operating business, these loan liabilities were transferred to the Volkswagen Group with the effect of discharging the liability, such that Volkswagen AG can no longer have any guarantee obligations to Porsche SE.
- Volkswagen AG continues to indemnify Porsche SE internally against claims by the Einlagensicherungsfonds (German deposit protection fund) after Porsche SE submitted an indemnification agreement required by the Bundesverband Deutscher Banken (Association of German Banks) to the Einlagensicherungsfonds in August 2009. Volkswagen AG has also undertaken to indemnify the Einlagensicherungsfonds against any losses caused by measures taken by the latter in favor of a bank in which Volkswagen AG holds a majority interest.
- Under certain conditions, Porsche SE continues to indemnify Porsche Holding Stuttgart, Porsche AG and their legal predecessors against tax liabilities that exceed the obligations recognized in the financial statements of those companies relating to periods up to and including July 31, 2009. In return, Volkswagen AG has undertaken to pay to Porsche SE any tax benefits or tax refunds of Porsche Holding Stuttgart, Porsche AG and their legal predecessors and subsidiaries for tax assessment periods up to July 31, 2009.

Under the terms of the Comprehensive Agreement, Porsche SE and Volkswagen AG had granted each other put and call options with regard to the remaining 50.1% interest in Porsche Holding Stuttgart held by Porsche SE until the contribution of its holding company operating business to Volkswagen AG. The strike price for the two options amounted to €3,883 million and was subject to certain adjustments (see the disclosures on the basis of consolidation). In the course of the contribution, the legal position of Porsche SE under the put and call options was transferred to Volkswagen AG in each case such that the options were extinguished due to confusion of rights.

Both Volkswagen AG (if it had exercised its call option) and Porsche SE (if it had exercised its put option) had undertaken to bear the tax burden resulting from the exercise of the options and any subsequent activities in relation to the equity investment in Porsche Holding Stuttgart (e.g. from recapture taxation on the spin-off in 2007 and/or 2009). If tax benefits had accrued to Volkswagen AG, Porsche Holding Stuttgart, Porsche AG, or their respective subsidiaries as a result of recapture taxation on the spin-off in 2007 and/or 2009, the purchase price to be paid by Volkswagen AG for the transfer of the outstanding 50.1% equity investment in Porsche Holding Stuttgart if the put option had been exercised by Porsche SE would have been increased by the present value of the tax benefit. This arrangement was taken over under the terms of the contribution agreement to the effect that Porsche SE has a claim against Volkswagen AG for payment in the amount of the present value of the realizable tax benefits from any recapture taxation of the spin-off in 2007 as a result of the contribution. It was also agreed under the terms of the contribution that Porsche SE will indemnify Volkswagen AG, Porsche Holding Stuttgart and their subsidiaries against taxes if measures taken by or not taken by Porsche SE result in recapture taxation for 2012 at these companies in the course of or following implementation of the contribution. In this case, too, Porsche SE is entitled to assert a claim for payment against Volkswagen AG in the amount of the present value of the realizable tax benefits that arise at the level of Volkswagen AG or one of its subsidiaries as a result of such a transaction.

To secure any potential remaining claims by Volkswagen AG under the agreement between Porsche SE and Volkswagen AG on the acquisition by Volkswagen AG of an interest in Porsche Holding Stuttgart, a purchase price retention mechanism had been agreed in favor of Volkswagen AG for the case that the put or call options were exercised. The corresponding agreements were extinguished in the course of the contribution of Porsche SE's holding company operating business to Volkswagen AG.

Further agreements were entered into and declarations were issued in connection with the contribution of Porsche SE's holding company operating business to Volkswagen AG, in particular:

– Porsche SE issued various guarantees to Volkswagen AG in the course of the contribution relating to Porsche Holding Stuttgart, Porsche AG and its other transferred investees. Among other things, these relate to the proper issuance of and full payment for shares and capital contributions, and/or to the ownership of the shares of Porsche Holding Stuttgart and Porsche AG.

– Under the terms of the contribution of its holding company operating business, Porsche SE also issued guarantees to Volkswagen AG for other assets transferred and liabilities assumed. In doing so, Porsche SE guarantees that these have not been assigned and are, in principle, free from third-party rights up to the date of completion of the contribution.

– As a general principle, Porsche SE's liabilities for these guarantees are restricted to the consideration paid by Volkswagen AG.

– Porsche SE indemnifies its contributed subsidiaries, Porsche Holding Stuttgart, Porsche AG and their subsidiaries against liabilities to Porsche SE that relate to the period up to and including December 31, 2011 and that exceed the obligations recognized in the financial statements of those companies for that period.

– Porsche SE indemnifies Porsche Holding Stuttgart and Porsche AG against obligations arising from certain legal disputes; this includes the costs of an appropriate legal defense.

- Moreover, Porsche SE indemnifies Volkswagen AG, Porsche Holding Stuttgart, Porsche AG and their subsidiaries against half of the taxes (other than taxes on income) arising at those companies in conjunction with the contribution that would not have been incurred in the event of the exercise of the call option on the shares of Porsche Holding Stuttgart that continued to be held by Porsche SE until the contribution. Volkswagen AG therefore indemnifies Porsche SE against half of such taxes that it incurs. In addition, Porsche Holding Stuttgart is indemnified against half of the land transfer tax and other costs triggered by the merger.
- Additionally, Porsche SE and Porsche AG agreed to allocate any subsequent VAT receivables or liabilities from transactions in the period up to December 31, 2009 to the company entitled to the receivable or incurring the liability.
- A range of information, conduct and cooperation obligations were agreed by Porsche SE and the Volkswagen Group.

According to a notification dated January 8, 2014, the State of Lower Saxony and Hannoversche Beteiligungsgesellschaft mbH, Hanover, held 20.00% of the voting rights of Volkswagen AG on December 31, 2013. As mentioned above, the General Meeting of Volkswagen AG on December 3, 2009 also resolved that the State of Lower Saxony may appoint two members of the Supervisory Board (right of appointment).

Members of the Board of Management and Supervisory Board of Volkswagen AG are members of supervisory and management boards or shareholders of other companies with which Volkswagen AG has relations in the normal course of business. All transactions with related parties are conducted on an arm's length basis.

The following tables present the amounts of supplies and services transacted, as well as outstanding receivables and liabilities, between consolidated companies of the Volkswagen Group and related parties.

RELATED PARTIES

	SUPPLIES AND SERVICES RENDERED		SUPPLIES AND SERVICES RECEIVED	
€ million	**2013**	**2012**	**2013**	**2012**
Porsche SE	13	5	11	3
Supervisory Board members	2	2	3	4
Board of Management members	0	0	0	1
Unconsolidated subsidiaries	909	1,084	687	771
Joint ventures and their majority interests*	13,547	14,195	1,278	1,853
Associates and their majority interests	249	354	369	436
Pension plans	3	2	0	0
Other related parties	—	0	0	0
State of Lower Saxony, its majority interests and joint ventures	8	9	2	2

* Porsche Holding Stuttgart and its majority interests until July 31, 2012.

€ million	RECEIVABLES (INCL. COLLATERAL) FROM		LIABILITIES (INCL. OBLIGATIONS) TO	
	Dec. 31, 2013	Dec. 31, 2012	Dec. 31, 2013	Dec. 31, 2012
Porsche SE	361	862	419	896
Supervisory Board members	0	0	165	215
Board of Management members	0	0	56	51
Unconsolidated subsidiaries	1,172	950	587	456
Joint ventures and their majority interests	5,758	4,958	2,064	1,752
Associates and their majority interests	26	40	73	72
Pension plans	1	1	8	8
Other related parties	—	—	26	16
State of Lower Saxony, its majority interests and joint ventures	2	0	0	0

The tables above do not contain the dividend payments of €2,827 million (previous year: €3,925 million) received from the joint ventures and associates and dividends of €524 million (previous year: €449 million) paid to Porsche SE, nor do they contain the cash payment of €4,495 million made in connection with the contribution of Porsche SE's holding company operating business in fiscal year 2012.

The supplies and services received from Porsche SE relate mainly to standard market liability compensation for guarantees assumed. The supplies and services rendered to Porsche SE relate mainly to interest income on loans granted.

The receivables from Porsche SE comprise a loan receivable and, additionally for fiscal year 2012, a claim for payment of a corporation tax refund. The obligations to Porsche SE consist mainly of term deposits.

Obligations to joint ventures contain miscellaneous other financial obligations under an irrevocable credit commitment in the amount of €1.3 billion to LeasePlan Corporation N.V., Amsterdam, the Netherlands, a Volkswagen Group joint venture, with a term until December 2015.

As in the previous year, obligations to members of the Supervisory Board amounting to €165 million (previous year: €215 million) relate primarily to interest-bearing bank balances of Supervisory Board members that were invested at standard market terms and conditions at Volkswagen Group companies.

Outstanding balances for bonuses payable to Board of Management members existed in the amount of €51,964,300 at the end of the fiscal year (previous year: €46,520,000).

In addition to the amounts shown above, the following benefits and remuneration were recognized for the members of the Board of Management and Supervisory Board of the Volkswagen Group in the course of their activities as members of these bodies:

€	2013	2012
Short-term benefits	73,902,093	65,134,654
Post-employment benefits	6,103,278	4,253,401
	80,005,371	69,388,055

The employee representatives on the Supervisory Board are also entitled to a regular salary as set out in their employment contracts. This is based on the provisions of the Betriebsverfassungsgesetz (BetrVG — German Works Constitution Act) and represents an appropriate remuneration for their functions and activities in the Company. The same also applies to the representative of the senior executives on the Supervisory Board.

The post-employment benefits relate to additions to pension provisions for current members of the Board of Management (see note 45). The expenses shown above do not correspond to the definition of remuneration of members of the Board of Management and the Supervisory Board in accordance with the German Corporate Governance Code. Disclosures on pension provisions for members of the Board of Management can be found in note 45.

43. Notices and disclosure of changes regarding the ownership of voting rights in Volkswagen AG in accordance with the Wertpapierhandelsgesetz (WpHG — German Securities Trading Act)

PORSCHE

1) Porsche Automobil Holding SE, Stuttgart, Germany has notified us in accordance with section 21(1) of the WpHG that its share of the voting rights in Volkswagen Aktiengesellschaft, Wolfsburg, Germany, exceeded the threshold of 50% on January 5, 2009 and amounted to 50.76% (149,696,680 voting rights) at this date.

2) The following persons notified us in accordance with section 21(1) of the WpHG that their share of the voting rights in Volkswagen Aktiengesellschaft in each case exceeded the threshold of 50% on January 5, 2009 and in each case amounted to 50.76% (149,696,680 voting rights) at this date. All of the above-mentioned 149,696,680 voting rights are attributable to each of the persons making the notification in accordance with section 22(1) sentence 1 no. 1 of the WpHG. The voting rights attributed to the persons making the notifications are held via subsidiaries within the meaning of section 22(3) of the WpHG, whose attributed share of the voting rights amounts to 3% or more and whose names are given in brackets:

Mag. Josef Ahorner, Austria
(Ferdinand Porsche Privatstiftung, Salzburg/Austria; Ferdinand Porsche Holding GmbH, Salzburg/Austria; Louise Daxer-Piëch GmbH, Salzburg/Austria; Louise Daxer-Piech GmbH, Grünwald/Germany; Prof. Ferdinand Alexander Porsche GmbH, Salzburg/Austria; Ferdinand Alexander Porsche GmbH, Grünwald/Germany; Gerhard Anton Porsche GmbH, Salzburg/Austria; Gerhard Porsche GmbH, Grünwald/Germany; Familien Porsche-Daxer-Piech Beteiligung GmbH, Grünwald/Germany; Porsche Automobil Holding SE, Stuttgart/Germany),

Mag. Louise Kiesling, Austria
(Ferdinand Porsche Privatstiftung, Salzburg/Austria; Ferdinand Porsche Holding GmbH, Salzburg/Austria; Louise Daxer-Piëch GmbH, Salzburg/Austria; Louise Daxer-Piech GmbH, Grünwald/Germany; Prof. Ferdinand Alexander Porsche GmbH, Salzburg/Austria; Ferdinand Alexander Porsche GmbH, Grünwald/Germany; Gerhard Anton Porsche GmbH, Salzburg/Austria; Gerhard Porsche GmbH, Grünwald/Germany; Familien Porsche-Daxer-Piech Beteiligung GmbH, Grünwald/Germany; Porsche Automobil Holding SE, Stuttgart/Germany),

Prof. Ferdinand Alexander Porsche, Austria
(Ferdinand Porsche Privatstiftung, Salzburg/Austria; Ferdinand Porsche Holding GmbH, Salzburg/Austria; Louise Daxer-Piëch GmbH, Salzburg/Austria; Louise Daxer-Piech GmbH, Grünwald/Germany; Prof. Ferdinand Alexander Porsche GmbH, Salzburg/Austria; Ferdinand Alexander Porsche GmbH, Grünwald/Germany; Gerhard Anton Porsche GmbH, Salzburg/Austria; Gerhard Porsche GmbH, Grünwald/Germany; Familien Porsche-Daxer-Piech Beteiligung GmbH, Grünwald/Germany; Porsche Automobil Holding SE, Stuttgart/Germany),

Dr. Oliver Porsche, Austria
(Ferdinand Porsche Privatstiftung, Salzburg/Austria; Ferdinand Porsche Holding GmbH, Salzburg/Austria; Louise Daxer-Piëch GmbH, Salzburg/Austria; Louise Daxer-Piech GmbH, Grünwald/Germany; Prof. Ferdinand Alexander Porsche GmbH, Salzburg/Austria; Ferdinand Alexander Porsche GmbH, Grünwald/Germany; Gerhard Anton Porsche GmbH, Salzburg/Austria; Gerhard Porsche GmbH, Grünwald/

Germany; Familien Porsche-Daxer-Piech Beteiligung GmbH, Grünwald/Germany; Porsche Automobil Holding SE, Stuttgart/Germany),

Kai Alexander Porsche, Austria
(Ferdinand Porsche Privatstiftung, Salzburg/Austria; Ferdinand Porsche Holding GmbH, Salzburg/Austria; Louise Daxer-Piëch GmbH, Salzburg/Austria; Louise Daxer-Piech GmbH, Grünwald/Germany; Prof. Ferdinand Alexander Porsche GmbH, Salzburg/Austria; Ferdinand Alexander Porsche GmbH, Grünwald/Germany; Gerhard Anton Porsche GmbH, Salzburg/Austria; Gerhard Porsche GmbH, Grünwald/Germany; Familien Porsche-Daxer-Piech Beteiligung GmbH, Grünwald/Germany; Porsche Automobil Holding SE, Stuttgart/Germany),

Mark Philipp Porsche, Austria
(Ferdinand Porsche Privatstiftung, Salzburg/Austria; Ferdinand Porsche Holding GmbH, Salzburg/Austria; Louise Daxer-Piëch GmbH, Salzburg/Austria; Louise Daxer-Piech GmbH, Grünwald/Germany; Prof. Ferdinand Alexander Porsche GmbH, Salzburg/Austria; Ferdinand Alexander Porsche GmbH, Grünwald/Germany; Gerhard Anton Porsche GmbH, Salzburg/Austria; Gerhard Porsche GmbH, Grünwald/Germany; Familien Porsche-Daxer-Piech Beteiligung GmbH, Grünwald/Germany; Porsche Automobil Holding SE, Stuttgart/Germany),

Gerhard Anton Porsche, Austria
(Ferdinand Porsche Privatstiftung, Salzburg/Austria; Ferdinand Porsche Holding GmbH, Salzburg/Austria; Louise Daxer-Piëch GmbH, Salzburg/Austria; Louise Daxer-Piech GmbH, Grünwald/Germany; Prof. Ferdinand Alexander Porsche GmbH, Salzburg/Austria; Ferdinand Alexander Porsche GmbH, Grünwald/Germany; Gerhard Anton Porsche GmbH, Salzburg/Austria; Gerhard Porsche GmbH, Grünwald/Germany; Familien Porsche-Daxer-Piech Beteiligung GmbH, Grünwald/Germany; Porsche Automobil Holding SE, Stuttgart/Germany),

Ing. Hans-Peter Porsche, Austria
(Familie Porsche Privatstiftung, Salzburg/Austria; Familie Porsche Holding GmbH, Salzburg/Austria; Ing. Hans-Peter Porsche GmbH, Salzburg/Austria; Hans-Peter Porsche GmbH, Grünwald/Germany; Familie Porsche Beteiligung GmbH, Grünwald/Germany; Porsche Automobil Holding SE, Stuttgart/Germany),

Peter Daniell Porsche, Austria
(Familie Porsche Privatstiftung, Salzburg/Austria; Familie Porsche Holding GmbH, Salzburg/Austria; Ing. Hans-Peter Porsche GmbH, Salzburg/Austria; Hans-Peter Porsche GmbH, Grünwald/Germany; Familie Porsche Beteiligung GmbH, Grünwald/Germany; Porsche Automobil Holding SE, Stuttgart/Germany),

Dr. Wolfgang Porsche, Germany
(Familie Porsche Privatstiftung, Salzburg/Austria; Familie Porsche Holding GmbH, Salzburg/Austria; Ing. Hans-Peter Porsche GmbH, Salzburg/Austria; Hans-Peter Porsche GmbH, Grünwald/Germany; Wolfgang Porsche GmbH, Grünwald/Germany; Familie Porsche Beteiligung GmbH, Grünwald/Germany; Porsche Automobil Holding SE, Stuttgart/Germany),

Ferdinand Porsche Privatstiftung, Salzburg/Austria
(Ferdinand Porsche Holding GmbH, Salzburg/Austria; Louise Daxer-Piëch GmbH, Salzburg/Austria; Louise Daxer-Piech GmbH, Grünwald/Germany; Prof. Ferdinand Alexander Porsche GmbH, Salzburg/Austria; Ferdinand Alexander Porsche GmbH, Grünwald/Germany; Gerhard Anton Porsche GmbH, Salzburg/Austria; Gerhard Porsche GmbH, Grünwald/Germany; Familien Porsche-Daxer-Piech Beteiligung GmbH, Grünwald/Germany; Porsche Automobil Holding SE, Stuttgart/Germany),

Familie Porsche Privatstiftung, Salzburg/Austria
(Familie Porsche Holding GmbH, Salzburg/Austria; Ing. Hans-Peter Porsche GmbH, Salzburg/Austria; Hans-Peter Porsche GmbH, Grünwald/Germany; Familie Porsche Beteiligung GmbH, Grünwald/Germany; Porsche Automobil Holding SE, Stuttgart/Germany),

Ferdinand Porsche Holding GmbH, Salzburg/Austria
(Louise Daxer-Piëch GmbH, Salzburg/Austria; Louise Daxer-Piech GmbH, Grünwald/Germany; Prof. Ferdinand Alexander Porsche GmbH, Salzburg/Austria; Ferdinand Alexander Porsche GmbH, Grünwald/Germany; Gerhard Anton Porsche GmbH, Salzburg/Austria; Gerhard Porsche GmbH, Grünwald/Germany; Familien Porsche-Daxer-Piech Beteiligung GmbH, Grünwald/Germany; Porsche Automobil Holding SE, Stuttgart/Germany),

Familie Porsche Holding GmbH, Salzburg/Austria
(Ing. Hans-Peter Porsche GmbH, Salzburg/Austria; Hans-Peter Porsche GmbH, Grünwald/Germany; Familie Porsche Beteiligung GmbH, Grünwald/Germany; Porsche Automobil Holding SE, Stuttgart/Germany),

Louise Daxer-Piëch GmbH, Salzburg/Austria
(Louise Daxer-Piech GmbH, Grünwald/Germany; Porsche Automobil Holding SE, Stuttgart/Germany; Familien Porsche-Daxer-Piech Beteiligung GmbH, Grünwald/Germany),

Prof. Ferdinand Alexander Porsche GmbH, Salzburg/Austria
(Ferdinand Alexander Porsche GmbH, Grünwald/Germany; Familien Porsche-Daxer-Piech Beteiligung GmbH, Grünwald/ Germany; Porsche Automobil Holding SE, Stuttgart/Germany),

Gerhard Anton Porsche GmbH, Salzburg/Austria
(Gerhard Porsche GmbH, Grünwald/Germany; Familien Porsche-Daxer-Piech Beteiligung GmbH, Grünwald/Germany; Porsche Automobil Holding SE, Stuttgart/Germany),

Louise Daxer-Piech GmbH, Grünwald/Germany
(Familien Porsche-Daxer-Piech Beteiligung GmbH, Grünwald/Germany; Porsche Automobil Holding SE, Stuttgart/ Germany),

Ferdinand Alexander Porsche GmbH, Grünwald/Germany
(Familien Porsche-Daxer-Piech Beteiligung GmbH, Grünwald/Germany; Porsche Automobil Holding SE, Stuttgart/ Germany),

Gerhard Porsche GmbH, Grünwald/Germany
(Familien Porsche-Daxer-Piech Beteiligung GmbH, Grünwald/Germany; Porsche Automobil Holding SE, Stuttgart/ Germany),

Ing. Hans-Peter Porsche GmbH, Salzburg/Austria
(Hans-Peter Porsche GmbH, Grünwald/Germany; Familie Porsche Beteiligung GmbH, Grünwald/Germany; Porsche Automobil Holding SE, Stuttgart/Germany),

Hans-Peter Porsche GmbH, Grünwald/Germany
(Familie Porsche Beteiligung GmbH, Grünwald/Germany; Porsche Automobil Holding SE, Stuttgart/Germany),

Wolfgang Porsche GmbH, Grünwald/Germany
(Familie Porsche Beteiligung GmbH, Grünwald/Germany; Porsche Automobil Holding SE, Stuttgart/Germany),

Familien Porsche-Daxer-Piech Beteiligung GmbH, Grünwald/Germany
(Porsche Automobil Holding SE, Stuttgart/Germany),

Familie Porsche Beteiligung GmbH, Grünwald/Germany
(Porsche Automobil Holding SE, Stuttgart/Germany),

Porsche GmbH, Stuttgart/Germany
(Porsche Automobil Holding SE, Stuttgart/Germany),

Dr. Hans Michel Piëch, Austria
(Porsche Automobil Holding SE, Stuttgart/Germany; Hans Michel Piech GmbH, Grünwald/Germany; Dr. Hans Michel Piëch GmbH, Salzburg/Austria),

Dr. Hans Michel Piëch GmbH, Salzburg/Austria
(Porsche Automobil Holding SE, Stuttgart/Germany; Hans Michel Piech GmbH, Grünwald/Germany),

Hans Michel Piech GmbH, Grünwald/Germany
(Porsche Automobil Holding SE, Stuttgart/Germany),

Dipl.-Ing. Dr. h.c. Ferdinand Piëch, Austria
(Porsche Automobil Holding SE, Stuttgart/Germany; Ferdinand Piech GmbH, Grünwald/Germany; Dipl.-Ing. Dr. h.c. Ferdinand Piëch GmbH, Salzburg/Austria; Ferdinand Karl Alpha Privatstiftung, Vienna/Austria),

Ferdinand Karl Alpha Privatstiftung, Vienna/Austria
(Porsche Automobil Holding SE, Stuttgart/Germany; Ferdinand Piech GmbH, Grünwald/Germany; Dipl.-Ing. Dr. h.c. Ferdinand Piëch GmbH, Salzburg/Austria),

Dipl.-Ing. Dr. h.c. Ferdinand Piëch GmbH, Salzburg/Austria
(Porsche Automobil Holding SE, Stuttgart/Germany; Ferdinand Piech GmbH, Grünwald/Germany),

Ferdinand Piech GmbH, Grünwald/Germany
(Porsche Automobil Holding SE, Stuttgart/Germany).

3) Porsche Holding Gesellschaft m.b.H., Salzburg/Austria, and Porsche GmbH, Salzburg/Austria, notified us in accordance with section 21(1) of the WpHG that their share of the voting rights in Volkswagen Aktiengesellschaft in each case exceeded the threshold of 50% on January 5, 2009 and in each case amounted to 53.13% (156,702,015 voting rights) at this date.

All the above-mentioned 156,702,015 voting rights are attributable to Porsche Holding Gesellschaft m.b.H. in accordance with section 22(1) sentence I no. 1 of the WpHG. The companies via which the voting rights are actually held and whose attributed share of the voting rights amounts to 3% or more are:

- Porsche GmbH, Salzburg/Austria;
- Porsche GmbH, Stuttgart/Germany;
- Porsche Automobil Holding SE, Stuttgart/Germany.

Of the above-mentioned 156,702,015 voting rights, 50.76% of the voting rights (149,696,753 voting rights) are attributable to Porsche GmbH, Salzburg/Austria, in accordance with section 22(1) sentence 1 no. 1 of the WpHG. The companies via which the voting rights are actually held and whose attributed share of the voting rights amounts to 3% or more are:

- Porsche GmbH, Stuttgart/Germany;
- Porsche Automobil Holding SE, Stuttgart/Germany.

4) Porsche Wolfgang 1. Beteiligungs GmbH & Co. KG, Stuttgart, Germany has notified us in accordance with section 21(1) of the WpHG that its (indirect) share of the voting rights in Volkswagen Aktiengesellschaft, Wolfsburg, Germany, exceeded the thresholds of 3%, 5%, 10%, 15%, 20%, 25%, 30% and 50% of the voting rights on September 29, 2010 and amounted to 50.74% of the voting rights (149,696,680 voting rights) at this date.

Of this figure, 50.74% of the voting rights (149,696,680 voting rights) are attributable to Porsche Wolfgang 1. Beteiligungs GmbH & Co. KG in accordance with section 22(1) sentence 1 no. 1 of the WpHG.

The voting rights attributed to Porsche Wolfgang 1. Beteiligungs GmbH & Co. KG are held via the following enterprises controlled by it, whose share of the voting rights in Volkswagen Aktiengesellschaft amounts to 3% or more in each case: Wolfgang Porsche GmbH, Grünwald, Familie Porsche Beteiligung GmbH, Grünwald, Porsche Automobil Holding SE, Stuttgart.

5) We received the following notification in accordance with article 25 WpHG on February 1, 2013:

1. Issuer: VOLKSWAGEN AKTIENGESELLSCHAFT, Berliner Ring 2, 38440 Wolfsburg, Germany
2. Notifying party: Porsche Piech Holding GmbH, Salzburg, Austria
3. Reason for notification: threshold exceeded
4. Notification thresholds affected: 5%, 10%, 15%, 20%, 25%, 30%, 50%
5. Date threshold exceeded: January 31, 2013
6. Reportable share of voting rights: 53.10% (corresponds to 156,701,942 voting rights)
7. Further information on the share of voting rights:

Share of voting rights resulting from (financial/other) instruments in accordance with article 25 WpHG: 2.00% (corresponds to 5,901,796 voting rights)

of which held indirectly: 2.00% (corresponds to 5,901,796 voting rights)

Share of voting rights in accordance with articles 21 and 22 WpHG: 53.10% (corresponds to 156,701,942 voting rights)

8. Further information on (financial/other) instruments in accordance with Article 25 WpHG:

Chain of controlled companies: Porsche Gesellschaft m.b.H., Salzburg; Porsche Piech GmbH & Co. KG, Salzburg

Exercise period: from December 31, 2022

6) We received the following notification in accordance with article 25 WpHG on February 1, 2013:

1. Issuer: VOLKSWAGEN AKTIENGESELLSCHAFT, Berliner Ring 2, 38440 Wolfsburg, Germany
2. Notifying party: Porsche Gesellschaft m.b.H., Salzburg, Austria
3. Reason for notification: threshold exceeded
4. Notification thresholds affected: 5%, 10%, 15%, 20%, 25%, 30%, 50%
5. Date threshold exceeded: January 31, 2013
6. Reportable share of voting rights: 53.10% (corresponds to 156,701,942 voting rights)
7. Further information on the share of voting rights:

Share of voting rights resulting from (financial/other) instruments in accordance with article 25 WpHG: 2.00% (corresponds to 5,901,796 voting rights) of which held indirectly: 2.00% (corresponds to 5,901,796 voting rights) Share of voting rights in accordance with articles 21 and 22 WpHG: 53.10% (corresponds to 156,701,942 voting rights)

8. Further information on (financial/other) instruments in accordance with Article 25 WpHG:

Chain of controlled companies: Porsche Piech GmbH & Co. KG, Salzburg

Exercise period: from December 31, 2022

7) We received the following notification in accordance with article 25a, Section 1 WpHG on August 2, 2013:

1. Issuer: VOLKSWAGEN AKTIENGESELLSCHAFT, Berliner Ring 2, 38440 Wolfsburg, Germany
2. Notifying party: LK Holding GmbH, Salzburg, Austria
3. Reason for notification: threshold exceeded
4. Notification thresholds affected: 5%, 10%, 15%, 20%, 25%, 30%, 50%
5. Date threshold exceeded: July 30, 2013

6. Reportable share of voting rights: 50.73% (corresponds to 149,696,681 voting rights) calculated from the following total number of voting rights issued: 295,089,818

7. Further information on the share of voting rights:

Share of voting rights resulting from (financial/other) instruments in accordance with article 25a WpHG: 50.73% (corresponds to 149,696,681 voting rights)

of which held indirectly: 0% (corresponds to 0 voting rights)

Share of voting rights resulting from (financial/other) instruments in accordance with article 25 WpHG: 0% (corresponds to 0 voting rights)

of which held indirectly: 0% (corresponds to 0 voting rights)

Share of voting rights in accordance with articles 21 and 22 WpHG: 0% (corresponds to 0 voting rights)

8. Further information on (financial/other) instruments in accordance with Article 25a WpHG:

Chain of controlled companies: –

ISIN or name/description of the (financial/other) instrument: Spaltungs- und Übernahmsvertrag

Maturity: n/a
Expiration date: n/a

8) We received the following notification in accordance with article 25a, Section 1 WpHG on August 12, 2013:

1. Issuer: VOLKSWAGEN AKTIENGESELLSCHAFT, Berliner Ring 2, 38440 Wolfsburg, Germany

2. Notifying party: LK Holding GmbH, Salzburg, Austria

3. Reason for notification: falling below threshold

4. Notification thresholds affected: 5%, 10%, 15%, 20%, 25%, 30%, 50%

5. Date threshold exceeded: August 10, 2013

6. Reportable share of voting rights: 0.00% (corresponds to 0 voting rights) calculated from the following total number of voting rights issued: 295,089,818

7. Further information on the share of voting rights:

Share of voting rights resulting from (financial/other) instruments in accordance with article 25a WpHG: 0.00% (corresponds to 0 voting rights)

of which held indirectly: 0% (corresponds to 0 voting rights)

Share of voting rights resulting from (financial/other) instruments in accordance with article 25 WpHG: 0% (corresponds to 0 voting rights)

of which held indirectly: 0% (corresponds to 0 voting rights)

Share of voting rights in accordance with articles 21 and 22 WpHG: 50.73% (corresponds to 149,696,681 voting rights)

8. Further information on (financial/other) instruments in accordance with Article 25a WpHG:

Chain of controlled companies: –

ISIN or name/description of the (financial/other) instrument: –

Maturity: –

Expiration date: –

9) On August 12, 2013, LK Holding GmbH, Salzburg, Austria, has notified us in accordance with article 21, section 1 of the WpHG that its share of the voting rights in VOLKSWAGEN

AKTIENGESELLSCHAFT, Wolfsburg, Germany, exceeded the thresholds of 3%, 5%, 10%, 15%, 20%, 25%, 30% and 50% of the voting rights on August 10, 2013 and amounted to 50.73% of the voting rights (149,696,681 voting rights) at this date.

Of this figure, 50.73% of the voting rights (149,696,681 voting rights) are attributable to LK Holding GmbH in accordance with article 22, section 1, sentence 1 no. 1 of the WpHG.

The voting rights attributed to LK Holding GmbH are held via the following enterprises controlled by it, whose share of the voting rights in VOLKSWAGEN AKTIENGESELLSCHAFT amounts to 3% or more in each case: Porsche Automobil Holding SE, Stuttgart; Familien Porsche-Kiesling Beteiligung GmbH, Grünwald; Louise Daxer-Piech GmbH, Grünwald.

10) On August 12, 2013, Louise Daxer-Piech GmbH, Salzburg, Austria, has notified us in accordance with article 21, section 1 of the WpHG that its share of the voting rights in VOLKSWAGEN AKTIENGESELLSCHAFT, Wolfsburg, Germany, fell below the thresholds of 50%, 30%, 25%, 20%, 15%, 10%, 5% and 3% of the voting rights on August 10, 2013 and amounted to 0% of the voting rights (0 voting rights) at this date.

11) On September 11, 2013, Ahorner Alpha Beteiligungs GmbH, Grünwald, Germany, has notified us in accordance with article 21, section 1 of the WpHG that its share of the voting rights in VOLKSWAGEN AKTIENGESELLSCHAFT, Wolfsburg, Germany, exceeded the thresholds of 3%, 5%, 10%, 15%, 20%, 25%, 30% and 50% of the voting rights on September 11, 2013 and amounted to 50.73% of the voting rights (149,696,681 voting rights) at this date. Of this figure, 50.73% of the voting rights (149,696,681 voting rights) are attributable to Ahorner Alpha Beteiligungs GmbH in accordance with article 22, section 1, sentence 1 no. 1 of the WpHG.

The voting rights attributed to Ahorner Alpha Beteiligungs GmbH are held via the following enterprises controlled by it, whose share of the voting rights in VOLKSWAGEN AKTIENGESELLSCHAFT amounts to 3% or more in each case: Porsche Automobil Holding SE, Stuttgart.

12) On September 11, 2013, Ahorner Beta Beteiligungs GmbH, Grünwald, Germany, has notified us in accordance with article 21, section 1 of the WpHG that its share of the voting rights in VOLKSWAGEN AKTIENGESELLSCHAFT, Wolfsburg, Germany, exceeded the thresholds of 3%, 5%, 10%, 15%, 20%, 25%, 30% and 50% of the voting rights on September 11, 2013 and amounted to 50.73% of the voting rights (149,696,681 voting rights) at this date. Of this figure, 50.73% of the voting rights (149,696,681 voting rights) are attributable to Ahorner Beta Beteiligungs GmbH in accordance with article 22, section 1, sentence 1 no. 1 of the WpHG.

The voting rights attributed to Ahorner Beta Beteiligungs GmbH are held via the following enterprises controlled by it, whose share of the voting rights in VOLKSWAGEN AKTIENGESELLSCHAFT amounts to 3% or more in each case: Ahorner Alpha Beteiligungs GmbH, Grünwald; Porsche Automobil Holding SE, Stuttgart.

13) On September 11, 2013, Louise Daxer-Piech GmbH, Salzburg, Austria, has notified us in accordance with article 21, section 1 of the WpHG that its share of the voting rights in VOLKSWAGEN AKTIENGESELLSCHAFT, Wolfsburg, Germany, exceeded the thresholds of 3%, 5%, 10%, 15%, 20%, 25%, 30% and 50% of the voting rights on September 11, 2013 and amounted to 50.73% of the voting rights (149,696,681 voting rights) at this date. Of this figure, 50.73% of the voting rights (149,696,681 voting rights) are attributable to Louise Daxer-Piech GmbH in accordance with article 22, section 1, sentence 1 no. 1 of the WpHG.

The voting rights attributed to Louise Daxer-Piech GmbH are held via the following enterprises controlled by it, whose share of the voting rights in VOLKSWAGEN AKTIENGESELLSCHAFT amounts to 3% or more in each case: Ahorner Beta Beteiligungs GmbH, Grünwald; Ahorner Alpha Beteiligungs GmbH, Grünwald; Porsche Automobil Holding SE, Stuttgart.

14) On September 11, 2013, Ahorner Holding GmbH, Salzburg, Austria, has notified us in accordance with article 21, section 1 of the WpHG that its share of the voting rights in VOLKSWAGEN

AKTIENGESELLSCHAFT, Wolfsburg, Germany, exceeded the thresholds of 3%, 5%, 10%, 15%, 20%, 25%, 30% and 50% of the voting rights on September 11, 2013 and amounted to 50.73% of the voting rights (149,696,681 voting rights) at this date. Of this figure, 50.73% of the voting rights (149,696,681 voting rights) are attributable to Ahorner Holding GmbH in accordance with article 22, section 1, sentence 1 no. 1 of the WpHG.

The voting rights attributed to Ahorner Holding GmbH are held via the following enterprises controlled by it, whose share of the voting rights in VOLKSWAGEN AKTIENGESELLSCHAFT amounts to 3% or more in each case: Louise Daxer-Piech GmbH, Salzburg, Austria; Ahorner Beta Beteiligungs GmbH, Grünwald; Ahorner Alpha Beteiligungs GmbH, Grünwald; Porsche Automobil Holding SE, Stuttgart.

15) On December 04, 2013, Porsche Wolfgang 1. Beteiligungsverwaltungs GmbH, Stuttgart, Germany, has notified us in accordance with article 21, section 1 of the WpHG that its share of the voting rights in VOLKSWAGEN AKTIENGESELLSCHAFT, Wolfsburg, Germany, exceeded the thresholds of 3%, 5%, 10%, 15%, 20%, 25%, 30% and 50% of the voting rights on December 2, 2013 and amounted to 50.73% of the voting rights (149,696,681 voting rights) at this date. Of this figure, 50.73% of the voting rights (149,696,681 voting rights) are attributable to Porsche Wolfgang 1. Beteiligungsverwaltungs GmbH in accordance with article 22, section 1, sentence 1 no. 1 of the WpHG.

The voting rights attributed to Porsche Wolfgang 1. Beteiligungsverwaltungs GmbH are held via the following enterprises controlled by it, whose share of the voting rights in VOLKSWAGEN AKTIENGESELLSCHAFT amounts to 3% or more in each case: Porsche Wolfgang 1. Beteiligungs GmbH & Co. KG, Stuttgart; Wolfgang Porsche GmbH, Stuttgart; Familie Porsche Beteiligung GmbH, Grünwald; Porsche Automobil Holding SE, Stuttgart.

QATAR

We have received the following notification:

(1) Pursuant to section 21 (1) WpHG we hereby notify for and on behalf of the State of Qatar, acting by and through the Qatar Investment Authority, Doha, Qatar, that its indirect voting rights in Volkswagen Aktiengesellschaft

(a) exceeded the threshold of 10% on December 17, 2009 and amounted to 13.71% of the voting rights of Volkswagen Aktiengesellschaft (40,440,274 voting rights) as per this date

(i) 6.93% (20,429,274 voting rights) of which have been obtained by the exercise by Qatar Holding LLC of financial instruments within the meaning of section 25 (1) sentence 1 WpHG on that date granting the right to acquire shares in Volkswagen Aktiengesellschaft, and

(ii) all of which are attributed to the State of Qatar pursuant to section 22 (1) sentence 1 no. 1 WpHG.

(b) exceeded the threshold of 15% on December 18, 2009 and amounted to 17.00% of the voting rights of Volkswagen Aktiengesellschaft (50,149,012 voting rights) as per this date

(i) 3.29% (9,708,738 voting rights) of which have been obtained by the exercise by Qatar Holding LLC of financial instruments within the meaning of section 25 (1) sentence 1 WpHG on that date granting the right to acquire shares in Volkswagen Aktiengesellschaft, and

(ii) all of which are attributed to the State of Qatar pursuant to section 22 (1) sentence 1 no. 1 WpHG.

Voting rights that are attributed to the State of Qatar pursuant to lit. (a) and (b) above are held via the following entities which are controlled by it and whose attributed proportion of voting rights in Volkswagen Aktiengesellschaft amount to 3% each or more:

(aa) Qatar Investment Authority, Doha, Qatar;

(bb) Qatar Holding LLC, Doha, Qatar;

(cc) Qatar Holding Luxembourg II S.à.r.l., Luxembourg, Luxembourg;

(dd) Qatar Holding Netherlands B.V., Amsterdam, The Netherlands.

(2) Pursuant to section 21 (1) WpHG we hereby notify for and on behalf of the Qatar Investment Authority, Doha, Qatar, that its indirect voting rights in Volkswagen Aktiengesellschaft

(a) exceeded the threshold of 10% on December 17, 2009 and amounted to 13.71% of the voting rights of Volkswagen Aktiengesellschaft (40,440,274 voting rights) as per this date

(i) 6.93% (20,429,274 voting rights) of which have been obtained by the exercise by Qatar Holding LLC of financial instruments within the meaning of section 25 (1) sentence 1 WpHG on that date granting the right to acquire shares in Volkswagen Aktiengesellschaft, and

(ii) all of which are attributed to the Qatar Investment Authority pursuant to section 22 (1) sentence 1 no. 1 WpHG.

(b) exceeded the threshold of 15% on December 18, 2009 and amounted to 17.00% of the voting rights of Volkswagen Aktiengesellschaft (50,149,012 voting rights) as per this date

(i) 3.29% (9,708,738 voting rights) of which have been obtained by the exercise by Qatar Holding LLC of financial instruments within the meaning of section 25 (1) sentence 1 WpHG on that date granting the right to acquire shares in Volkswagen Aktiengesellschaft, and

(ii) all of which are attributed to the Qatar Investment Authority pursuant to section 22 (1) sentence 1 no. 1 WpHG.

Voting rights that are attributed to the Qatar Investment Authority pursuant to lit. (a) and (b) above are held via the entities as set forth in (1) (bb) through (dd) which are controlled by it and whose attributed proportion of voting rights in Volkswagen Aktiengesellschaft amount to 3% each or more.

(3) Pursuant to section 21 (1) WpHG we hereby notify for and behalf of Qatar Holding LLC, Doha, Qatar, that its direct and indirect voting rights in Volkswagen Aktiengesellschaft

(a) exceeded the threshold of 10% on December 17, 2009 and amounted to 13.71% of the voting rights of Volkswagen Aktiengesellschaft (40,440,274 voting rights) as per this date

(i) 6.93% (20,429,274 voting rights) of which have been obtained by the exercise of financial instruments within the meaning of section 25 (1) sentence 1 WpHG on that date granting the right to acquire shares in Volkswagen Aktiengesellschaft, and

(ii) 6.78% (20,011,000 voting rights) of which are attributed to Qatar Holding LLC pursuant to section 22 (1) sentence 1 no. 1 WpHG.

(b) exceeded the threshold of 15% on December 18, 2009 and amounted to 17.00% of the voting rights of Volkswagen Aktiengesellschaft (50,149,012 voting rights) as per this date

(i) 3.29% (9,708,738 voting rights) of which have been obtained by the exercise of financial instruments within the meaning of section 25 (1) sentence 1 WpHG on that date granting the right to acquire shares in Volkswagen Aktiengesellschaft, and

(ii) 6.78% (20,011,000 voting rights) of which are attributed to Qatar Holding LLC pursuant to section 22 (1) sentence 1 no. 1 WpHG.

Voting rights that are attributed to Qatar Holding LLC pursuant to lit. (a) and (b) above are held via the entities as set forth in (1) (cc) through (dd) which are controlled by it and whose attributed proportion of voting rights in Volkswagen Aktiengesellschaft amount to 3% each or more.

We have received the following notification:

(1) Pursuant to section 21 (1) WpHG we hereby notify for and on behalf of Qatar Holding Luxembourg II S.à.r.l., Luxembourg, Luxembourg, that its indirect voting rights in Volkswagen Aktiengesellschaft exceeded the thresholds of 10% and 15% on December 18, 2009 and amounted to 17.00% of the voting

rights of Volkswagen Aktiengesellschaft (50,149,012 voting rights) as per this date, all of which are attributed to Qatar Holding Luxembourg II S.à.r.l. pursuant to section 22 (1) sentence 1 no.1 WpHG.

Voting rights that are attributed to Qatar Holding Luxembourg II S.à.r.l. are held via the following entities which are controlled by it and whose attributed proportion of voting rights in Volkswagen Aktiengesellschaft amount to 3% each or more:

(a) Qatar Holding Netherlands B.V., Amsterdam, The Netherlands;

(b) Qatar Holding Germany GmbH, Frankfurt am Main, Germany.

(2) Pursuant to section 21 (1) WpHG we hereby notify for and on behalf of Qatar Holding Netherlands B.V., Amsterdam, The Netherlands, that its indirect voting rights in Volkswagen Aktiengesellschaft exceeded the thresholds of 10% and 15% on December 18, 2009 and amounted to 17.00% of the voting rights of Volkswagen Aktiengesellschaft (50,149,012 voting rights) as per this date, all of which are attributed to Qatar Holding Luxembourg II S.à.r.l. pursuant to section 22 (1) sentence 1 no. 1 WpHG.

Voting rights that are attributed to Qatar Holding Netherlands B.V. are held via the entity as set forth in (1) (b) which is controlled by it and whose attributed proportion of voting rights in Volkswagen Aktiengesellschaft amounts to 3% or more.

(3) Pursuant to section 21 (1) WpHG we hereby notify for and on behalf of Qatar Holding Germany GmbH, Frankfurt am Main, Germany, that its direct voting rights in Volkswagen Aktiengesellschaft exceeded the thresholds of 3%, 5%, 10% and 15% on December 18, 2009 and amounted to 17.00% of the voting rights of Volkswagen Aktiengesellschaft (50,149,012 voting rights) as per this date.

STATE OF LOWER SAXONY

The State of Lower Saxony notified us on January 8, 2014 that it held a total of 59,022,310 ordinary shares as of December 31, 2013. It held 440 VW ordinary shares directly and 59,021,870 ordinary shares indirectly via Hannoversche Beteiligungsgesellschaft mbH (HanBG), which is owned by the State of Lower Saxony.

44. German Corporate Governance Code

On November 22, 2013, the Board of Management and Supervisory Board of Volkswagen AG issued their declaration of conformity with the German Corporate Governance Code as required by section 161 of the Aktiengesetz (AktG — German Stock Corporation Act) and made it permanently available to the shareholders of Volkswagen AG on the Company's website at www.volkswagenag.com/ir.

On May 15, 2013, the Board of Management and Supervisory Board of AUDI AG likewise issued their declaration of conformity with the German Corporate Governance Code and made it permanently available to the shareholders at www.audi.com/cgk-declaration.

In December 2013, the Executive Board and Supervisory Board of MAN SE issued their declaration of conformity with the German Corporate Governance Code as required by section 161 of the AktG and made it permanently available to the shareholders at www.corporate.man.eu/en.

The Executive and Supervisory Boards of Renk AG issued a declaration of conformity on December 13, 2013 and made it permanently available to the shareholders at www.renk.biz/corporated-governance.html.

45. Remuneration of the Board of Management and the Supervisory Board

€	2013	2012
Board of Management remuneration		
Non-performance-related remuneration	11,638,328	9,506,343
Performance-related remuneration	52,444,300	47,000,000
Supervisory Board remuneration		
Fixed remuneration components	528,671	651,625
Variable remuneration components	9,245,859	8,125,886

The fixed remuneration of the Board of Management also includes differing levels of remuneration for appointments assumed at Group companies as well as the cost or cash equivalent of noncash and other benefits, such as the use of company cars and the payment of insurance premiums. Taxes due on the noncash benefits were mainly borne by Volkswagen AG. The variable remuneration paid to each member of the Board of Management comprises a bonus, which relates to business performance over the preceding two years, and, since 2010, a Long-Term Incentive (LTI) plan, which is based on the previous four fiscal years, subject to an introductory phase.

On December 31, 2013, the pension provisions for members of the Board of Management amounted to €107,676,518 (previous year: €103,535,287). Current pensions are index-linked in accordance with the index-linking of the highest collectively agreed salary insofar as the application of section 16 of the Gesetz zur Verbesserung der betrieblichen Altersversorgung (BetrAVG — German Company Pension Act) does not lead to a larger increase. Members of the Board of Management with contracts entered into on or after January 1, 2010 are entitled to payment of their normal remuneration for twelve months in the event of illness. Contracts entered into before that date grant remuneration for six months. In the event of disability, they are entitled to the retirement pension. Surviving dependents receive a widow's pension of 66⅔% and a 20% orphan's pension per child based on the pension of the former member of the Board of Management.

Retired members of the Board of Management and their surviving dependents received €9,977,972 (previous year: €8,797,230). Provisions for pensions for this group of people were recognized in the amount of €140,165,675 (previous year: €146,501,307).

Interest-free advances in the total amount of €480,000 (previous year: €480,000) have been granted to members of the Board of Management. The advances will be set off against performance- related remuneration in the following year. Loans in the total amount of €25,000 (repayments in 2013: €10,833; amount outstanding: €0) had originally been granted to members of the Supervisory Board. The loans generally bore interest at a rate of 4% and had an agreed term of up to 15 years.

The individual remuneration of the members of the Board of Management and the Supervisory Board is explained in the remuneration report in the management report. A comprehensive assessment of the individual bonus components of the LTI is also to be found there.

Remuneration Report

The Remuneration Report details the individualized remuneration of the Board of Management and the Supervisory Board of Volkswagen AG, broken down into components, as well as individualized pension provision disclosures for the members of the Board of Management. In addition, we explain in this chapter the main elements of the variable remuneration system for the Board of Management.

PRINCIPLES OF AND CHANGES TO BOARD OF MANAGEMENT REMUNERATION

The full Supervisory Board resolves on the remuneration system and the total remuneration for each individual member of Volkswagen AG's Board of Management on the basis of the Executive Committee's recommendations. The remuneration of current members of the Board of Management complies with the requirements of the Aktiengesetz (AktG — German Stock Corporation Act) and the recommendations of the German Corporate Governance Code. In particular, the remuneration structure is focused on ensuring sustainable business growth in accordance with the Gesetz zur Angemessenheit der Vorstandsvergütung (VorstAG — German Act on the Appropriateness of Executive Board Remuneration) (section 87(1) of the AktG).

The remuneration system of the members of the Board of Management applicable to date was approved by the 50th Annual General Meeting on April 22, 2010 by 99.44% of the votes cast. At the same time, the Volkswagen Group's positive business performance over the past few years made it necessary to modify and realign Board of Management remuneration and the comparative parameters on which it is based. The remuneration of the Board of Management was modified with the assistance of a remuneration consultant, whose independence has been assured by the Supervisory Board and by the Company.

Material changes to the remuneration system relate to the bonus, the calculation of which was realigned to reflect business development. It also explicitly takes into account the individual performance of members of the Board of Management.

The retroactive adjustment of the comparative parameters for the bonus was held on February 22, 2013 to be a departure from the recommendation in article 4.2.3(3) sentence 3 of the German Corporate Governance Code (in the version dated May 15, 2012), which precludes the retroactive adjustment of performance targets or comparative parameters. This departure was nonrecurring and was related to the bonus for 2012. This recommendation is now being complied with again.

The level of the Board of Management remuneration should be appropriate and attractive in the context of the Company's national and international peer group. Criteria include the tasks of the individual Board of Management member, their personal performance, the economic situation, the performance of and outlook for the Company, as well as how customary the remuneration is when measured against its peer group and the remuneration structure that applies to other areas of Volkswagen. In this context, comparative studies on remuneration are conducted on a regular basis.

COMPONENTS OF BOARD OF MANAGEMENT REMUNERATION

The remuneration of the Board of Management comprises fixed and variable components. The fixed components of the package ensure firstly a basic level of remuneration enabling the individual members of the Board of Management to perform their duties in the interests of the Company and to fulfill their obligation to act with proper business prudence without needing to focus on merely short-term performance targets. On the other hand, variable components, dependent among other criteria on the financial performance of the Company, serve to ensure the long-term impact of behavioral incentives.

Fixed remuneration

In fiscal year 2013, the members of the Board of Management received fixed remuneration totaling €11,638,328 (€9,506,343). The fixed remuneration also includes differing levels of remuneration for appointments assumed at Group companies as well as the cost or cash equivalent of noncash and other benefits, such as the use of company cars and the payment of insurance premiums. Taxes due on the noncash benefits were mainly borne by Volkswagen AG.

The basic remuneration is reviewed regularly and adjusted if necessary.

Variable remuneration

The variable remuneration comprises a bonus, which relates to business performance over the preceding two years, and, since 2010, a Long-Term Incentive (LTI) plan, which is based on the previous four fiscal years, subject to an introductory phase. Both components of variable remuneration are therefore calculated on a multiyear basis and reflect both positive and negative developments.

Bonus

The bonus rewards the positive business development of the Volkswagen Group. The basis for calculating the bonus is adjusted to reflect the positive business development in recent years in connection with the changes to Board of Management remuneration. The bonus is calculated on the basis of the average operating profit, including the proportionate operating profit in China, over a period of two years. A significant change since February 22, 2013 was the introduction of a calculation floor below which no bonus will be paid. This floor was set at €5.0 billion for 2012 and 2013. In addition, a cap for extraordinary developments is explicitly provided for by limiting the maximum theoretical bonus. The theoretical cap for 2012 and 2013, subject to the performance-related bonus, is €6.75 million for the Chairman of the Board of Management and €2.5 million for the other members of the Board of Management. The system and the cap are regularly reviewed by the Supervisory Board to establish whether any adjustments are necessary.

Another material change since February 22, 2013 relates to the Supervisory Board's ability to increase the theoretical bonus, which is calculated on the basis of average operating profit, by up to 50% by applying individual adjustment factors that are not linked to the theoretical cap so as to reward members of the Board of Management for extraordinary individual performance. This can be adjusted by the Supervisory Board in the event of extraordinary individual performance by a member of the Board of Management that strengthens the Company's long-term growth. This may take into account extraordinary performance in the area of integration, or the successful implementation of special projects, for example.

REMUNERATION OF THE MEMBERS OF THE BOARD OF MANAGEMENT IN 2013 (PRIOR-YEAR FIGURES IN BRACKETS)*

		BONUS			
€	Fixed remuneration	Special remuneration	Individual performance-related bonus	LTI	Total
Martin Winterkorn	1,907,862	6,002,000	3,001,000	4,095,000	**15,005,862**
	(1,916,276)	(5,770,000)	(2,885,000)	(3,940,000)	**(14,511,276)**
Francisco Javier Garcia Sanz	1,241,017	2,233,000	1,116,500	1,820,000	**6,410,517**
	(1,102,278)	(2,150,000)	(860,000)	(1,750,000)	**(5,862,278)**
Jochem Heizmann	1,209,945	2,233,000	669,900	1,820,000	**5,932,845**
	(1,100,204)	(2,150,000)	(645,000)	(1,750,000)	**(5,645,204)**
Christian Klingler	1,241,017	2,233,000	893,200	1,820,000	**6,187,217**
	(999,756)	(2,150,000)	(860,000)	(1,750,000)	**(5,759,756)**
Michael Macht	1,241,017	2,233,000	669,900	1,820,000	**5,963,917**
	(995,277)	(2,150,000)	(430,000)	(1,750,000)	**(5,325,277)**
Horst Neumann	1,241,017	2,233,000	893,200	1,820,000	**6,187,217**
	(1,062,771)	(2,150,000)	(860,000)	(1,750,000)	**(5,822,771)**
Leif Östling	1,210,126	2,233,000	669,900	1,820,000	**5,933,026**
	(319,952)	(716,667)	(215,000)	(583,333)	**(1,834,952)**
Hans Dieter Pötsch	1,241,017	2,233,000	1,116,500	1,820,000	**6,410,517**
	(1,025,047)	(2,150,000)	(1,075,000)	(1,750,000)	**(6,000,047)**
Rupert Stadler	1,105,310	2,233,000	893,200	1,820,000	**6,051,510**
	(984,782)	(2,150,000)	(860,000)	(1,750,000)	**(5,744,782)**
Total	**11,638,328**	**23,866,000**	**9,923,300**	**18,655,000**	**64,082,628**
	(9,506,343)	**(21,536,667)**	**(8,690,000)**	**(16,773,333)**	**(56,506,343)**

* All figures shown are rounded, so minor discrepancies may arise from addition of these amounts.

Long-Term Incentive (LTI)

The existing Long-Term Incentive plan was not adjusted as part of the changes to the Board of Management remuneration. The amount of the LTI depends on the achievement of the targets laid down in the Strategy 2018. The target areas are:

- Leader in customer satisfaction, measured using the Customer Satisfaction Index,
- Leading employer, measured using the Employee Index,
- Unit sales growth, measured using the Growth Index, and
- Increase in the return on sales, measured using the Return Index.

The Customer Satisfaction Index is calculated using indicators that quantify the overall satisfaction of our customers with the delivering dealers, new vehicles and the service operations based on the previous workshop visit.

The Employee Index is determined using the ''employment'' and ''productivity'' indicators as well as the participation rate and results of employee surveys (''opinion surveys'', see also the Employees section on page 133 of this report[1]).

The Growth Index is calculated using the ''deliveries to customers'' and ''market share'' indicators.

The Return Index is derived from the return on sales and the dividend per ordinary share.

The indices on customer satisfaction, employees and unit sales are aggregated and the result is multiplied by the Return Index. This method ensures that the LTI is only paid out if the Group is also financially successful. If the 1.5% threshold for the return on sales is not exceeded, the Return Index is zero. This would mean that the overall index for the fiscal year concerned is also zero.

Each fiscal year, the Supervisory Board can set a new LTI target on the basis of the four-year average of the overall indices. During the reporting period, the LTI target was €2.25 million for the Chairman of the Board of Management and €1.0 million for each of the other members of the Board of Management. The maximum amounts payable to the Chairman of the Board of Management and the other members are €4.5 million and €2.0 million each respectively.

The LTI was calculated and paid to the Board of Management for the first time in 2011 for fiscal year 2010 using an introductory scenario and on the basis of the likely performance for 2011. The performance for fiscal years 2010 and 2011 was reflected in the calculation in 2012, and the performance for 2010 to 2012 is reflected in the calculation in 2013. From 2014 onwards, the previous four years will be used as a basis for analysis.

The Supervisory Board may cap the total of variable remuneration components in the event of extraordinary business developments.

Members of the Board of Management with contracts entered into on or after January 1, 2010 are entitled to payment of their normal remuneration for twelve months in the event of illness. Contracts entered into before that date grant remuneration for six months. In the event of disability, they are entitled to the retirement pension. Surviving dependents receive a widows' pension of 66⅔% and orphans' benefits of 20% of the former member of the Board of Management's pension.

POST-EMPLOYMENT BENEFITS

In the event of regular termination of their service on the Board of Management, the members of the Board of Management are entitled to a pension, including a surviving dependents' pension as well as the use of company cars for the period in which they receive their pension. The agreed benefits are paid or made available on reaching the age of 63.

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[1] The Employees section does not form part of the notes to consolidated financial statements.

The retirement pension is calculated as a percentage of the fixed basic salary, which accounts for most of the fixed individual remuneration of the Board of Management shown in the table on page F-135. Starting at 50%, the individual percentage increases by two percentage points for each year of service. In specific cases, credit is given for previous employment periods and retirement pensions earned. The Executive Committee of the Supervisory Board has defined a maximum of 70%. These benefits are not broken down any further into performance-related components and long-term incentive components. Mr. Winterkorn, Mr. Garcia Sanz, Mr. Heizmann, Mr. Macht, Mr. Neumann and Mr. Pötsch have a retirement pension entitlement of 70%, and Mr. Klingler and Mr. Stadler of 58% of their fixed basic salaries as of the end of 2013.

Mr. Östling has a pension entitlement based on the deferred compensation regulations administered by Volkswagen Pension Trust e.V. The benefits include a retirement pension on reaching the age of 70 and a surviving dependents' pension. Volkswagen AG provides an annual remuneration-linked company contribution for Mr. Östling, which goes toward a pension module at the end of each year.

On December 31, 2013 the pension obligations for members of the Board of Management in accordance with IAS 19 amounted to €107,676,518 (€103,535,287); €9,416,406 (€7,870,299) was added to the provision in the reporting period in accordance with IAS 19. Other benefits such as surviving dependents' pension and the use of company cars are also factored into the measurement of pension provisions. The pension obligations measured in accordance with German GAAP amounted to €88,704,661 (€75,445,501); €13,259,160 (€3,627,309) was added to the provision in the reporting period in accordance with German GAAP. Current pensions are index-linked in accordance with the index-linking of the highest collectively agreed salary insofar as the application of section 16 of the Gesetz zur Verbesserung der betrieblichen Altersversorgung (BetrAVG — German Company Pension Act) does not lead to a larger increase.

Retired members of the Board of Management and their surviving dependents received €9,977,972 in 2013 (€8,797,230). Obligations for pensions for this group of persons measured in accordance with IAS 19 amounted to €140,165,675 (€146,501,307), or €125,376,525 (€122,324,853) measured in accordance with German GAAP.

EARLY TERMINATION BENEFITS

If membership of the Board of Management is terminated for cause through no fault of the Board of Management member, the claims under Board of Management contracts entered into since November 20, 2009 are limited to a maximum of two years' remuneration, in accordance with the recommendation in article 4.2.3(4) of the German Corporate Governance Code (cap on severance payments). For Board of Management members who are commencing their third or later term of office, existing rights under contracts entered into before November 20, 2009 are grandfathered.

No severance payment is made if membership of the Board of Management is terminated for a reason for which the Board of Management member is responsible.

The members of the Board of Management are also entitled to a pension and to a surviving dependents' pension as well as the use of company cars for the period in which they receive their pension in the event of early termination of their service on the Board of Management.

The following rule applies to Board of Management contracts entered into for the first term of office before August 5, 2009: the retirement pension to be granted after leaving the Company is payable immediately if their membership of the Board of Management is terminated by the Company, and in other cases on reaching the age of 63. Any remuneration received from other sources until the age of 63 is deductible from the benefit entitlement up to a certain fixed amount.

The following rule applies to contracts for the first term of office of members of the Board of Management entered into after August 5, 2009: the retirement pension to be granted after leaving the Company is payable on reaching the age of 63.

PENSIONS OF THE MEMBERS OF THE BOARD OF MANAGEMENT IN 2013 (PRIOR-YEAR FIGURES IN BRACKETS)[1]

€	Additions to pension provisions	Present value at December 31[2]
Martin Winterkorn	730,734	22,075,213
	(904,811)	(22,835,450)
Francisco Javier Garcia Sanz	952,803	12,134,132
	(842,801)	(11,579,920)
Jochem Heizmann	1,443,804	13,696,821
	(1,303,902)	(12,637,000)
Christian Klingler	840,814	3,693,690
	(583,862)	(2,961,689)
Michael Macht	1,045,270	10,632,210
	(836,249)	(10,029,668)
Horst Neumann	583,826	17,470,333
	(694,357)	(18,244,557)
Leif Östling	1,100,179	1,355,439
	(353,925)	(354,065)
Hans Dieter Pötsch	1,926,251	15,994,320
	(1,699,477)	(14,775,553)
Rupert Stadler	792,725	10,624,360
	(650,915)	(10,117,385)
Total	**9,416,406**	**107,676,518**
	(7,870,299)	**(103,535,287)**

1 All figures shown are rounded, so minor discrepancies may arise from addition of these amounts.

2 The amount is reported in the total amount for defined benefit plans reported in the balance sheet (see note 29 to the consolidated financial statements).

SUPERVISORY BOARD REMUNERATION

Under Article 17 of Volkswagen AG's Articles of Association, the remuneration of Volkswagen AG's Supervisory Board is composed of a fixed component (plus attendance fees) and a variable component that depends on the amount of the dividend paid. The duties performed by the respective member on the Supervisory Board are also taken into account. Several members of the Supervisory Board are also members of the supervisory boards of subsidiaries. The remuneration received there is based on the provisions of the relevant Articles of Association and also comprises a fixed component and a variable component that is linked to the amount of the dividend paid. This remuneration is contained in the following figures. In fiscal year 2013, the members of the Supervisory Board received €9,774,530 (€8,777,511). €528,671 of this figure (€651,625) related to the fixed remuneration components (including attendance fees) and €9,245,859 (€8,125,886) to the variable remuneration components.

REMUNERATION OF THE MEMBERS OF THE SUPERVISORY BOARD[1]

€	FIXED	VARIABLE	TOTAL 2013	TOTAL 2012
Ferdinand K. Piëch	121,000	1,068,300	1,189,300	1,108,100
Berthold Huber[2]	37,500	736,067	773,567	683,133
Hussain Ali Al-Abdulla	11,000	320,833	331,833	288,167
Jassim Al Kuwari (until April 25, 2013)	2,917	102,488	105,405	289,167
Jörg Bode (until Feb. 19, 2013)[3]	808	43,223	44,032	394,540
Ahmad Al-Sayed (since June 28, 2013)	4,050	163,090	167,140	—
Jürgen Dorn (since Jan. 1, 2013)[2]	53,000	355,833	408,833	—
Annika Falkengren	13,000	481,250	494,250	390,777
Hans-Peter Fischer (since Jan. 1, 2013)[2]	11,000	320,833	331,833	—
Uwe Fritsch[2]	11,000	320,833	331,833	203,221
Babette Fröhlich[2]	14,000	481,250	495,250	433,750
Olaf Lies (since Feb. 19, 2013)[3]	10,192	277,610	287,802	—
David McAllister (until Feb. 19, 2013)[3]	1,213	64,835	66,048	433,750
Hartmut Meine[2]	11,000	320,833	331,833	291,167
Peter Mosch[2]	29,800	541,356	571,156	371,267
Bernd Osterloh[2]	14,000	481,250	495,250	433,750
Hans Michel Piëch	37,500	368,033	405,533	390,567
Ursula Piëch	18,125	350,333	368,458	203,221
Ferdinand Oliver Porsche	40,500	712,467	752,967	687,433
Wolfgang Porsche	49,500	528,450	577,950	548,015
Stephan Weil (since Feb. 19, 2013)[3]	12,767	415,301	428,068	—
Stephan Wolf (since Jan. 1, 2013)[2]	13,800	470,556	484,356	—
Thomas Zwiebler[2]	11,000	320,833	331,833	291,167
Supervisory Board members who retired in the prior year	—	—	—	1,336,321
Total	**528,671**	**9,245,859**	**9,774,530**	**8,777,511**

1 All figures shown are rounded, so minor discrepancies may arise from addition of these amounts.

2 These employee representatives have stated that they will transfer their Supervisory Board remuneration to the Hans Böckler Foundation in accordance with the guidelines issued by the German Confederation of Trade Unions (DGB).

3 Under section 5(3) of the Niedersächsisches Ministergesetz (Act Governing Ministers of the State of Lower Saxony), these members of the Supervisory Board are obliged to transfer their Supervisory Board remuneration to the State of Lower Saxony as soon as and to the extent that it exceeds €6,200 per annum. Remuneration is defined for this purpose as Supervisory Board remuneration and attendance fees exceeding the amount of €200.

Name and domicile of company	Currency	Exchange rate (€1 =) Dec. 31, 2013	VW AG's interest in capital in % Direct	Indirect	Total	Equity in thousands, local currency	Profit/loss in thousands, local currency	Footnote	Year
I. PARENT COMPANY									
VOLKSWAGEN AG, Wolfsburg	EUR								
II. SUBSIDIARIES									
A. Consolidated companies									
1. Germany									
ADMOS-Gleitlager Produktions- und Vertriebsgesellschaft mbH, Berlin	EUR		—	100.00	100.00	764	−698		2013
ASB Autohaus Berlin GmbH, Berlin	EUR		—	100.00	100.00	10,641	489		2012
AUDI AG, Ingolstadt	EUR		99.55	—	99.55	6,611,199	—	1)	2012
Audi Akademie GmbH, Ingolstadt	EUR		—	100.00	100.00	4,280	—	1)	2013
Audi Berlin GmbH, Berlin	EUR		—	100.00	100.00	6,625	—	1)	2012
Audi Frankfurt GmbH, Frankfurt am Main	EUR		—	100.00	100.00	8,477	—	1)	2012
Audi Hamburg GmbH, Hamburg	EUR		—	100.00	100.00	13,425	—	1)	2012
Audi Hannover GmbH, Hanover	EUR		—	100.00	100.00	14,525	1,726	1)	2012
Audi Leipzig GmbH, Leipzig	EUR		—	100.00	100.00	9,525	—	1)	2012
Audi Stuttgart GmbH, Stuttgart	EUR		—	100.00	100.00	6,677	—	1)	2012
Audi Vertriebsbetreuungsgesellschaft mbH, Ingolstadt	EUR		—	100.00	100.00	100	—	1)	2013
Audi Zentrum München GmbH, Munich	EUR		—	100.00	100.00	325	—	1)	2012
Auto & Service PIA GmbH, Munich	EUR		—	100.00	100.00	15,132	2,972		2012
Autohaus Leonrodstraße GmbH, Munich	EUR		—	100.00	100.00	270	—	1)	2013
Automobilmanufaktur Dresden GmbH, Dresden	EUR		100.00	—	100.00	80,090	—	1)	2012
Autostadt GmbH, Wolfsburg	EUR		100.00	—	100.00	50	—	1)	2012
AutoVision GmbH, Wolfsburg	EUR		100.00	—	100.00	33,630	—	1)	2012
B. + V. Grundstücks- und Verwertungs-GmbH & Co. KG, Koblenz	EUR		—	100.00	100.00	13,560	2,728		2012
B. + V. Grundstücks- Verwaltungs- und Verwertungs-GmbH, Koblenz	EUR		—	100.00	100.00	86	5		2012
Brandenburgische Automobil GmbH, Potsdam	EUR		—	100.00	100.00	4,458	142		2012
Bugatti Engineering GmbH, Wolfsburg	EUR		—	100.00	100.00	25	—	1)	2012
Dr. Ing. h.c. F. Porsche AG, Stuttgart	EUR		—	100.00	100.00	6,391,457	—	1)	2013
Driver Eight GmbH, Frankfurt am Main	EUR		—	—	—	25	—	16)	2012
Driver Eleven GmbH, Frankfurt am Main	EUR		—	—	—	25	—	6) 16)	2013
Driver Nine GmbH, Frankfurt am Main	EUR		—	—	—	25	—	16)	2012
Driver Seven GmbH, Frankfurt am Main	EUR		—	—	—	26	—	16)	2012
Driver Six GmbH, in Liquidation, Frankfurt am Main	EUR		—	—	—	28	1	2) 16)	2013
Driver Ten GmbH, Frankfurt am Main	EUR		—	—	—	25	—	4) 16)	2012
Driver Three GmbH, in Liquidation, Frankfurt am Main	EUR		—	—	—	25	—	2) 16)	2013
Driver Two GmbH, in Liquidation, Frankfurt am Main	EUR		—	—	—	25	—	2) 16)	2012
Ducati Motor Deutschland GmbH, Cologne	EUR		—	100.00	100.00	5,652	1,768		2012
Eberhardt Kraftfahrzeug GmbH & Co. KG, Ulm	EUR		—	98.59	98.59	512	2,303		2013
Eurocar Deutschland Verwaltungs GmbH, Munich	EUR		—	100.00	100.00	71,681	2,756		2012
EURO-Leasing GmbH, Sittensen	EUR		—	100.00	100.00	24,204	—	1)	2013
GETAS Verwaltung GmbH & Co. Objekt Augsburg KG, Pullach i. Isartal	EUR		—	100.00	100.00	2,039	−111		2013
GETAS Verwaltung GmbH & Co. Objekt Ausbildungszentrum KG, Pullach i. Isartal	EUR		—	100.00	100.00	26	316		2013
GETAS Verwaltung GmbH & Co. Objekt Heinrich-von-Buz-Straße KG, Pullach i. Isartal	EUR		—	100.00	100.00	10	−39		2013
GETAS Verwaltung GmbH & Co. Objekt Offenbach KG, Pullach i. Isartal	EUR		—	100.00	100.00	26	1,689		2013
GETAS Verwaltung GmbH & Co. Objekt Verwaltung Nürnberg KG, Pullach i. Isartal	EUR		—	100.00	100.00	26	692		2013
Haberl Beteiligungs-GmbH, Munich	EUR		—	100.00	100.00	16,174	—	1)	2013
Held & Ströhle GmbH & Co. KG, Ulm	EUR		—	70.30	70.30	2,915	3,381		2013
Karosseriewerk Porsche GmbH & Co. KG, Stuttgart	EUR		—	100.00	100.00	1,534	80		2013
Kosiga GmbH & Co. KG, Pullach i. Isartal	EUR		—	94.00	94.00	—	−5,941		2013
M A N Verwaltungs-Gesellschaft mbH, Munich	EUR		—	100.00	100.00	1,039	—	1)	2013

Name and domicile of company	Currency	Exchange rate (€1 =) Dec. 31, 2013	VW AG's interest in capital in % Direct	Indirect	Total	Equity in thousands, local currency	Profit/loss in thousands, local currency	Footnote	Year
MAHAG Automobilhandel und Service GmbH & Co. oHG, Munich	EUR		—	100.00	100.00	37,044	8,172	14)	2013
MAHAG GmbH, Munich	EUR		—	100.00	100.00	78,338	—	1)	2013
MAHAG Sportwagen Zentrum Albrechtstraße GmbH, Munich	EUR		—	100.00	100.00	100	—	1)	2013
MAHAG Sportwagen Zentrum München Süd GmbH, Munich	EUR		—	100.00	100.00	3,205	—	1)	2013
MAHAG Sportwagen-Zentrum GmbH, Munich	EUR		—	100.00	100.00	4,800	—	1)	2013
MAN Diesel & Turbo SE, Augsburg	EUR		—	100.00	100.00	664,520	—	1) 14)	2013
MAN Finance International GmbH, Munich	EUR		—	100.00	100.00	105,000	—	1)	2013
MAN Financial Services GmbH, Munich	EUR		—	100.00	100.00	48,508	—	1)	2013
MAN GHH Immobilien GmbH, Oberhausen	EUR		—	100.00	100.00	42,111	—	1)	2013
MAN Grundstücksgesellschaft mbH & Co. Alpha KG, Munich	EUR		—	100.00	100.00	5,123	−723		2013
MAN Grundstücksgesellschaft mbH & Co. Beta KG, Munich	EUR		—	100.00	100.00	47,756	1,470		2013
MAN Grundstücksgesellschaft mbH & Co. Epsilon KG, Munich	EUR		—	100.00	100.00	1,182	815		2013
MAN Grundstücksgesellschaft mbH & Co. Werk Deggendorf DWE KG, Munich	EUR		—	100.00	100.00	16,810	957		2013
MAN HR Services GmbH, Munich	EUR		—	100.00	100.00	569	—	1)	2013
MAN Immobilien GmbH, Munich	EUR		—	100.00	100.00	26	—	1)	2013
MAN SE, Munich	EUR		—	73.98	73.98	2,145,974	—	13) 14)	2013
MAN Service und Support GmbH, Munich	EUR		—	100.00	100.00	25	—	1)	2013
MAN Truck & Bus AG, Munich	EUR		—	100.00	100.00	563,448	—	1) 14)	2013
MAN Truck & Bus Deutschland GmbH, Munich	EUR		—	100.00	100.00	130,934	—	1)	2013
MAN Vermietungs-GmbH, Munich	EUR		—	100.00	100.00	26	—	1)	2013
MAN Versicherungsvermittlung GmbH, Munich	EUR		—	100.00	100.00	317	—	1)	2013
Mieschke, Hofmann und Partner Gesellschaft für Management und IT-Beratung mbH, Ludwigsburg	EUR		—	81.80	81.80	17,345	16,727		2013
NEOPLAN Bus GmbH, Plauen	EUR		—	100.00	100.00	1,039	—	1)	2013
POFIN Financial Services GmbH & Co. KG, Freilassing	EUR		—	100.00	100.00	91,160	1,016	14)	2012
POFIN Financial Services Verwaltungs GmbH, Freilassing	EUR		—	100.00	100.00	86,991	14		2012
Porsche Consulting GmbH, Bietigheim-Bissingen	EUR		—	100.00	100.00	700	—	1)	2013
Porsche Deutschland GmbH, Bietigheim-Bissingen	EUR		—	100.00	100.00	9,125	—	1)	2013
Porsche Dienstleistungs GmbH, Stuttgart	EUR		—	100.00	100.00	43	—	1)	2013
Porsche Engineering Group GmbH, Weissach	EUR		—	100.00	100.00	4,000	—	1)	2013
Porsche Engineering Services GmbH, Bietigheim-Bissingen	EUR		—	100.00	100.00	1,601	—	1)	2013
Porsche Financial Services GmbH & Co. KG, Bietigheim-Bissingen	EUR		—	100.00	100.00	—	31,893		2013
Porsche Financial Services GmbH, Bietigheim-Bissingen	EUR		—	100.00	100.00	24,052	—	1)	2013
Porsche Financial Services Verwaltungsgesellschaft mbH, Bietigheim-Bissingen	EUR		—	100.00	100.00	72	5		2013
Porsche Holding Stuttgart GmbH, Stuttgart	EUR		100.00	—	100.00	4,680,061	—	13)	2013
Porsche Leipzig GmbH, Leipzig	EUR		—	100.00	100.00	2,500	—	1)	2013
Porsche Lizenz- und Handelsgesellschaft mbH & Co. KG, Bietigheim-Bissingen	EUR		—	65.00	65.00	23,190	2,866		2013
Porsche Logistik GmbH, Stuttgart	EUR		—	100.00	100.00	1,000	—	1)	2013
Porsche Niederlassung Berlin GmbH, Berlin	EUR		—	100.00	100.00	2,500	—	1)	2013
Porsche Niederlassung Berlin-Potsdam GmbH, Kleinmachnow	EUR		—	100.00	100.00	1,700	—	1)	2013
Porsche Niederlassung Hamburg GmbH, Hamburg	EUR		—	100.00	100.00	2,000	—	1)	2013
Porsche Niederlassung Leipzig GmbH, Leipzig	EUR		—	100.00	100.00	500	—	1)	2013
Porsche Niederlassung Mannheim GmbH, Mannheim	EUR		—	100.00	100.00	2,433	—	1)	2013

Name and domicile of company	Currency	Exchange rate (€1 =) Dec. 31, 2013	VW AG's interest in capital in % Direct	Indirect	Total	Equity in thousands, local currency	Profit/loss in thousands, local currency	Footnote	Year
Porsche Niederlassung Stuttgart GmbH, Stuttgart	EUR		—	100.00	100.00	2,500	—	1)	2013
Porsche Nordamerika Holding GmbH, Ludwigsburg	EUR		—	100.00	100.00	58,311	—	1)	2013
Porsche Siebte Vermögensverwaltung GmbH, Stuttgart	EUR		100.00	—	100.00	636,919	264	4) 13)	2012
Porsche Verwaltungsgesellschaft mit beschränkter Haftung, Bietigheim-Bissingen	EUR		—	65.00	65.00	34	1		2013
Porsche Vierte Vermögensverwaltung GmbH, Stuttgart	EUR		—	100.00	100.00	23	—		2013
Porsche Zentrum Hoppegarten GmbH, Stuttgart	EUR		—	100.00	100.00	2,556	—	1)	2013
Private Driver 2008-1 GmbH, in Liquidation, Frankfurt am Main	EUR		—	—	—	28	—	2) 16)	2013
Private Driver 2008-2 GmbH, in Liquidation, Frankfurt am Main	EUR		—	—	—	26	—	2) 16)	2012
Private Driver 2008-3 GmbH, in Liquidation, Frankfurt am Main	EUR		—	—	—	26	—	2) 16)	2012
Private Driver 2008-4 GmbH, in Liquidation, Frankfurt am Main	EUR		—	—	—	26	—	2) 16)	2012
Private Driver 2010-1 fixed GmbH, Frankfurt am Main	EUR		—	—	—	25	—	16)	2012
Private Driver 2011-1 GmbH, Frankfurt am Main	EUR		—	—	—	25	—	16)	2012
Private Driver 2011-2 GmbH, Frankfurt am Main	EUR		—	—	—	25	—	16)	2012
Private Driver 2011-3 GmbH, Frankfurt am Main	EUR		—	—	—	25	—	16)	2012
Private Driver 2012-1 GmbH, Frankfurt am Main	EUR		—	—	—	25	—	4) 16)	2012
Private Driver 2012-2 GmbH, Frankfurt am Main	EUR		—	—	—	25	—	4) 16)	2012
Private Driver 2012-3 GmbH, Frankfurt am Main	EUR		—	—	—	25	—	4) 16)	2012
Private Driver 2013-1 UG (haftungsbeschränkt), Frankfurt am Main	EUR		—	—	—	5	—	6) 16)	2013
Private Driver 2013-2 UG (haftungsbeschränkt), Frankfurt am Main	EUR		—	—	—	5	—	6) 16)	2013
PSW automotive engineering GmbH, Gaimersheim	EUR		—	97.00	97.00	16,964	2,972		2013
quattro GmbH, Neckarsulm	EUR		—	100.00	100.00	100	—	1)	2013
Raffay Versicherungsdienst GmbH, Hamburg	EUR		—	100.00	100.00	153	—	1)	2012
Renk Aktiengesellschaft, Augsburg	EUR		—	76.00	76.00	251,905	36,861		2013
RENK Test System GmbH, Augsburg	EUR		—	100.00	100.00	2,267	741		2013
Scania CV Deutschland Holding GmbH, Koblenz	EUR		—	100.00	100.00	41,706	991		2012
Scania Danmark GmbH, Flensburg	EUR		—	100.00	100.00	254	11		2012
SCANIA DEUTSCHLAND GmbH, Koblenz	EUR		—	100.00	100.00	35,715	—	1)	2012
Scania Finance Deutschland GmbH, Koblenz	EUR		—	100.00	100.00	43,549	6,912		2012
Scania Flensburg GmbH, Flensburg	EUR		—	100.00	100.00	0	59,500		2012
SCANIA Real Estate Deutschland GmbH, Koblenz	EUR		—	100.00	100.00	—	—	6)	2013
SCANIA Real Estate Deutschland Holding GmbH, Koblenz	EUR		—	100.00	100.00	—	—	6)	2013
Scania Versicherungsvermittlung GmbH, Koblenz	EUR		—	100.00	100.00	8	–15		2012
SCANIA Vertrieb und Service GmbH, Kerpen	EUR		—	100.00	100.00	4,614	–1,537		2012
SCANIA Vertrieb und Service GmbH, Koblenz	EUR		—	100.00	100.00	5,476	0		2012
Schwaba GmbH, Augsburg	EUR		—	100.00	100.00	15,733	2,254		2012
SEAT Deutschland GmbH, Weiterstadt	EUR		—	100.00	100.00	43,753	8,685		2012
SITECH Sitztechnik GmbH, Wolfsburg	EUR		—	100.00	100.00	80,046	12,350		2012
SKODA AUTO Deutschland GmbH, Weiterstadt	EUR		—	100.00	100.00	29,348	19,752		2012
Sportwagen am Olympiapark GmbH, Munich	EUR		—	100.00	100.00	941	—	1)	2013

Name and domicile of company	Currency	Exchange rate (€1 =) Dec. 31, 2013	VW AG's interest in capital in % Direct	Indirect	Total	Equity in thousands, local currency	Profit/loss in thousands, local currency	Footnote	Year
Sportwagen GmbH Donautal, Ulm	EUR		—	100.00	100.00	2,605	—	1)	2013
Truck & Bus GmbH, Wolfsburg	EUR		100.00	—	100.00	—	—	1)	2013
VfL Wolfsburg-Fußball GmbH, Wolfsburg	EUR		—	100.00	100.00	30,973	—	1) 3)	2013
VGRD GmbH, Wolfsburg	EUR		100.00	—	100.00	242,539	—	1)	2012
Volim Volkswagen Immobilien Vermietgesellschaft für VW-/ Audi-Händlerbetriebe mbH, Braunschweig	EUR		—	100.00	100.00	26	—	1)	2013
Volkswagen Automobile Berlin GmbH, Berlin	EUR		—	100.00	100.00	11,798	—	1)	2012
Volkswagen Automobile Chemnitz GmbH, Chemnitz	EUR		—	100.00	100.00	6,439	—	1)	2012
Volkswagen Automobile Frankfurt GmbH, Frankfurt am Main	EUR		—	100.00	100.00	2,979	—	1)	2012
Volkswagen Automobile Hamburg GmbH, Hamburg	EUR		—	100.00	100.00	35,371	—	1)	2012
Volkswagen Automobile Hannover GmbH, Hanover	EUR		—	100.00	100.00	20,359	—	1)	2012
VOLKSWAGEN Automobile Leipzig GmbH, Leipzig	EUR		—	100.00	100.00	13,805	—	1)	2012
Volkswagen Automobile Region Hannover GmbH, Hanover	EUR		—	100.00	100.00	7,525	—	1)	2012
Volkswagen Automobile Rhein-Neckar GmbH, Mannheim	EUR		—	100.00	100.00	7,498	—	1)	2012
Volkswagen Automobile Stuttgart GmbH, Stuttgart	EUR		—	100.00	100.00	4,407	—	1)	2012
Volkswagen Bank GmbH, Braunschweig	EUR		—	100.00	100.00	4,139,684	—	1)	2013
VOLKSWAGEN FINANCIAL SERVICES AG, Braunschweig	EUR		100.00	—	100.00	5,251,495	—	1)	2012
Volkswagen Financial Services Beteiligungsgesellschaft mbH, Braunschweig	EUR		—	100.00	100.00	523,001	—	1)	2013
Volkswagen Group Real Estate GmbH & Co. KG, Wolfsburg	EUR		—	100.00	100.00	272,714	12,060		2012
Volkswagen Immobilien GmbH, Wolfsburg	EUR		100.00	—	100.00	86,169	—	1)	2012
Volkswagen Leasing GmbH, Braunschweig	EUR		—	100.00	100.00	219,123	—	1)	2013
Volkswagen Logistics GmbH & Co. OHG, Wolfsburg	EUR		81.00	19.00	100.00	511	225,878		2012
Volkswagen Logistics GmbH, Wolfsburg	EUR		100.00	—	100.00	1,150	974		2012
Volkswagen Original Teile Logistik Beteiligungs-GmbH, Baunatal	EUR		49.80	3.80	53.60	29	1		2012
Volkswagen Original Teile Logistik GmbH & Co. KG, Baunatal	EUR		50.57	3.88	54.45	47,000	86,858		2012
Volkswagen Osnabrück GmbH, Osnabrück	EUR		100.00	—	100.00	10,511	—	1)	2012
Volkswagen R GmbH, Wolfsburg	EUR		—	100.00	100.00	7,900	—	1)	2012
Volkswagen Sachsen GmbH, Zwickau	EUR		100.00	—	100.00	592,412	—	1)	2013
Volkswagen Versicherung AG, Braunschweig	EUR		—	100.00	100.00	52,055	—	1)	2013
Volkswagen Versicherungsvermittlung GmbH, Braunschweig	EUR		—	100.00	100.00	49,529	—	1)	2013
Volkswagen Vertriebsbetreuungsgesellschaft mbH, Chemnitz	EUR		100.00	—	100.00	805	—	1)	2013
Volkswagen Zubehör GmbH, Dreieich	EUR		100.00	—	100.00	8,969	—	1)	2012
Volkswagen-Versicherungsdienst GmbH, Braunschweig	EUR		—	100.00	100.00	54,369	—	1)	2013
VW KRAFTWERK GmbH, Wolfsburg	EUR		100.00	—	100.00	220,120	—	1)	2012
2. International									
AB Dure, Södertälje	SEK	8.8591	—	100.00	100.00	—	—	5)	2012
AB Folkvagn, Södertälje	SEK	8.8591	—	100.00	100.00	—	—	5)	2012
AB Scania-Vabis, Södertälje	SEK	8.8591	—	100.00	100.00	—	—	5)	2012
ABCIS Bretagne S.A.S., Plouigneau	EUR		—	100.00	100.00	1,840	20		2012
ABCIS Centre S.A.S., Clermont-Ferrand	EUR		—	100.00	100.00	7,157	590		2012
ABCIS Picardie S.A.S., Saint-Maximin	EUR		—	100.00	100.00	6,806	551		2012
ABCIS Pyrénées S.A.S., Billère	EUR		—	100.00	100.00	6,987	623		2012
Aconcagua Vehículos Comerciales S.A., Mendoza	ARS	8.9825	—	100.00	100.00	27,053	6,530		2012
Ainax AB, Stockholm	SEK	8.8591	—	100.00	100.00	—	—	5)	2012
Aktiebolaget Tönseth & Co, Södertälje	SEK	8.8591	—	100.00	100.00	8,880	544		2012

Name and domicile of company	Currency	Exchange rate (€1 =) Dec. 31, 2013	VW AG's interest in capital in % Direct	Indirect	Total	Equity in thousands, local currency	Profit/loss in thousands, local currency	Footnote	Year
Alizé Automobile S.A.R.L., Aubière	EUR		—	100.00	100.00	285	−41		2012
Allmobil Autohandelsgesellschaft m.b.H., Salzburg	EUR		—	100.00	100.00	7,789	2,592		2012
ARAC GmbH, Salzburg	EUR		—	100.00	100.00	2,977	125		2012
Astur Wagen, S.A., Gijón	EUR		—	100.00	100.00	2,048	−910		2012
Audi (China) Enterprise Management Co., Ltd., Beijing	CNY	8.3491	—	100.00	100.00	629,066	210,723		2013
AUDI AUSTRALIA PTY LTD., Zetland	AUD	1.5423	—	100.00	100.00	108,884	8,292		2013
AUDI AUSTRALIA RETAIL OPERATIONS PTY LTD., Zetland	AUD	1.5423	—	100.00	100.00	6,145	1,199		2013
AUDI BRUSSELS PROPERTY S.A./N.V., Brussels	EUR		—	100.00	100.00	83,300	2,700		2013
AUDI BRUSSELS S.A./N.V., Brussels	EUR		—	100.00	100.00	476,800	25,600		2013
Audi Canada Inc., Ajax / Ontario	CAD	1.4671	—	100.00	100.00	45,321	11,778		2013
AUDI DO BRASIL INDUSTRIA E COMMERCIO DE VEICULOS LTDA., São Paulo	BRL	3.2576	—	100.00	100.00	53,785	−35,816		2013
AUDI HUNGARIA MOTOR Kft., Györ	EUR		—	100.00	100.00	3,614,245	314,389		2013
AUDI HUNGARIA SERVICES Zrt., Györ	EUR		—	100.00	100.00	8,987,928	190		2013
Audi Japan K.K., Tokyo	JPY	144.7200	—	100.00	100.00	7,891,193	669,900		2012
Audi Japan Sales K.K., Tokyo	JPY	144.7200	—	100.00	100.00	2,252,612	947,806		2012
AUDI MÉXICO S.A. de C.V., San José Chiapa	USD	1.3791	—	100.00	100.00	314,071	−14,103		2013
Audi of America, LLC, Herndon / Virginia	USD	1.3791	—	100.00	100.00	327,883	44,122		2013
Audi Retail Barcelona, S.A., Barcelona	EUR		—	100.00	100.00	1,220	−665		2012
Audi Retail Madrid, S.A., Madrid	EUR		—	100.00	100.00	1,138	−1,084		2012
AUDI SINGAPORE PTE. LTD., Singapore	SGD	1.7414	—	100.00	100.00	35,405	3,092		2013
AUDI TAIWAN CO., LTD., Taipeh	TWD	41.0935	—	100.00	100.00	1,520,998	94,050		2013
AUDI TOOLING BARCELONA S.L., Barcelona	EUR		—	100.00	100.00	16,230	1,756		2013
Audi Volkswagen Korea Ltd., Seoul	KRW	1,450.9300	—	100.00	100.00	139,782,126	31,264,996		2013
AUDI VOLKSWAGEN MIDDLE EAST FZE, Dubai	USD	1.3791	—	100.00	100.00	68,957	13,141		2013
Auto Doetinchem B.V., Doetinchem	EUR		—	100.00	100.00	18	—		2012
Auto Garage de l'Ouest S.A.S., Orvault	EUR		—	100.00	100.00	3,379	233		2012
Auto Losange Metz S.A.S., Metz	EUR		—	100.00	100.00	3,557	−615		2012
Autobedrijf Klaas Visser B.V., Lelystad	EUR		—	100.00	100.00	—	—	7)	2013
Autohaus Robert Stipschitz GmbH, Salzburg	EUR		—	100.00	100.00	5,694	507		2012
Automobili Lamborghini America, LLC, Wilmington/ Delaware	USD	1.3791	—	100.00	100.00	999	97		2013
Automobili Lamborghini S.p.A., Sant' Agata Bolognese	EUR		—	100.00	100.00	1,820,393	535		2012
Automotores del Atlantico S.A., Mar del Plata	ARS	8.9825	—	100.00	100.00	31,676	7,662		2012
Automotores Pesados S.A., Tucumán	ARS	8.9825	—	100.00	100.00	43,184	8,325		2012
B.B.M. 77 S.A.S., St. Thibault-des-Vignes	EUR		—	100.00	100.00	1,608	231		2012
Banco Volkswagen S.A., São Paulo	BRL	3.2576	—	100.00	100.00	2,045,549	58,347		2012
Basa S.A.S., Niort	EUR		—	100.00	100.00	4,130	307		2012
Bawaria Motors Sp. z o.o., Warsaw	PLN	4.1543	—	100.00	100.00	39,892	7,593		2012
Bayern Aix S.A.S., Aix-en-Provence	EUR		—	100.00	100.00	2,325	42		2012
Bayern Automobiles S.A.S., Mérignac	EUR		—	100.00	100.00	2,020	145		2012
Bayern Landes Pays Basque S.A.S., Bayonne	EUR		—	100.00	100.00	738	−562		2012
Bayern Motors S.A.S., Paris	EUR		—	100.00	100.00	7,738	7		2012
Beauciel Automobiles S.A.S., La Chaussée-Saint-Victor	EUR		—	100.00	100.00	3,142	271		2012
Beers N.V., Breda	EUR		—	100.00	100.00	5,716	92		2012
Beijing Jun Bao Jie Automobile Repair and Maintenance Co., Ltd., Beijing	CNY	8.3491	—	100.00	100.00	99,811	−4,057		2012
Beijing Jun Bao Jie Automobile Sales and Service Co., Ltd., Beijing	CNY	8.3491	—	100.00	100.00	7,667	−681		2012
Beijing Junbaojie Automobile Trade Co., Ltd., Beijing	CNY	8.3491	—	100.00	100.00	14,877	−3,280		2012
Bentley Motor Cars Export Ltd., Crewe	GBP	0.8337	—	100.00	100.00	11	—	5)	2012
Bentley Motors Canada Ltd./Ltee., Montreal/Quebec	CAD	1.4671	—	100.00	100.00	3,052	933	12)	2012
Bentley Motors Ltd., Crewe	GBP	0.8337	—	100.00	100.00	—	104,400		2012
Bentley Motors, Inc., Boston	USD	1.3791	—	100.00	100.00	54,490	2,592	12)	2012
Bil-Forum AB, Södertälje	SEK	8.8591	—	100.00	100.00	—	—	5)	2012
Blitz B.V., Utrecht	EUR		—	100.00	100.00	1,439	—		2012

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Blitz Motors S.A.S., Paris	EUR		—	100.00	100.00	2,840	202		2012
Bohemia Motors Sp. z o.o., Falenty	PLN	4.1543	—	100.00	100.00	—	—	15)	2012
Bugatti Automobiles S.A.S., Molsheim	EUR		—	100.00	100.00	22,128	187		2012
Bugatti International S.A., Luxembourg	EUR		100.00	—	100.00	5,587	−157		2012
C.C.A. Holding S.A.S., Saint-Doulchard	EUR		—	100.00	100.00	4,304	−173		2012
Carlier Automobiles S.A.S., Lambres-lez-Douai	EUR		—	50.20	50.20	2,607	−7		2012
Carrera Finance S.A., Luxembourg	EUR		—	—	—	31	—	6) 16)	2013
Centro Porsche Padova S.r.L., Padua	EUR		—	100.00	100.00	75	3		2013
Centro Técnico de SEAT, S.A., Martorell	EUR		—	100.00	100.00	131,432	265		2012
Centurion Truck & Bus (Pty) Ltd. t/a, Centurion	ZAR	11.1727	—	70.00	70.00	18,177	15,523		2013
Chapter Air Ltd., George Town	USD	1.3791	—	100.00	100.00	—	—	6) 11)	2013
Codema Comercial e Importadora Ltda., Guarulhos	BRL	3.2576	—	99.99	99.99	87,272	17,230		2012
Cofora Polska Sp. z o.o., Warsaw	PLN	4.1543	—	100.00	100.00	56,757	4,124	14)	2012
Compagnie Fonciere Raison — Cofora S.A.S., Paris	EUR		—	100.00	100.00	25,358	2,889		2012
Consórcio Nacional Volkswagen — Administradora de Consórcio Ltda., São Paulo	BRL	3.2576	—	100.00	100.00	162,402	−63,768		2012
Corre Automobiles S.A., Villemandeur	EUR		—	100.00	100.00	1,220	−371		2012
Crewe Genuine Ltd., Crewe	GBP	0.8337	—	100.00	100.00	546	—	5)	2012
de Bois B.V., Velp	EUR		—	100.00	100.00	2,056	141		2012
de Witte Holding B.V., Veenendaal	EUR		—	100.00	100.00	49	—		2012
Dearborn Motors S.A.S., Paris	EUR		—	100.00	100.00	5,512	246		2012
Delta Invest Sp. z o.o., Falenty	PLN	4.1543	—	100.00	100.00	—	1,837		2012
Diffusion Automobile Calaisienne S.A.S., Coquelles	EUR		—	100.00	100.00	1,417	−71		2012
Diffusion Automobile de Charente S.A.S., Champniers	EUR		—	100.00	100.00	2,294	225		2012
Diffusion Automobile du Nord (D.I.A.N.O.R.) S.A.S., Roncq	EUR		—	100.00	100.00	2,603	453		2012
Diffusion Automobile Girondine S.A., Mérignac	EUR		—	100.00	100.00	307	15		2012
Din Bil Fastigheter Malmö AB, Malmö	SEK	8.8591	—	100.00	100.00	717	91		2012
Din Bil Helsingborg AB, Helsingborg	SEK	8.8591	—	100.00	100.00	13,331	230		2012
Din Bil Stockholm Norr AB, Kista	SEK	8.8591	—	100.00	100.00	11,653	128	5)	2012
Din Bil Stockholm Söder AB, Stockholm	SEK	8.8591	—	100.00	100.00	25,539	283	5)	2012
Din Bil Sverige AB, Stockholm	SEK	8.8591	—	100.00	100.00	501,179	113,175		2012
Distribution Automobiles Bethunoise S.A.S., Fouquières-lès-Béthune	EUR		—	100.00	100.00	2,150	164		2012
Domes Automobiles S.A.R.L., Chasseneuil-du-Poitou	EUR		—	100.00	100.00	325	46		2012
DRIVER AUSTRALIA ONE PTY LTD, Melbourne	AUD	1.5423		—	—	—	—	6) 16)	2013
Driver Brasil One Banco Volkswagen Fundo de Investimento em Direitos Creditórios Financiamento de Veículos, Osasco	BRL	3.2576	—	—	—	820,651	37,944	4) 16)	2012
Driver Brasil TWO Banco Volkswagen Fundo de Investimento em Direitos Creditórios Financiamento de Veículos, Osasco	BRL	3.2576	—	—	—	—	—	6) 16)	2013
DRIVER FRANCE FCT, Pantin	EUR		—	—	—	—	—	6) 16)	2013
Driver UK Master S.A., Luxembourg	GBP	0.8337	—	—	—	29	—	3) 16)	2012
Ducati (Schweiz) AG, Wollerau	CHF	1.2276	—	100.00	100.00	898	829		2012
Ducati Japan K.K., Tokyo	JPY	144.7200	—	100.00	100.00	196,601	242,487		2012
Ducati Motor (Thailand) Co. Ltd., Amphur Pluakdaeng	THB	45.1780	—	100.00	100.00	—	37,323		2012
Ducati Motor Holding S.p.A., Bologna	EUR		—	100.00	100.00	596,234	25,933		2013
DUCATI NORTH AMERICA, INC., Cupertino	USD	1.3791	—	100.00	100.00	34,607	6,308		2012
Ducati North Europe B.V., The Hague	EUR		—	100.00	100.00	2,674	361		2012
DUCATI U.K. LIMITED, Towcester	GBP	0.8337	—	100.00	100.00	527	268		2012
DUCATI WEST EUROPE S.A.S., Colombes	EUR		—	100.00	100.00	4,501	896		2012
DUCMOTOCICLETA S DE RL DE CV, Mexico City	MXN	18.0731	—	100.00	100.00	—	−3,571		2012
Duverney Automobiles S.A.S., St.-Jean-de-Maurienne	EUR		—	100.00	100.00	1,713	−16		2012
Duverney Savoie Automobiles S.A.S., Saint-Alban-Leysse	EUR		—	100.00	100.00	5,308	−72		2012

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Duverney Val Savoie Automobiles S.A.S., Saint-Alban-Leysse	EUR		—	100.00	100.00	2,877	78		2012
Dynamate AB, Södertälje	SEK	8.8591	—	100.00	100.00	36,253	1,800		2012
DynaMate Industrial Services AB, Södertälje	SEK	8.8591	—	100.00	100.00	9,220	1,380		2012
DynaMate IntraLog AB, Södertälje	SEK	8.8591	—	100.00	100.00	5,811	−10,942		2012
Dynamic Automobiles S.A.S., Annemasse	EUR		—	100.00	100.00	1,423	168		2012
EKRIS Holding B.V., Veenendaal	EUR		—	100.00	100.00	17,491	—		2012
Ekris Motorsport B.V., Veenendaal	EUR		—	100.00	100.00	9	3		2012
Ekris Retail B.V., Veenendaal	EUR		—	100.00	100.00	9,365	2,811		2012
Elgersma B.V., Ijsselstein	EUR		—	100.00	100.00	2,255	319		2012
ERF Limited, Swindon	GBP	0.8337	—	100.00	100.00	—	—		2013
Etablissement Duverney & Cie S.A.S., Saint-Alban-Leysse	EUR		—	100.00	100.00	11,287	2,005		2012
Etablissements A. Gardin S.A.S., Terville	EUR		—	100.00	100.00	1,979	−502		2012
Eurent Autokölcsönzö Kft., Budapest	HUF	297.0400	—	100.00	100.00	962,565	16,200		2012
Eurent Slovakia s.r.o., Bratislava	EUR		—	100.00	100.00	1,539	24		2012
EURO Select Quality Parts Inc., Wilmington/Delaware	USD	1.3791	—	100.00	100.00	—	—	5)	2013
Eurocar Immobili Italia s.r.l., Udine	EUR		—	100.00	100.00	10,052	291		2012
Eurocar Italia s.r.l., Udine	EUR		—	100.00	100.00	9,850	−108		2012
Euro-Leasing A/S, Padborg	DKK	7.4593	—	100.00	100.00	5,581	3,920		2013
EURO-Leasing Hellas E.P.E., Thessaloniki	EUR		—	100.00	100.00	—	−66		2013
EURO-LEASING Sp. z o.o., Stettin	PLN	4.1543	—	100.00	100.00	3,043	−258		2013
Europeisk Biluthyrning AB, Stockholm	SEK	8.8591	—	100.00	100.00	46,035	21,292		2012
Evrard Les Grands Garages Liévinois S.A.S., Liévin	EUR		—	100.00	100.00	1,000	157		2012
ExB II LLC, Wilmington/Delaware	USD	1.3791	—	100.00	100.00	—	—	6) 16)	2013
ExB LLC, Wilmington/Delaware	USD	1.3791	—	100.00	100.00	10,240.00	8,168.00	16)	2013
Excel Motors S.A.S., Laxou	EUR		—	100.00	100.00	392	−153		2012
Exclusive Cars Vertriebs GmbH, Salzburg	EUR		—	100.00	100.00	2,638	829		2012
Fastighets AB Katalysatorn, Södertälje	SEK	8.8591	—	100.00	100.00	120	—	5)	2012
Fastighetsaktiebolaget Flygmotorn, Södertälje	SEK	8.8591	—	100.00	100.00	18,825	2,729		2012
Fastighetsaktiebolaget Hjulnavet, Södertälje	SEK	8.8591	—	100.00	100.00	53,944	6,201		2012
Fastighetsaktiebolaget Motorblocket, Södertälje	SEK	8.8591	—	100.00	100.00	100	0		2012
Fastighetsaktiebolaget Vindbron, Södertälje	SEK	8.8591	—	100.00	100.00	42,068	3,069		2012
Ferruform AB, Luleå	SEK	8.8591	—	100.00	100.00	125,692	−63,572		2012
Futurauto S.A.S., Poitiers	EUR		—	100.00	100.00	670	−14		2012
FWAU Holding S.A.S., Paris	EUR		—	100.00	100.00	44,680	6		2012
Garage André Floc S.A.S., Cesson-Sévigné	EUR		—	100.00	100.00	4,133	372		2012
Garage Chevalier S.A.S., Longeville-lès-Metz	EUR		—	100.00	100.00	1,827	93		2012
Garage de la Gohelle S.A.S., Sains-en-Gohelle	EUR		—	100.00	100.00	845	77		2012
Garage de la Lys — NGA S.A.S., Longuenesse	EUR		—	100.00	100.00	1,733	263		2012
Garage de la Lys Englos les Geants S.A.S., Sequedin	EUR		—	100.00	100.00	2,016	248		2012
Garage de la Lys S.A.S., Nieppe	EUR		—	100.00	100.00	2,748	433		2012
Garage de Witte B.V., Veenendaal	EUR		—	100.00	100.00	60	—		2012
Garage Robert Bel S.A.S., Annemasse	EUR		—	100.00	100.00	1,463	180		2012
Garage Vetterli AG, Seuzach	CHF	1.2276	—	100.00	100.00	4,403	450		2012
Gardin S.A.S., Terville	EUR		—	100.00	100.00	2,926	173		2012
GB&M Garage et Carrosserie SA, Geneva	CHF	1.2276	—	100.00	100.00	4,595	−1		2012
Gearbox del Prat, S.A., El Prat de Llobregat	EUR		—	100.00	100.00	151,412	15,307		2012
GGBA S.A.S., Hénin-Beaumont	EUR		—	97.50	97.50	106,570	11,932		2012
Glider Air Ltd., George Town, Cayman Islands	USD	1.3791	—	100.00	100.00	—	—	11)	2012
Global Automotive C.V., Amsterdam	EUR		99.99	0.01	100.00	4,163,336	1,102,139		2012
Global Automotive Finance C.V., Amsterdam	EUR		—	100.00	100.00	522,415	−134		2012
Global VW Automotive B.V., Amsterdam	EUR		100.00	—	100.00	124,429	19,068		2012
Grands Garages de Provence SNC, Aix-en-Provence	EUR		—	100.00	100.00	8,275	152		2012
Grands Garages de Touraine SNC, St. Cyr-sur-Loire	EUR		—	100.00	100.00	7,292	589	14)	2012
Grands Garages du Berry S.A.S., Saint-Maur	EUR		—	100.00	100.00	1,059	−446		2012
Grands Garages du Biterrois S.A.S., Béziers	EUR		—	100.00	100.00	2,606	−1,390		2012

Name and domicile of company	Currency	Exchange rate (€1 =) Dec. 31, 2013	VW AG's interest in capital in % Direct	Indirect	Total	Equity in thousands, local currency	Profit/loss in thousands, local currency	Footnote	Year
Griffin Automotive Ltd., Road Town / British Virgin Islands	TWD	41.0935	—	100.00	100.00	130,034	95,943		2012
Gulf Turbo Services LLC, Doha	QAR	5.0178	—	55.00	55.00	23,700	10,061		2013
Hamlin Services LLC, Herndon / Virginia	USD	1.3791	—	100.00	100.00	—	—	11)	2012
Hangzhou Jun Bao Hang Automobile Sales & Services Co., Ltd., Hangzhou	CNY	8.3491	—	100.00	100.00	195,116	8,673		2012
Houdstermaatschappij Plesman I B.V., Veenendaal	EUR		—	100.00	100.00	6,907	—		2012
Houdstermaatschappij Plesman II B.V., Veenendaal	EUR		—	100.00	100.00	742	—		2012
Huzhou Junbaohang Automobile Sales and Service Co., Ltd., Huzhou	CNY	8.3491	—	100.00	100.00	52,437	–523		2012
IMMO SADA S.A.R.L., Dunkirk	EUR		—	100.00	100.00	—	110		2012
Immogeb S.A.S., Hénin-Beaumont	EUR		—	100.00	100.00	—	–1,528		2012
Intercar Austria GmbH, Salzburg	EUR		—	100.00	100.00	13,267	5,926		2012
IPECAS-Gestao de Imoveis S.A., Algés (Lisbon)	EUR		—	100.00	100.00	—	–6		2013
Italdesign-Giugiaro S.p.A., Turin	EUR		—	90.10	90.10	120,468	988		2012
Italscania S.p.A., Trento	EUR		—	100.00	100.00	109,354	7,768		2012
J.M.C. Autos S.A.S., Charmeil	EUR		—	100.00	100.00	843	–191		2012
Jacques Carlet S.A.S., Mozac	EUR		—	100.00	100.00	4,291	751		2012
Jacques Duverney Annemasse S.A.S., Annemasse	EUR		—	100.00	100.00	2,347	–208		2012
Jacques Duverney S.A.S., Thonon-les-Bains	EUR		—	100.00	100.00	2,654	265		2012
James Young Ltd., Crewe	GBP	0.8337	—	100.00	100.00	12,474	—	5)	2012
Javel Motors S.A.S., Paris	EUR		—	100.00	100.00	7,036	560		2012
Jiaxing Jun Bao Hang Automobile Sales and Service Co., Ltd., Jiaxing	CNY	8.3491	—	100.00	100.00	77,816	3,827		2012
Jinhua Jiejun Automobile Sales and Service Co., Ltd., Jinhua City	CNY	8.3491	—	100.00	100.00	180,849	49,545		2012
Jinhua Jun Bao Hang Automobile Sales and Service Co., Ltd., Jinhua	CNY	8.3491	—	100.00	100.00	119,191	7,006		2012
JP Cresson S.A.R.L., Lille	EUR		—	100.00	100.00	260	140		2012
La Difference Automobile S.A.S., La Teste-de-Buch	EUR		—	100.00	100.00	1,112	158		2012
La Fonciere Marjolin SCI, Paris	EUR		—	100.00	100.00	1,647	1,187		2012
Lark Air Ltd., George Town	USD	1.3791	—	100.00	100.00	—	—	11)	2012
Lauken S.A., Montevideo	UYU	29.1440	—	100.00	100.00	—	—	5)	2012
Le Grand Garage Piscenois S.A.R.L., Pézenas	EUR		—	100.00	100.00	1,372	104		2012
Leioa Wagen, S.A., Lejona (Vizcaya)	EUR		—	100.00	100.00	3,486	188		2012
Lens Location S.A.S., Loison-sous-Lens	EUR		—	100.00	100.00	1,637	289		2012
Les Nouveaux Garages de l'Artois (N.G.A.) S.A.S., Arras	EUR		—	100.00	100.00	4,335	349		2012
Levante Wagen, S.A., Valencia	EUR		—	100.00	100.00	4,531	778		2012
Lion Air Services, Inc., George Town	USD	1.3791	—	100.00	100.00	96,415	15,469	10)	2012
Lion Motors Sp. z o.o., Piaseczno	PLN	4.1543	—	100.00	100.00	—	–2,649		2012
Longwy Espace Automobile S.A.S., Mexy	EUR		—	100.00	100.00	369	–66		2012
Lorraine Motors S.A.S., Tomblaine	EUR		—	100.00	100.00	3,069	–992		2012
M.C.A. S.A.S., Champniers	EUR		—	100.00	100.00	1,478	139		2012
Málaga Wagen, S.A., Málaga	EUR		—	100.00	100.00	1,201	–84		2012
Mälardalens Tekniska Gymnasium AB, Södertälje	SEK	8.8591	—	80.00	80.00	1,454	–9,201		2012
MAN Accounting Center Sp. z o.o., Poznań	PLN	4.1543	—	100.00	100.00	73	–1,003		2013
MAN Automotive (South Africa) (Pty.) Ltd., Johannesburg	ZAR	11.1727	—	100.00	100.00	16,924	—		2013
MAN Bus & Coach (Pty.) Ltd., Olifantsfontein	ZAR	11.1727	—	100.00	100.00	60,569	–4,325		2013
MAN Bus Sp. z o.o., Tarnowo Podgórne	EUR		—	100.00	100.00	101,836	19,561		2013
MAN Camions & Bus SAS, Evry Cedex	EUR		—	100.00	100.00	33,205	–1,440		2013
MAN Capital Corporation, Woodbridge / New Jersey	USD	1.3791	—	100.00	100.00	185,383	5,390		2013
MAN Diesel & Turbo Australia Pty. Ltd., North Ryde	AUD	1.5423	—	100.00	100.00	15,627	1,948		2013
MAN Diesel & Turbo Benelux B.V., Schiedam	EUR		—	100.00	100.00	5,996	1,465		2013
MAN Diesel & Turbo Benelux N.V., Antwerp	EUR		—	100.00	100.00	9,097	1,193		2013
MAN Diesel & Turbo Brasil Ltda., Rio de Janeiro	BRL	3.2576	—	100.00	100.00	15,722	4,476		2013

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MAN Diesel & Turbo Canada Ltd., Oakville / Ontario	CAD	1.4671	—	100.00	100.00	9,969	3,010		2013
MAN Diesel & Turbo China Production Co. Ltd., Changzhou	CNY	8.3491	—	100.00	100.00	121,339	11,911		2013
MAN Diesel & Turbo España S.A.U., Madrid	EUR		—	100.00	100.00	2,690	1,441		2013
MAN Diesel & Turbo France SAS, Villepinte	EUR		—	100.00	100.00	63,654	−5,759		2013
MAN Diesel & Turbo Hellas Ltd., Piraeus	EUR		—	100.00	100.00	4,153	1,260		2013
MAN Diesel & Turbo Hong Kong Ltd., Hong Kong	HKD	10.6933	—	100.00	100.00	68,413	14,703		2013
MAN Diesel & Turbo India Ltd., Aurangabad	INR	85.3660	—	93.44	93.44	698,385	46,122		2013
MAN Diesel & Turbo Korea Ltd., Pusan	KRW	1,450.9300	—	100.00	100.00	18,804,733	4,328,547		2013
MAN Diesel & Turbo Middle East (LLC), Dubai	AED	5.0614	—	100.00	100.00	55,227	16,725		2013
MAN Diesel & Turbo North America Inc., Woodbridge / New Jersey	USD	1.3791	—	100.00	100.00	26,343	5,276		2013
MAN Diesel & Turbo Operations Pakistan (Private) Ltd., Lahore	PKR	145.2710	—	100.00	100.00	212,188	100,043		2013
MAN Diesel & Turbo Pakistan (Private) Limited, Lahore	PKR	145.2710	—	100.00	100.00	229,022	74,720		2013
MAN Diesel & Turbo Saudi Arabia LLC, Jeddah	SAR	5.1682	—	100.00	100.00	4,386	2,353		2013
MAN Diesel & Turbo Schweiz AG, Zurich	CHF	1.2276	—	100.00	100.00	240,030	66,237		2013
MAN Diesel & Turbo Shanghai Co. Ltd., Shanghai	CNY	8.3491	—	100.00	100.00	159,363	41,930		2013
MAN Diesel & Turbo Singapore Pte. Ltd., Singapore	SGD	1.7414	—	100.00	100.00	39,092	18,260		2013
MAN Diesel & Turbo South Africa (Pty) Ltd., Elandsfontein	ZAR	11.1727	—	100.00	100.00	295,243	47,785		2013
MAN Diesel & Turbo UK Ltd., Stockport	GBP	0.8337	—	100.00	100.00	33,103	12,236		2013
MAN Engines & Components Inc., Pompano Beach	USD	1.3791	—	100.00	100.00	38,738	4,363		2013
MAN ERF Ireland Properties Limited, Dublin	EUR		—	100.00	100.00	—	−68		2013
MAN Finance and Holding S.A., Luxembourg	EUR		—	100.00	100.00	1,546,390	771		2013
MAN Finance Luxembourg S.A., Luxembourg	EUR		—	100.00	100.00	28	—	6)	2013
MAN Financial Services España S.L., Coslada (Madrid)	EUR		—	100.00	100.00	—	−19,300		2013
MAN Financial Services GesmbH, Eugendorf	EUR		—	100.00	100.00	11,037	2,298		2013
MAN Financial Services plc., Swindon (Wiltshire)	GBP	0.8337	—	100.00	100.00	55,558	9,791		2013
MAN Financial Services Poland Sp. z o.o., Nadarzyn	PLN	4.1543	—	100.00	100.00	23,444	9,296		2013
MAN Financial Services Portugal, Unipessoal, Lda., Lisbon	EUR		—	100.00	100.00	—	−2,736		2013
MAN Financial Services SAS, Evry Cedex	EUR		—	100.00	100.00	28,247	5,336		2013
MAN Financial Services SpA, Dossobuono di Villafranca	EUR		—	100.00	100.00	15,235	−4,142	14)	2013
MAN Financial Services Tüketici Finansmani A.S., Ankara	EUR		—	100.00	100.00	10,963	1,570		2013
MAN Hellas Truck & Bus S.A., Aspropygros	EUR		—	100.00	100.00	707	62		2013
MAN Iberia S.A.U., Coslada (Madrid)	EUR		—	100.00	100.00	1,864	503		2013
MAN Kamion és Busz Kereskedelmi Kft., Dunaharaszti	HUF	297.0400	—	100.00	100.00	2,857,035	−612,762		2013
MAN Kamyon ve Otobüs Ticaret A.S., Ankara	EUR		—	100.00	100.00	18,830	−1,219		2013
MAN Latin America Indústria e Comércio de Veículos Ltda., São Paulo	BRL	3.2576	—	100.00	100.00	2,704,269	215,575		2013
MAN Location & Services S.A.S., Evry Cedex	EUR		—	100.00	100.00	—	−11,729		2013
MAN Nutzfahrzeuge Immobilien GesmbH, Steyr	EUR		—	100.00	100.00	23,934	1,430		2013
MAN Truck & Bus (Korea) Limited, Seoul	KRW	1,450.9300	—	100.00	100.00	—	−3,661,784		2013
MAN Truck & Bus (S.A.) (Pty.) Ltd., Johannesburg	ZAR	11.1727	—	100.00	100.00	425,826	−19,261		2013
MAN Truck & Bus Asia Pacific Co., Ltd., Bangkok	THB	45.1780	—	99.99	99.99	92,524	12,860		2013

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MAN Truck & Bus Czech Republic s.r.o., Cestlice	CZK	27.4270	—	100.00	100.00	953,840	−53,425		2013
MAN Truck & Bus Danmark A/S, Glostrup	DKK	7.4593	—	100.00	100.00	76,032	−3,608		2013
MAN Truck & Bus Iberia S.A.U., Coslada (Madrid)	EUR		—	100.00	100.00	—	385		2013
MAN Truck & Bus Italia S.p.A., Verona	EUR		—	100.00	100.00	7,696	1,145		2013
MAN Truck & Bus Kazakhstan LLP, Almaty	KZT	212.6900	—	100.00	100.00	—	3,155		2013
MAN Truck & Bus Mexico S.A. de C.V., El Marques	MXN	18.0731	—	100.00	100.00	—	−53,139		2013
MAN Truck & Bus Middle East and Africa FZE, Dubai	AED	5.0614	—	100.00	100.00	85,262	32,285		2013
MAN Truck & Bus N.V., Kobbegem (Brussels)	EUR		—	100.00	100.00	17,975	13	14)	2013
MAN Truck & Bus Norge A/S, Lorenskog	NOK	8.3630	—	100.00	100.00	70,988	−25,696		2013
MAN Truck & Bus Österreich AG, Steyr	EUR		—	99.99	99.99	686,842	109,376		2013
MAN Truck & Bus Polska Sp. z o.o., Nadarzyn	PLN	4.1543	—	100.00	100.00	61,504	3,638		2013
MAN Truck & Bus Portugal S.U. Lda., Algés (Lisbon)	EUR		—	100.00	100.00	2,761	1,847		2013
MAN Truck & Bus Schweiz AG, Otelfingen	CHF	1.2276	—	100.00	100.00	16,519	−3,033		2013
MAN Truck & Bus Slovakia s.r.o., Bratislava	EUR		—	100.00	100.00	9,610	139		2013
MAN Truck & Bus Slovenija d.o.o., Ljubljana	EUR		—	100.00	100.00	6,354	−561		2013
MAN Truck & Bus Sverige AB, Kungens Kurva	SEK	8.8591	—	100.00	100.00	14,634	−655		2013
MAN Truck & Bus Trading (China) Co., Ltd., Beijing	CNY	8.3491	—	100.00	100.00	66,065	3,286		2013
MAN Truck & Bus UK Limited, Swindon (Wiltshire)	GBP	0.8337	—	100.00	100.00	80,779	4,007		2013
MAN Truck & Bus Vertrieb Österreich AG, Vienna	EUR		—	100.00	100.00	175,017	6,996		2013
MAN TRUCKS India Pvt. Ltd., Akurdi	INR	85.3660	—	100.00	100.00	4,644,304	343,910		2013
MAN Trucks Sp. z o.o., Niepolomice	EUR		—	100.00	100.00	175,810	34,646		2013
MAN Turbo India Pvt. Ltd., Vadodara	INR	85.3660	—	100.00	100.00	812,298	204,131		2013
MAN Türkiye A.S., Akyurt Ankara	EUR		—	99.99	99.99	80,239	—		2013
MB Motors Sp. z o.o., Piaseczno	PLN	4.1543	—	100.00	100.00	6,201	−75		2012
MECOS AG, Winterthur	CHF	1.2276	—	100.00	100.00	4,863	798		2013
Meridional Auto S.A.S., Nîmes	EUR		—	100.00	100.00	909	−740		2012
Mieschke Hofmann & Partner Americas Inc., Atlanta/Georgia	USD	1.3791	—	100.00	100.00	283	−386		2013
Mieschke Hofmann und Partner (Schweiz) AG, Regensdorf	CHF	1.2276	—	100.00	100.00	773	37		2013
MKB Lease B.V., Amersfoort	EUR		—	100.00	100.00	—	1,370		2012
Motorcam S.A., Buenos Aires	ARS	8.9825	—	100.00	100.00	75,157	12,592		2012
Nefkens Brabant Zuidoost B.V., Eindhoven	EUR		—	100.00	100.00	2,300	929		2012
Nefkens Gooi- en Eemland B.V., Hilversum	EUR		—	100.00	100.00	1,836	395		2012
Nefkens Leeuw B.V., Utrecht	EUR		—	100.00	100.00	11,844	—		2012
Nefkens Midden-Brabant b.v., Tilburg	EUR		—	100.00	100.00	927	−240		2012
Nefkens Noord B.V., Groningen	EUR		—	100.00	100.00	2,542	281		2012
Nefkens Oost B.V., Apeldoorn	EUR		—	100.00	100.00	1,222	−259		2012
Nefkens Utrecht B.V., Utrecht	EUR		—	100.00	100.00	2,915	820		2012
Nefkens Vastgoed B.V., Utrecht	EUR		—	100.00	100.00	11	903		2012
Nefkens Vastgoed Lelystad B.V., Veenendaal	EUR		—	100.00	100.00	—	—	7)	2013
Neoman France Eurl, Noisy-le-Grand	EUR		—	100.00	100.00	—	19		2013
Neoplan France SARL, Noisy-le-Grand	EUR		—	100.00	100.00	1,390	175		2013
Ningbo Jiejun Automobile Sales and Service Co., Ltd., Ningbo	CNY	8.3491	—	100.00	100.00	198,429	56,256		2012
Niort Automobiles S.A.S., Niort	EUR		—	100.00	100.00	2,179	230		2012
Norsk Scania AS, Oslo	NOK	8.3630	—	100.00	100.00	217,945	179,911		2012
Norsk Scania Eiedom AS, Oslo	NOK	8.3630	—	100.00	100.00	37,215	3,535		2012
Nouveau Garage des Flandres S.A.S., Wormhout	EUR		—	100.00	100.00	268	85		2012
Nouveaux Garages Lensois S.A.S., Loison-sous-Lens	EUR		—	100.00	100.00	1,701	−46		2012
NSAA S.A.S., Chasseneuil-du-Poitou	EUR		—	100.00	100.00	1,422	10		2012
Ocean Automobile S.A.S., Orvault	EUR		—	100.00	100.00	2,857	237		2012
Oersted Investments LLP, London	GBP	0.8337	—	100.00	100.00	14,711	−285,114		2011
Officine del Futuro S.p.A., Sant' Agata Bolognese	EUR		—	100.00	100.00	5,345	−6,521		2012

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OOO Autobusnaya Leasingovaya Compania Scania, Moscow	RUB	45.3246	—	100.00	100.00	135,843	56,523		2012
OOO MAN Financial Services, Moscow	RUB	45.3246	—	100.00	100.00	412,340	−223,914		2013
OOO MAN Truck & Bus Production RUS, Saint Petersburg	EUR		—	100.00	100.00	10,243	240		2013
OOO MAN Truck and Bus RUS, Moscow	RUB	45.3246	—	100.00	100.00	3,154,879	153,821		2013
OOO Petroscan, Saint Petersburg	RUB	45.3246	—	100.00	100.00	64,161	41,017		2012
OOO Scania Leasing, Moscow	RUB	45.3246	—	100.00	100.00	1,057,465	368,545		2012
OOO Scania Peter, Saint Petersburg	RUB	45.3246	—	100.00	100.00	150,010	−38,337		2012
OOO Scania Service, Golitsino	RUB	45.3246	—	100.00	100.00	775,435	71,157		2012
OOO Scania-Rus, Moscow	RUB	45.3246	—	100.00	100.00	2,923,022	789,930		2012
OOO VOLKSWAGEN Group Rus, Kaluga	RUB	45.3246	28.06	71.94	100.00	27,406,623	10,513,386		2012
Oreda S.A.S., La Chapelle-Saint-Mesmin	EUR		—	100.00	100.00	1,040	−155		2012
P.B.O. S.A.S., Chasseneuil-du-Poitou	EUR		—	100.00	100.00	439	115		2012
P.G.A Motors S.A.S., Paris	EUR		—	100.00	100.00	181,333	11,080		2012
PAIG (China) Automobile Investment Co., Ltd., Hangzhou	CNY	8.3491	—	100.00	100.00	38,371	−29		2012
Paris Est Evolution S.A.S., Saint-Thibault-des-Vignes	EUR		—	100.00	100.00	3,843	573		2012
PBS Turbo s.r.o., Velká Bítes	CZK	27.4270	—	100.00	100.00	432,708	91,092		2013
PCars LLC, Wilmington/Delaware	USD	1.3791	—	100.00	100.00	9,754	1,084	16)	2013
PCREST Ltd., Halifax/Nova Scotia	CAD	1.4671	—	100.00	100.00	3	—		2013
PCTX LLC, Wilmington/Delaware	USD	1.3791	—	100.00	100.00	481	−12		2013
PGA Group S.A.S., Paris	EUR		—	100.00	100.00	131,027	6,221		2012
PGA Motors B.V., Utrecht	EUR		—	100.00	100.00	32,460	−47		2012
PGA Nederland N.V., Utrecht	EUR		—	100.00	100.00	48,346	−575		2012
PGA Polska Sp. z o.o., Warsaw	PLN	4.1543	—	100.00	100.00	20,856	−803		2012
P-G-A S.A., Paris	EUR		—	100.00	100.00	79,016	3,647		2012
PGA Trésorerie S.A.S., Paris	EUR		—	100.00	100.00	2,011	1,149		2012
PGAFI S.A.S., Chasseneuil-du-Poitou	EUR		—	100.00	100.00	218	79		2012
Plesman Valet Parking B.V., Veenendaal	EUR		—	100.00	100.00	691	—	5)	2012
Porsacentre S.L., Barcelona	EUR		—	100.00	100.00	159	−161		2013
Porsamadrid S.L., Madrid	EUR		—	100.00	100.00	425	−954		2013
Porsche (China) Motors Ltd., Shanghai	CNY	8.3491	—	100.00	100.00	889,375	1,226,400		2013
Porsche (Shanghai) Commercial Services Company Ltd., Shanghai	CNY	8.3491	—	100.00	100.00	4,012	2,619		2013
Porsche Albania Sh.p.k., Tirana	ALL	140.4900	—	100.00	100.00	723,518	28,704		2012
Porsche Asia Pacific Pte. Ltd., Singapore	SGD	1.7414	—	100.00	100.00	9,620	1,971		2013
Porsche Austria Gesellschaft m.b.H. & Co. OG, Salzburg	EUR		—	100.00	100.00	2,316	32,527		2012
Porsche Auto Funding LLC, Wilmington/Delaware	USD	1.3791	—	100.00	100.00	98,993	30,000	16)	2013
Porsche Automotive Investment GmbH, Salzburg	EUR		—	100.00	100.00	51,083	−377		2012
Porsche Aviation Products, Inc., Wilmington/Delaware	USD	1.3791	—	100.00	100.00	623	1		2013
Porsche Bank AG, Salzburg	EUR		—	100.00	100.00	283,583	18,905		2012
Porsche Bank Hungaria Zrt., Budapest	HUF	297.0400	—	100.00	100.00	8,424,958	251,149		2012
Porsche Bank Romania S.A., Voluntari	RON	4.4710	—	100.00	100.00	75,092	−11,606		2012
Porsche BG EOOD, Sofia	BGN	1.9558	—	100.00	100.00	24,168	7,090		2012
Porsche Biztosításközvetítõ Kft., Budapest	HUF	297.0400	—	100.00	100.00	6,400	220,358		2012
Porsche Broker de Asigurare S.R.L., Voluntari	RON	4.4710	—	100.00	100.00	31,410	21,960		2012
Porsche Business Services, Inc., Wilmington/Delaware	USD	1.3791	—	100.00	100.00	11,921	4,086		2013
Porsche Canadian Funding Limited Partnership, Mississauga/Ontario	CAD	1.4671	—	100.00	100.00	53,501	4,783		2013
Porsche Canadian Investment ULC, Halifax/Nova Scotia	CAD	1.4671	—	100.00	100.00	733	−2		2013
Porsche Cars Australia Pty. Ltd., Collingwood	AUD	1.5423	—	100.00	100.00	31,013	5,377		2013
Porsche Cars Canada Ltd., Mississauga/Ontario	CAD	1.4671	—	100.00	100.00	39,822	10,717		2013
Porsche Cars Great Britain Ltd., Reading	GBP	0.8337	—	100.00	100.00	57,890	58,471		2013
Porsche Cars North America, Inc., Wilmington/Delaware	USD	1.3791	—	100.00	100.00	498,785	133,350		2013
Porsche Center Moscow OOO, Moscow	RUB	45.3246	—	100.00	100.00	648,180	83,178		2013
Porsche Central and Eastern Europe s.r.o., Prague	CZK	27.4270	—	100.00	100.00	32,540	7,290		2013
Porsche Centre Beijing Central Ltd., Beijing	CNY	8.3491	—	100.00	100.00	35,892	17,109	6)	2013

Name and domicile of company	Currency	Exchange rate (€1 =) Dec. 31, 2013	VW AG's interest in capital in % Direct	Indirect	Total	Equity in thousands, local currency	Profit/loss in thousands, local currency	Footnote	Year
Porsche Centre Shanghai Pudong Ltd., Shanghai	CNY	8.3491	—	100.00	100.00	89,108	58,382		2013
Porsche Ceská republika s.r.o., Prague	CZK	27.4270	—	100.00	100.00	484,263	63,616		2012
Porsche Clearing Gesellschaft m.b.H., Salzburg	EUR		—	100.00	100.00	5,393	1,244		2012
Porsche Colombia S.A.S., Bogotá	COP	2,662.0000	—	100.00	100.00	8,421,485	−3,023,515		2012
Porsche Consulting Ltd., Shanghai	CNY	8.3491	—	100.00	100.00	2,685	−4,815	12)	2013
Porsche Consulting Ltda., São Paulo	BRL	3.2576	—	100.00	100.00	4,586	1,097		2013
Porsche Consulting S.r.L., Milan	EUR		—	100.00	100.00	3,999	1,231		2013
Porsche Consulting, Inc., Wilmington/ Delaware	USD	1.3791	—	100.00	100.00	805	488		2013
Porsche Corporate Finance GmbH, Salzburg	EUR		—	100.00	100.00	975,693	9,334		2012
Porsche Croatia d.o.o., Velika Gorica	HRK	7.6265	—	100.00	100.00	87,276	8,666		2012
Porsche Design GmbH, Zell am See	EUR		—	100.00	100.00	5,250	−281		2013
Porsche Design Great Britain Limited, London	GBP	0.8337	—	100.00	100.00	2,443	900		2013
Porsche Design Group Asia Singapore Pte. Ltd., Singapore	SGD	1.7414	—	100.00	100.00	723	5		2013
Porsche Design Italia S.r.L., Padua	EUR		—	100.00	100.00	395	455		2013
Porsche Design of America, Inc., Ontario	USD	1.3791	—	100.00	100.00	—	1,498		2013
Porsche Design of France SARL, Serris	EUR		—	100.00	100.00	382	65		2013
Porsche Design Studio North America, Inc., Los Angeles/California	USD	1.3791	—	100.00	100.00	48	—		2013
Porsche Distribution S.A.S., Vélizy-Villacoublay	EUR		—	100.00	100.00	20,048	767		2013
Porsche Engineering Services s.r.o., Prague	CZK	27.4270	—	100.00	100.00	56,258	17,057		2013
Porsche Enterprises, Inc., Wilmington/ Delaware	USD	1.3791	—	100.00	100.00	147,062	−1,153		2013
Porsche Financial Auto Securitization Trust 2011-1, Wilmington/Delaware	USD	1.3791	—	100.00	100.00	20,945	1,447	16)	2013
Porsche Financial Management Services Ltd., Dublin	EUR		—	100.00	100.00	625	132		2013
Porsche Financial Services Australia Pty. Ltd., Collingwood	AUD	1.5423	—	100.00	100.00	680	40		2013
Porsche Financial Services Canada G.P., Mississauga/Ontario	CAD	1.4671	—	100.00	100.00	16,570	−361		2013
Porsche Financial Services France S.A., Boulogne-Billancourt	EUR		—	100.00	100.00	13,648	1,982		2013
Porsche Financial Services Great Britain Ltd., Reading	GBP	0.8337	—	100.00	100.00	75,193	5,505		2013
Porsche Financial Services Italia S.p.A., Padua	EUR		—	100.00	100.00	26,920	2,008		2013
Porsche Financial Services Japan K.K., Tokyo	JPY	144.7200	—	100.00	100.00	3,655,991	236,928		2013
Porsche Financial Services Russland OOO, Moscow	RUB	45.3246	—	100.00	100.00	26,835	4,661		2013
Porsche Financial Services Schweiz AG, Zug/ Steinhausen	CHF	1.2276	—	100.00	100.00	7,302	2,914		2013
Porsche Financial Services, Inc., Wilmington/Delaware	USD	1.3791	—	100.00	100.00	42,788	2,150		2013
Porsche France S.A., Boulogne-Billancourt	EUR		—	100.00	100.00	74,105	5,275		2013
Porsche Funding Ltd. Partnership, Wilmington/Delaware	USD	1.3791	—	100.00	100.00	296,027	−2,074		2013
Porsche Geld LLC, Wilmington/Delaware	USD	1.3791	—	100.00	100.00	4,151	−759	16)	2013
Porsche Haus S.r.L., Milan	EUR		—	100.00	100.00	629	644		2013
Porsche Holding Finance plc., Dublin	EUR		—	100.00	100.00	—	—	15)	2012
Porsche Holding Gesellschaft m.b.H., Salzburg	EUR		—	100.00	100.00	3,587,287	232,683		2012
Porsche Hong Kong Limited, Hong Kong	HKD	10.6933	—	100.00	100.00	317,043	866,449		2013
Porsche Hungaria Kereskedelmi Kft., Budapest	HUF	297.0400	—	100.00	100.00	15,954,452	1,672,006		2012
Porsche Ibérica S.A., Madrid	EUR		—	100.00	100.00	61,749	291		2013
Porsche Immobilien BG EOOD, Sofia	BGN	1.9558	—	100.00	100.00	22,262	810		2012
Porsche Immobilien CZ spol. s r.o., Prague	CZK	27.4270	—	100.00	100.00	616,016	49,798		2012
Porsche Immobilien GmbH & Co. KG, Salzburg	EUR		—	100.00	100.00	22,726	801		2012
Porsche Immobilien GmbH, Salzburg	EUR		—	100.00	100.00	1,025,520	523		2012
Porsche Immobilien S.R.L., Voluntari	RON	4.4710	—	100.00	100.00	331,686	4,048		2012
Porsche Immobilien Slovakia spol s.r.o., Bratislava	EUR		—	100.00	100.00	13,781	−54		2012

Name and domicile of company	Currency	Exchange rate (€1 =) Dec. 31, 2013	VW AG's interest in capital in % Direct	Indirect	Total	Equity in thousands, local currency	Profit/loss in thousands, local currency	Footnote	Year
Porsche Immobilienverwaltungs Kft., Budapest	HUF	297.0400	—	100.00	100.00	6,118,066	1,093,318		2012
Porsche Informatik GmbH, Salzburg	EUR		—	100.00	100.00	6,306	1,300		2012
Porsche Innovative Lease Owner Trust 2011-1, Wilmington/Delaware	USD	1.3791	—	100.00	100.00	1,101	9,899	16)	2013
Porsche Innovative Lease Owner Trust 2012-1, Wilmington/Delaware	USD	1.3791	—	100.00	100.00	47,640	11,643	16)	2013
Porsche Innovative Lease Owner Trust 2013-1, Wilmington/Delaware	USD	1.3791	—	100.00	100.00	56,348	1,348	6) 16)	2013
Porsche Insurance Broker BG EOOD, Sofia	BGN	1.9558	—	100.00	100.00	2,763	1,514		2012
Porsche Inter Auto BG EOOD, Sofia	BGN	1.9558	—	100.00	100.00	4,345	445		2012
Porsche Inter Auto CZ spol. s r.o., Prague	CZK	27.4270	—	100.00	100.00	701,031	179,903		2012
Porsche Inter Auto d.o.o., Ljubljana	EUR		—	100.00	100.00	7,413	1,445		2012
Porsche Inter Auto d.o.o., Zagreb	HRK	7.6265	—	100.00	100.00	47,965	1,082		2012
Porsche Inter Auto GmbH & Co. KG, Salzburg	EUR		—	100.00	100.00	77,074	31,947		2012
Porsche Inter Auto Hungaria Kft., Budapest	HUF	297.0400	—	100.00	100.00	2,934,596	421,267		2012
Porsche Inter Auto Polska Sp. z o.o., Warsaw	PLN	4.1543	—	100.00	100.00	—	—	15)	2012
Porsche Inter Auto Romania S.R.L., Voluntari	RON	4.4710	—	100.00	100.00	46,196	9,606		2012
Porsche Inter Auto S d.o.o., Belgrade	RSD	114.8100	—	100.00	100.00	—	4,090		2012
Porsche Inter Auto Slovakia, spol. s r.o., Bratislava	EUR		—	100.00	100.00	8,807	2,176		2012
Porsche International Financing plc., Dublin	EUR		—	100.00	100.00	45,231	1,162		2013
Porsche International Reinsurance Ltd., Dublin	EUR		—	100.00	100.00	51,539	17,390		2013
Porsche Investment Corporation, Wilmington/Delaware	USD	1.3791	—	100.00	100.00	106	—		2013
Porsche Italia S.p.A., Padua	EUR		—	100.00	100.00	87,877	–5,726		2013
Porsche Japan K.K., Tokyo	JPY	144.7200	—	100.00	100.00	2,984,488	1,484,488		2013
Porsche Konstruktionen GmbH & Co. KG, Salzburg	EUR		—	100.00	100.00	156,631	94,481	14)	2012
Porsche Kredit in Leasing SLO d.o.o., Ljubljana	EUR		—	100.00	100.00	31,453	1,960		2012
Porsche Latin America, Inc., Wilmington/ Delaware	USD	1.3791	—	100.00	100.00	1,742	243		2012
Porsche Leasing BG EOOD, Sofia	BGN	1.9558	—	100.00	100.00	8,451	–2		2012
Porsche Leasing d.o.o. Podgorica, Podgorica	EUR		—	100.00	100.00	1,335	402		2012
Porsche Leasing d.o.o., Zagreb	HRK	7.6265	—	100.00	100.00	144,262	29,472		2012
Porsche Leasing dooel Skopje, Skopje	MKD	61.5800	—	100.00	100.00	203,203	50,651		2012
Porsche Leasing Ltd., Wilmington/Delaware	USD	1.3791	—	100.00	100.00	—	—	15) 16)	2012
Porsche Leasing Romania IFN S.A., Voluntari	RON	4.4710	—	100.00	100.00	178,476	25,053		2012
Porsche Leasing SCG d.o.o., Belgrade	RSD	114.8100	—	100.00	100.00	176,393	21,330		2012
Porsche Leasing SLO d.o.o., Ljubljana	EUR		—	100.00	100.00	20,783	871		2012
Porsche Leasing Ukraine TOV, Kiev	UAH	11.1908	—	100.00	100.00	—	–2,240		2012
Porsche Liquidity LLC, Wilmington/ Delaware	USD	1.3791	—	100.00	100.00	27,598	16,812	16)	2012
Porsche Lizing és Szolgáltató Kft., Budapest	HUF	297.0400	—	100.00	100.00	1,099,161	446,234		2012
Porsche Logistics Services LLC, Wilmington/Delaware	USD	1.3791	—	100.00	100.00	1,772	430		2013
Porsche Macedonia dooel, Skopje	MKD	61.5800	—	100.00	100.00	636,830	96,807		2012
Porsche Middle East and Africa FZE, Dubai	USD	1.3791	—	100.00	100.00	58,633	10,192		2013
Porsche Mobiliti d.o.o., Zagreb	HRK	7.6265	—	100.00	100.00	23,018	3,221		2012
Porsche Mobility d.o.o., Belgrade	RSD	114.8100	—	100.00	100.00	—	220,299		2012
Porsche Mobility S.R.L., Voluntari	RON	4.4710	—	100.00	100.00	49,031	14,531		2012
Porsche Mobility TOV, Kiev	UAH	11.1908	—	100.00	100.00	19,955	6,103		2012
Porsche Motorsport North America, Inc., Wilmington/Delaware	USD	1.3791	—	100.00	100.00	7,481	588		2013
Porsche Partner d.o.o., Belgrade	RSD	114.8100	—	100.00	100.00	35,630	19,579		2012
Porsche Retail Group Australia Pty Ltd., Collingwood	AUD	1.5423	—	100.00	100.00	14,332	1,719		2013
Porsche Retail Group Ltd., Reading	GBP	0.8337	—	100.00	100.00	7,139	1,015		2013
Porsche Romania S.R.L., Voluntari	RON	4.4710	—	100.00	100.00	273,932	103,544		2012
Porsche Russland OOO, Moscow	RUB	45.3246	—	100.00	100.00	1,893,369	477,858		2013
Porsche SCG d.o.o., Belgrade	RSD	114.8100	—	100.00	100.00	725,827	78,062		2012
Porsche Schweiz AG, Zug/ Steinhausen	CHF	1.2276	—	100.00	100.00	21,089	9,548		2013
Porsche Services Ibérica, S.L., Madrid	EUR		—	100.00	100.00	300	–49		2013

Name and domicile of company	Currency	Exchange rate (€1 =) Dec. 31, 2013	VW AG's interest in capital in % Direct	Indirect	Total	Equity in thousands, local currency	Profit/loss in thousands, local currency	Footnote	Year
Porsche Services Middle East & Africa FZE, Dubai	USD	1.3791	—	100.00	100.00	272	10	6)	2013
Porsche Services Singapore Pte Ltd., Singapore	SGD	1.7414	—	100.00	100.00	565	65		2013
Porsche Slovakia spol. s r.o., Bratislava	EUR		—	100.00	100.00	19,554	6,638		2012
Porsche Slovenija d.o.o., Ljubljana	EUR		—	100.00	100.00	38,240	6,977		2012
Porsche Ukraine TOV, Kiev	UAH	11.1908	—	100.00	100.00	472,555	246,786		2012
Porsche Versicherungs Aktiengesellschaft, Salzburg	EUR		—	100.00	100.00	41,406	7,307		2012
Porsche Versicherungsagentur TOV, Kiev	UAH	11.1908	—	100.00	100.00	8,776	8,669		2012
Porsche Werbemittlung GmbH, Salzburg	EUR		—	100.00	100.00	1,046	458		2012
Porsche Zagreb d.o.o., Zagreb	HRK	7.6265	—	100.00	100.00	290,025	15,151		2012
Porsche Zastupanje u Osiguranju d.o.o., Zagreb	HRK	7.6265	—	100.00	100.00	598	296		2012
Porsche Zavarovalno Zastopnistvo d.o.o., Ljubljana	EUR		—	100.00	100.00	297	93		2012
Power Vehicle Co. Ltd., Bangkok	THB	45.1780	—	100.00	100.00	347	– 54		2012
PPF Holding AG, Zug	CHF	1.2276	—	100.00	100.00	4,299	2		2013
Précision Automobiles S.A.S., Paris	EUR		—	100.00	100.00	1,450	83		2012
Premium Automobiles S.A.S., Paris	EUR		—	100.00	100.00	3,422	1,607		2012
Premium II S.A.S., Montigny-le-Bretonneux	EUR		—	100.00	100.00	3,627	1,078		2012
Premium Metropole Holding S.A.S., Villeneuve d'Ascq	EUR		—	100.00	100.00	2,431	2,552		2012
Premium Metropole S.A.S., Villeneuve d'Ascq	EUR		—	100.00	100.00	3,265	179		2012
Premium Picardie S.A.S., Rivery	EUR		—	100.00	100.00	3,062	553		2012
Private VCL S.A., Luxembourg	EUR		—	—	—	31	—	16)	2012
Prophi S.A.S., Chasseneuil-du-Poitou	EUR		—	100.00	100.00	4,826	2,877		2012
Qanadeel AL Rafidain Automotive Trading Co. Ltd., Arbil	IQD	1,645.7500	—	51.00	51.00	18,223	– 2,491		2012
Raven Air Ltd., George Town	USD	1.3791	—	100.00	100.00	—	—	11)	2012
Reliable Vehicles Ltd., London	GBP	0.8337	—	100.00	100.00	—	—	5)	2012
RENK Corporation, Duncan / South Carolina	USD	1.3791	—	100.00	100.00	9,278	1,654		2013
RENK France S.A.S., Saint-Ouen-l'Aumône	EUR		—	100.00	100.00	13,143	3,670		2013
RENK LABECO Test Systems Corporation, Camby / Indiana	USD	1.3791	—	100.00	100.00	856	117		2013
RENK-MAAG GmbH, Winterthur	CHF	1.2276	—	100.00	100.00	13,744	2,872		2013
Roosevelt II S.A.S., St. Alban-Leysse	EUR		—	100.00	100.00	1,057	658		2012
S.A.N.D. Automobiles S.A.S., Roncq	EUR		—	100.00	100.00	2,269	293		2012
S.N.A.T. S.A.S., Tourcoing	EUR		—	100.00	100.00	1,352	– 99		2012
SACN — Société Automobile Chauny Noyon S.A.S., Chauny	EUR		—	100.00	100.00	1,327	– 13		2012
SADA S.A.S., Dunkirk	EUR		—	100.00	100.00	1,433	71		2012
SADAL S.A.S. — Société de Diffusion Automobile du Leman, Vétraz-Monthoux	EUR		—	100.00	100.00	6,505	642		2012
Safi S.A.S., Vitry-sur-Seine	EUR		—	100.00	100.00	5,696	146		2012
Saintalb S.A.S., St. Alban-Leysse	EUR		—	100.00	100.00	2,894	206		2012
Sancar S.A.S., Chasseneuil-du-Poitou	EUR		—	100.00	100.00	7,427	1,134		2012
Sandrah S.A.S., Hénin-Beaumont	EUR		—	100.00	100.00	1,452	264		2012
SANEG S.A.S., Carvin	EUR		—	100.00	100.00	1,265	215		2012
Savoie Renault Occasion (Sareno) S.A.R.L., St.-Pierre-d'Albigny	EUR		—	100.00	100.00	189	5		2012
Scan Siam Service Co. Ltd., Bangkok	THB	45.1780	—	100.00	100.00	33,000	15,399		2012
Scanexpo International S.A., Montevideo	UYU	29.1440	—	100.00	100.00	8,986,614	– 3,909		2012
Scanexpo S.A., Montevideo	UYU	29.1440	—	100.00	100.00	—	—	5)	2012
Scania (Hong Kong) Limited, Hong Kong	HKD	10.6933	—	100.00	100.00	—	– 9,174		2012
Scania (Malaysia) SDN BHD, Kuala Lumpur	MYR	4.5221	—	100.00	100.00	42,449	6,498		2012
Scania AB, Södertälje	SEK	8.8591	49.29	13.35	62.64	16,402,148	4,000,002		2012
Scania Administradora de Consórcios Ltda., Cotia	BRL	3.2576	—	99.99	99.99	21,730	12,253		2012
Scania Argentina S.A., Buenos Aires	ARS	8.9825	—	100.00	100.00	512,272	120,867		2012
Scania Australia Pty. Ltd., Melbourne	AUD	1.5423	—	100.00	100.00	26,239	3,229		2012
Scania Banco S.A., São Paulo	BRL	3.2576	—	100.00	100.00	114,407	– 5,538		2012
Scania Belgium SA-NV, Neder-Over-Heembeek	EUR		—	100.00	100.00	45,147	– 1,744		2012
Scania BH d.o.o., Sarajevo	BAM	1.9558	—	100.00	100.00	2,439	– 28		2012
Scania Bilbyggaren AB, Södertälje	SEK	8.8591	—	100.00	100.00	—	—	15)	2012
Scania Biler A/S, Ishöj	DKK	7.4593	—	100.00	100.00	23,261	1,131		2011
Scania Botswana (Pty) Ltd., Gaborone	BWP	12.0927	—	100.00	100.00	20,215	3,481		2012
Scania Bulgaria EOOD, Sofia	BGN	1.9558	—	100.00	100.00	10,894	1,023		2012

Name and domicile of company	Currency	Exchange rate (€1 =) Dec. 31, 2013	VW AG's interest in capital in % Direct	Indirect	Total	Equity in thousands, local currency	Profit/loss in thousands, local currency	Footnote	Year
Scania Bus & Coach UK Ltd., Milton Keynes	GBP	0.8337	—	100.00	100.00	—	—	5)	2012
Scania Bus Belgium N.V.-S.A., Brussels	EUR		—	100.00	100.00	18,932	384		2012
Scania Bus Financing AB, Stockholm	SEK	8.8591	—	100.00	100.00	3,858	13,402		2012
Scania Bus Nordic AB, Södertälje	SEK	8.8591	—	100.00	100.00	120	—	5)	2012
Scania Central Asia LLP, Almaty	KZT	212.6900	—	100.00	100.00	791,054	9,914		2012
Scania Chile S.A., Santiago de Chile	CLP	723.9800	—	100.00	100.00	12,111,805	1,220,581		2012
Scania Colombia S.A., Bogotá	COP	2,662.0000	—	100.00	100.00	1,388,688	−1,108,461		2012
Scania Comercial, S.A. de C.V., Queretaro	MXN	18.0731	—	99.99	99.99	530,617	80,863		2012
Scania Commercial Vehicles India Pvt. Ltd., Bangalore	INR	85.3660	—	100.00	100.00	544,279	−158,946		2012
Scania Commercial Vehicles Renting S.A., Madrid	EUR		—	100.00	100.00	10,635	966		2012
Scania Commerciale S.p.A., Trento	EUR		—	100.00	100.00	6,153	−98		2012
Scania Corretora de Seguros Ltda., São Paulo	BRL	3.2576	—	100.00	100.00	—	—		2013
Scania Credit (Hong Kong) Ltd., Hong Kong	HKD		—	100.00	100.00	—	—	6)	2013
Scania Credit (Malaysia) SDN BHD, Selangor	MYR	4.5221	—	100.00	100.00	1,084	−516		2012
Scania Credit AB, Södertälje	EUR		—	100.00	100.00	7,750	−2,498		2012
Scania Credit Hrvatska d.o.o., Rakitje	HRK	7.6265	—	100.00	100.00	1,458	−3,091		2012
Scania Credit Romania IFN S.A., Ciorogârla	RON	4.4710	—	100.00	100.00	5,814	8,334		2012
Scania Credit Taiwan Ltd., Taipeh	TWD	41.0935	—	100.00	100.00	—	—	6)	2013
Scania CV AB, Södertälje	SEK	8.8591	—	100.00	100.00	31,540,000	5,328		2012
Scania Czech Republic s.r.o., Prague	CZK	27.4270	—	100.00	100.00	202,541	47,860		2012
Scania Danmark A/S, Herlev	DKK	7.4593	—	100.00	100.00	21,501	−17,567		2012
Scania Danmark Ejedom ApS, Ishöj	DKK	7.4593	—	100.00	100.00	78,030	9,286		2012
Scania de Venezuela S.A., Valencia	VEF	8.6702	—	100.00	100.00	16,657	5,467		2012
Scania del Perú S.A., Lima	PEN	3.8562	—	100.00	100.00	57,445	7,719		2012
Scania Delivery Center AB, Södertälje	SEK	8.8591	—	100.00	100.00	12,297	−903		2012
Scania Driver Training SRL, Ilfov	RON	4.4710	—	100.00	100.00	—	−48		2012
Scania Eesti AS, Tallinn	EUR		—	100.00	100.00	4,562	638		2012
Scania Europe Holding B.V., Zwolle	EUR		—	100.00	100.00	65,222	55,979		2012
Scania Finance Belgium N.V.-S.A., Neder-Over-Heembeek	EUR		—	100.00	100.00	10,455	1,409		2012
Scania Finance Bulgaria EOOD, Sofia	BGN	1.9558	—	100.00	100.00	3,936	2,272		2012
Scania Finance Chile S.A., Santiago de Chile	CLP	723.9800	—	100.00	100.00	2,310,309	662,038		2012
Scania Finance Czech Republic spol. s r.o., Prague	CZK	27.4270	—	100.00	100.00	593,107	145,292		2012
Scania Finance France S.A.S., Angers	EUR		—	100.00	100.00	26,484	357		2012
Scania Finance Great Britain Ltd., London	GBP	0.8337	—	100.00	100.00	45,914	8,017		2012
Scania Finance Hispania EFC S.A., Madrid	EUR		—	100.00	100.00	74,069	1,133		2012
Scania Finance Holding AB, Södertälje	SEK	8.8591	—	100.00	100.00	60,596	−24,197		2012
Scania Finance Holding Great Britain Ltd., London	GBP	0.8337	—	100.00	100.00	3,769	—	5)	2012
Scania Finance Ireland Ltd., Dublin	EUR		—	100.00	100.00	32	136		2012
Scania Finance Italy S.p.A., Milan	EUR		—	100.00	100.00	78,987	−1,669		2012
Scania Finance Korea Ltd., Kyoung Sang Nam-do	KRW	1,450.9300	—	100.00	100.00	47,291,622	2,889,046		2012
Scania Finance Luxembourg S.A., Münsbach	EUR		—	100.00	100.00	3,890	1,293		2012
Scania Finance Magyarország zrt., Biatorbágy	HUF	297.0400	—	100.00	100.00	281,168	16,430		2012
Scania Finance Nederland B.V., Breda	EUR		—	100.00	100.00	5,571	−1,787		2012
Scania Finance Polska Sp. z o.o., Nadarzyn	PLN	4.1543	—	100.00	100.00	121,400	28,036		2012
Scania Finance Pty. Ltd., Melbourne	AUD	1.5423	—	100.00	100.00	2	0		2011
Scania Finance Schweiz AG, Kloten	CHF	1.2276	—	100.00	100.00	0	0		2012
Scania Finance Slovak Republic s.r.o., Senec	EUR		—	100.00	100.00	3,625	1,452		2012
Scania Finance Southern Africa (Pty) Ltd., Aeroton, Gauteng	ZAR	14.5660	—	100.00	100.00	288,305	29,946		2012
Scania Finans AB, Södertälje	SEK	8.8591	—	100.00	100.00	176,192	56,972		2012
Scania France S.A.S., Angers	EUR		—	100.00	100.00	41,534	4,922		2012
Scania Great Britain Ltd., Milton Keynes	GBP	0.8337	—	100.00	100.00	38,429	24,723		2012
Scania Group Treasury Belgium N.V., Neder-Over-Heembeek	SEK	8.8591	—	100.00	100.00	537	572		2012
Scania Hispania Holding S.L., Madrid	EUR		—	100.00	100.00	60,020	−22		2012
Scania Hispania S.A., Madrid	EUR		—	100.00	100.00	15,146	1,865		2012
Scania Holding Europe AB, Södertälje	SEK	8.8591	—	100.00	100.00	1,601	105		2012

Name and domicile of company	Currency	Exchange rate (€1 =) Dec. 31, 2013	VW AG's interest in capital in % Direct	Indirect	Total	Equity in thousands, local currency	Profit/loss in thousands, local currency	Footnote	Year
Scania Holding France S.A.S., Angers	EUR		—	100.00	100.00	76,955	12,223		2012
Scania Holding Inc., Wilmington/Delaware	USD	1.3791	—	100.00	100.00	11,338	−448		2012
Scania Hrvatska d.o.o., Zagreb	HRK	7.6265	—	100.00	100.00	20,037	−4,073		2012
Scania Hungaria Kft., Biatorbágy	HUF	297.0400	—	100.00	100.00	830,170	299,487		2012
Scania InfoMate, Zwolle	EUR		—	100.00	100.00	2,252	91		2012
Scania Infotronics AB, Södertälje	SEK	8.8591	—	100.00	100.00	120	—	5)	2012
Scania Insurance Belgium N.V., Neder-Over-Heembeek	EUR		—	100.00	100.00	97	−9		2012
Scania Insurance Nederland B.V., Middelharnis	EUR		—	100.00	100.00	255	−85		2012
Scania Investimentos Imobiliários S.A., Santa Iria de Azóla	EUR		—	100.00	100.00	1,113	−13		2012
Scania IT AB, Södertälje	SEK	8.8591	—	100.00	100.00	62,583	58,370		2012
Scania IT France S.A.S., Angers	EUR		—	100.00	100.00	1,368	65		2012
Scania Japan Limited, Tokyo	JPY	144.7200	—	100.00	100.00	43,001	−8,978		2012
Scania Korea Ltd., Seoul	KRW	1,450.9300	—	100.00	100.00	32,949,224	2,419,835		2012
Scania Latin America Ltda., São Bernardo do Campo	BRL	3.2576	—	100.00	100.00	1,347,990	1,701,315		2012
Scania Latvia SIA, Riga	LVL	0.7025	—	100.00	100.00	3,737	729		2012
Scania Leasing d.o.o., Ljubljana	EUR		—	100.00	100.00	1,009	243		2012
Scania Leasing Ltd., Dublin	EUR		—	100.00	100.00	—	—	5)	2012
Scania Leasing Österreich Ges.m.b.H., Brunn am Gebirge	EUR		—	100.00	100.00	0	0		2012
Scania Lízing Kft., Biatorbágy	HUF	297.0400	—	100.00	100.00	435,462	84,640		2012
Scania Location S.A.S., Angers	EUR		—	100.00	100.00	12,754	1,284		2012
Scania Logistics Netherlands B.V., Zwolle	EUR		—	100.00	100.00	—	—	6)	2013
Scania Luxembourg S.A., Münsbach	EUR		—	99.90	99.90	3,148	408		2012
Scania Marketing Support AB, Södertälje	SEK	8.8591	—	100.00	100.00	120	—	5)	2012
Scania Maroc S.A., Casablanca	MAD	11.2474	—	100.00	100.00	73,563	29,535		2012
Scania Middle East FZE, Dubai	AED	5.0614	—	100.00	100.00	3,783	−817		2012
Scania Milano S.p.A., Trento	EUR		—	100.00	100.00	323	−236		2012
Scania Nederland B.V., Breda	EUR		—	100.00	100.00	9,396	−3,764		2012
Scania Networks B.V.,The Hague	EUR		—	100.00	100.00	1,661	471		2012
Scania Omni AB, Södertälje	SEK	8.8591	—	100.00	100.00	—	—	5)	2012
Scania Österreich Ges.m.b.H., Brunn am Gebirge	EUR		—	100.00	100.00	803	−206		2012
Scania Österreich Holding GmbH, Brunn am Gebirge	EUR		—	100.00	100.00	18,626	−7		2012
Scania Overseas AB, Södertälje	SEK	8.8591	—	100.00	100.00	63,558	0		2012
Scania Parts Logistics AB, Södertälje	SEK	8.8591	—	100.00	100.00	120	—	5)	2012
Scania Polska S.A., Warsaw	PLN	4.1543	—	100.00	100.00	103,177	16,179		2012
Scania Portugal S.A., Santa Iria de Azóia	EUR		—	100.00	100.00	4,953	805		2012
Scania Production Angers S.A.S., Angers	EUR		—	100.00	100.00	30,328	1,551		2012
Scania Production Meppel B.V., Meppel	EUR		—	100.00	100.00	10,187	1,278		2012
Scania Production Slupsk S.A., Slupsk	PLN	4.1543	—	100.00	100.00	47,144	2,811		2012
Scania Production Zwolle B.V., Zwolle	EUR		—	100.00	100.00	45,781	4,867		2012
Scania Projektfinans AB, Södertälje	SEK	8.8591	—	100.00	100.00	49,844	1,820		2012
Scania Properties Ltd., Milton Keynes	GBP	0.8337	—	100.00	100.00	—	—	5)	2012
Scania Real Estate (UK) Ltd., Milton Keynes	GBP	0.8337	—	100.00	100.00	5,577	177		2012
Scania Real Estate AB, Södertälje	SEK	8.8591	—	100.00	100.00	78,258	0		2012
Scania Real Estate Belgium N.V., Neder-Over-Heembeek	EUR		—	100.00	100.00	23,549	984		2012
Scania Real Estate Bulgaria EOOD, Sofia	BGN	1.9558	—	100.00	100.00	73	−6		2012
Scania Real Estate Czech Republic s.r.o., Prague	CZK	27.4270	—	100.00	100.00	127,490	12,478		2012
Scania Real Estate D.o.o. Beograd, Belgrade	RSD	114.8100	—	100.00	100.00	804	−84		2012
Scania Real Estate Finland Oy, Helsinki	EUR		—	100.00	100.00	—	—	6)	2013
Scania Real Estate France S.A.S., Angers	EUR		—	100.00	100.00	—	—	15)	2012
Scania Real Estate Hispania S.L., Pontevedra	EUR		—	100.00	100.00	838	64		2012
Scania Real Estate Holding Luxembourg Sàrl, Münsbach	EUR		—	100.00	100.00	7,113	−8		2012
Scania Real Estate Holding Oy, Helsinki	EUR		—	100.00	100.00	—	—	6)	2013
Scania Real Estate Hungaria Kft., Biatorbágy	HUF	297.0400	—	100.00	100.00	901,108	7,888		2012
Scania Real Estate Lund AB, Södertälje	SEK	8.8591	—	100.00	100.00	105	931		2012
Scania Real Estate Österreich GmbH, Brunn am Gebirge	EUR		—	100.00	100.00	8,391	856		2012

Name and domicile of company	Currency	Exchange rate (€1 =) Dec. 31, 2013	VW AG's interest in capital in % Direct	Indirect	Total	Equity in thousands, local currency	Profit/loss in thousands, local currency	Footnote	Year
Scania Real Estate Polska Sp.z.o.o., Nadarzyn	PLN	4.1543	—	100.00	100.00	—	—	15)	2013
Scania Real Estate Romania SRL, Bucharest	RON	4.4710	—	100.00	100.00	7	15		2012
Scania Real Estate Schweiz AG, Kloten	CHF	1.2276	—	100.00	100.00	1,539	643		2012
Scania Real Estate Services AB, Södertälje	SEK	8.8591	—	100.00	100.00	622,274	0		2012
Scania Real Estate Slovakia s.r.o., Senec	EUR		—	100.00	100.00	—	−11		2012
Scania Real Estate The Netherlands B.V., Breda	EUR		—	100.00	100.00	16,370	1,702		2012
Scania Regional Agent de Asigurare S.R.L., Bucharest	RON	4.4710	—	100.00	100.00	261	47		2012
Scania Rent Romania SRL, Bucharest	RON	4.4710	—	96.00	96.00	—	−88		2012
Scania Romania S.R.L., Bucharest	RON	4.4710	—	100.00	100.00	14,729	−4,063		2012
Scania Sales (China) Co. Ltd., Beijing	CNY	8.3491	—	100.00	100.00	71,432	9,456		2012
Scania Sales and Service (Guangzhou) Co. Ltd., Guangzhou	CNY	8.3491	—	100.00	100.00	—	—	6)	2013
Scania Sales and Services AB, Södertälje	SEK	8.8591	—	100.00	100.00	2,530,182	548,403		2012
Scania Saltskogen AB, Södertälje	SEK	8.8591	—	100.00	100.00	—	—	15)	2012
Scania Schweiz AG, Kloten	CHF	1.2276	—	100.00	100.00	13,964	10,000		2012
Scania Services del Perú S.A., Lima	PEN	3.8562	—	100.00	100.00	4,336	1,707		2012
Scania Services S.A., Buenos Aires	ARS	8.9825	—	100.00	100.00	7,940	887		2012
Scania Servicios, S.A. de C.V., Queretaro	MXN	18.0731	—	99.99	99.99	9,163	−3,674		2012
Scania Siam Co. Ltd., Bangkok	THB	45.1780	—	99.99	99.99	227,682	40,316		2012
Scania Siam Leasing Co. Ltd., Bangkok	THB	45.1780	—	100.00	100.00	133,807	64,162		2012
Scania Singapore Pte. Ltd., Singapore	SGD	1.7414	—	100.00	100.00	9,308	2,650		2012
Scania Slovakia s.r.o., Senec	EUR		—	100.00	100.00	10,562	406		2012
Scania Slovenija d.o.o., Ljubljana	EUR		—	100.00	100.00	6,432	696		2012
Scania South Africa Pty. Ltd., Sandton	ZAR	14.5660	—	100.00	100.00	261,830	49,011		2012
Scania Srbija d.o.o., Belgrade	RSD	114.8100	—	100.00	100.00	201,515	25,871		2012
Scania Suomi Oy, Helsinki	EUR		—	100.00	100.00	30,500	16,122		2012
Scania Sverige Bussar AB, Södertälje	SEK	8.8591	—	100.00	100.00	42,966	—	5)	2012
Scania Tanzania Ltd., Dar es Salaam	TZS	2,186.8100	—	100.00	100.00	3,000,000	670,497		2012
Scania Thailand Co. Ltd., Bangkok	THB	45.1780	—	99.99	99.99	227,682	40,316		2012
Scania Trade Development AB, Södertälje	SEK	8.8591	—	100.00	100.00	321,172	74,005		2012
Scania Transportlaboratorium AB, Södertälje	SEK	8.8591	—	100.00	100.00	1,963	0		2012
Scania Treasury AB, Södertälje	SEK	8.8591	—	100.00	100.00	0	59,271		2012
Scania Treasury Belgium N.V., Neder-Over-Heembeek	SEK	8.8591	—	100.00	100.00	537	−369		2012
Scania Treasury Luxembourg S.a.r.l., Luxembourg	SEK	8.8591	—	100.00	100.00	40,137	1,506,800		2012
Scania Truck Financing AB, Södertälje	SEK	8.8591	—	100.00	100.00	15,924,542	230,112	8)	2013
Scania Trucks & Buses AB, Södertälje	SEK	8.8591	—	100.00	100.00	135,119	−2,056		2012
Scania Tüketici Finansmani A.S., Istanbul	TRY	2.9605	—	100.00	100.00	13,134	1,174		2012
Scania USA Inc., San Antonio / Texas	USD	1.3791	—	100.00	100.00	2,631	−1,964		2012
Scania Used Vehicles AB, Södertälje	SEK	8.8591	—	100.00	100.00	4,518	−4,100		2012
Scania-Bilar Sverige AB, Södertälje	SEK	8.8591	—	100.00	100.00	138,774	85,209		2012
Scania-Kringlan AB, Södertälje	SEK	8.8591	—	100.00	100.00	6,000	—	5)	2012
Scanlink Ltd., Milton Keynes	GBP	0.8337	—	100.00	100.00	—	—	5)	2012
SCANRENT — Alguer de Viaturas sem Condutor, S.A., Lisbon	EUR		—	100.00	100.00	21,500	−593		2012
Scantruck Ltd., Milton Keynes	GBP	0.8337	—	100.00	100.00	—	—	5)	2012
SCI 108 Pasteur, Chasseneuil-du-Poitou	EUR		—	100.00	100.00	94	93		2012
SCI Actipolis, Chasseneuil-du-Poitou	EUR		—	100.00	100.00	114	112		2012
SCI Carlet, Chasseneuil-du-Poitou	EUR		—	100.00	100.00	457	133		2012
SCI Carsan, Chasseneuil-du-Poitou	EUR		—	100.00	100.00	398	95		2012
SCI Croix Mesnil, Chasseneuil-du-Poitou	EUR		—	100.00	100.00	204	143		2012
SCI de la rue des Chantiers, Chasseneuil-du-Poitou	EUR		—	100.00	100.00	44	36		2012
SCI de la rue du Blason, Chasseneuil-du-Poitou	EUR		—	100.00	100.00	58	56		2012
SCI de Loison, Chasseneuil-du-Poitou	EUR		—	100.00	100.00	15	13		2012
SCI des Petites Haies de Valenton, Chasseneuil-du-Poitou	EUR		—	100.00	100.00	206	204		2012
SCI des Pres, Chasseneuil-du-Poitou	EUR		—	100.00	100.00	113	112		2012
SCI Dieu & Compagnie, Chasseneuil-du-Poitou	EUR		—	100.00	100.00	—	−1		2012
SCI du Billemont, Roncq	EUR		—	100.00	100.00	227	166		2012
SCI du Boulevard d'Halluin, Chasseneuil-du-Poitou	EUR		—	100.00	100.00	59	58		2012

Name and domicile of company	Currency	Exchange rate (€1 =) Dec. 31, 2013	VW AG's interest in capital in % Direct	Indirect	Total	Equity in thousands, local currency	Profit/loss in thousands, local currency	Footnote	Year
SCI du Carrefour de Courrieres, Chasseneuil-du-Poitou	EUR		—	100.00	100.00	845	59		2012
SCI du Pont Rouge, Chasseneuil-du-Poitou	EUR		—	100.00	100.00	234	211		2012
SCI du Prieure, Chasseneuil-du-Poitou	EUR		—	100.00	100.00	170	158		2012
SCI du Ruisseau, Chasseneuil-du-Poitou	EUR		—	100.00	100.00	64	63		2012
SCI Faema, Villers-Cotterêts	EUR		—	100.00	100.00	131	42		2012
SCI Foch 47, Plouigneau	EUR		—	100.00	100.00	96	21		2012
SCI Fond du Val, Chasseneuil-du-Poitou	EUR		—	100.00	100.00	47	45		2012
SCI GMC, Chasseneuil-du-Poitou	EUR		—	100.00	100.00	461	256		2012
SCI Heninoise de l'Automobiles, Chasseneuil-du-Poitou	EUR		—	100.00	100.00	—	−93		2012
SCI La Vrillonnerie, Chasseneuil-du-Poitou	EUR		—	70.00	70.00	195	111		2012
SCI Lavoisier Novo, Chasseneuil-du-Poitou	EUR		—	100.00	100.00	80	79		2012
SCI Lea, Chasseneuil-du-Poitou	EUR		—	100.00	100.00	123	121		2012
SCI Les Champs Dronckaert, Chasseneuil-du-Poitou	EUR		—	100.00	100.00	71	70		2012
SCI Les Ribes Plein Sud, Chasseneuil-du-Poitou	EUR		—	100.00	100.00	632	342		2012
SCI Lievinoise, Chasseneuil-du-Poitou	EUR		—	100.00	100.00	52	50		2012
SCI MV, Chasseneuil-du-Poitou	EUR		—	100.00	100.00	30	−1		2012
SCI R19, St. Jean-de-Maurienne	EUR		—	100.00	100.00	168	152		2012
SCI Santa Sofia, St. Alban-Leysse	EUR		—	100.00	100.00	121	73		2012
SCI SCENI II, St. Alban-Leysse	EUR		—	100.00	100.00	10	—		2012
SCI Servagnin, St. Alban-Leysse	EUR		—	100.00	100.00	—	13		2012
SCI Sipamar, Thonon-les-Bains	EUR		—	100.00	100.00	78	55		2012
SCI Thomas, Lille	EUR		—	100.00	100.00	23	19		2012
SEAT Motor España S.A., Barcelona	EUR		—	100.00	100.00	417	−3,652		2012
SEAT Portugal Unipessoal, Lda., Lisbon	EUR		—	100.00	100.00	1,349	−1,102		2012
SEAT, S.A., Martorell	EUR		—	100.00	100.00	642,500	−29,600		2012
Securycar S.A.S., Paris	EUR		—	100.00	100.00	1,975	1,931		2012
Sevilla Wagen, S.A., Seville	EUR		—	100.00	100.00	5,797	100		2012
SITECH Sp. z o.o., Polkowice	PLN	4.1543	—	100.00	100.00	565,929	147,166		2012
SKODA AUTO a.s., Mladá Boleslav	CZK	27.4270	—	100.00	100.00	92,357,000	13,259,000	12)	2012
SKODA AUTO India Private Limited, Aurangabad	INR	85.3660	—	100.00	100.00	3,132,485	−852,586	3)	2013
SKODA AUTO Slovensko, s.r.o., Bratislava	EUR		—	100.00	100.00	19,703	2,450		2012
ŠkoFIN s.r.o., Prague	CZK	27.4270	—	100.00	100.00	4,410,525	366,067		2013
Smit & Co. Zwolle B.V., Zwolle	EUR		—	100.00	100.00	1,491	−210		2012
Sochaux Motors S.A.S., Paris	EUR		—	100.00	100.00	36,428	2,098		2012
Société Angérienne de Véhicules Industriels (SAVIA) S.A.S., Chauray	EUR		—	100.00	100.00	4,202	372		2012
Société Commerciale Automobile du Poitou (S.C.A.P.) S.A.S., Poitiers	EUR		—	100.00	100.00	8,539	−498	14)	2012
Société Commerciale Diffusion Automobile du Poitou S.A.S., Poitiers	EUR		—	100.00	100.00	3,147	424		2012
Société de Distribution Automobile Laonnoise S.A.S., Chambry	EUR		—	100.00	100.00	2,230	209		2012
Société de Mécanique de Précision de l'Aubois, Jouet	EUR		—	100.00	100.00	541	−497		2013
Société de Vente d'Automobiles de Créteil SVAC S.A.S., Créteil	EUR		—	100.00	100.00	1,619	−108		2012
Société des Automobiles de la Thierache S.A.S., Hirson	EUR		—	100.00	100.00	779	134		2012
Société des Automobiles du Soissonnais S.A.S., Billy-sur-Aisne	EUR		—	100.00	100.00	1,666	133		2012
Société d'Exploitation Garage Carlet S.A.S., Chasseneuil-du-Poitou	EUR		—	100.00	100.00	756	288		2012
Société Valentinoise de Commerce Automobile — SOVACA S.A.S., Valence	EUR		—	100.00	100.00	3,123	−578		2012
Södertälje Bil Invest AB, Södertälje	SEK	8.8591	—	100.00	100.00	480,600	123,753		2012
Södertälje Bilkredit AB, Södertälje	SEK	8.8591	—	100.00	100.00	100	—	5)	2012
Sofidem S.A.S., Saint-Thibault-des-Vignes	EUR		—	100.00	100.00	3,121	138		2012
Somat S.A.R.L., Saint-Cyr-sur-Loire	EUR		—	100.00	100.00	880	3		2012
Southway Scania Ltd., Milton Keynes	GBP	0.8337	—	100.00	100.00	—	—	5)	2012
Stockholms Industriassistans AB, Södertälje	SEK	8.8591	—	100.00	100.00	11,069	0		2012
Stuttgart Motors S.A.S., Paris	EUR		—	100.00	100.00	12,352	688		2012
Suvesa Super Veics Pesados Ltda., Eldorado do Sul	BRL	3.2576	—	99.98	99.98	68,999	3,211		2012
Suzhou Jiejun Automobile Sales and Service Co., Ltd., Suzhou	CNY	8.3491	—	100.00	100.00	107,496	45,886		2012

Name and domicile of company	Currency	Exchange rate (€1 =) Dec. 31, 2013	VW AG's interest in capital in % Direct	Indirect	Total	Equity in thousands, local currency	Profit/loss in thousands, local currency	Footnote	Year
Suzhou Jiejun Automobile Trading Co., Ltd., Suzhou	CNY	8.3491	—	100.00	100.00	15,375	−21,951		2012
Suzhou Jun Bao Hang Automobile Sales and Service Co., Ltd., Suzhou	CNY	8.3491	—	100.00	100.00	76,495	−8,474		2012
Svenska Mektek AB, Enköping	SEK	8.8591	—	100.00	100.00	2,231	−6	5)	2012
Taizhou Junbaojie Automobile Sales & Service Co., Ltd., Taizhou	CNY	8.3491	—	100.00	100.00	101,412	38,338		2012
Techstar 86 S.A.R.L., Poitiers	EUR		—	100.00	100.00	1,148	183		2012
Techstar Marne La Vallée S.A.S., Montévrain	EUR		—	100.00	100.00	1,000	95		2012
Techstar Meaux S.A.S., Meaux	EUR		—	100.00	100.00	1,433	73		2012
Techstar S.A.S., Vert-Saint-Denis	EUR		—	100.00	100.00	8,302	378		2012
Terwolde B.V., Groningen	EUR		—	100.00	100.00	2,620	−129		2012
Terwolde Holding B.V., Utrecht	EUR		—	100.00	100.00	18	—		2012
TF Motors S.A.S., Chasseneuil-du-Poitou	EUR		—	100.00	100.00	581	−9		2012
Touraine Automobiles S.A.S., St. Cyr-sur-Loire	EUR		—	100.00	100.00	2,033	109		2012
Tourisme Automobiles S.A.R.L., Angers	EUR		—	100.00	100.00	2,160	−273		2012
TOV Donbas-Scan-Service, Makeyevka	UAH	11.1908	—	100.00	100.00	21,204	372		2012
TOV Kiev-Scan, Makarov	UAH	11.1908	—	100.00	100.00	27,716	−117		2012
TOV MAN Truck & Bus Ukraine, Kiev	UAH	11.1908	—	100.00	100.00	—	−4,561		2013
TOV Scania Credit Ukraine, Kiev	UAH	11.1908	—	100.00	100.00	22,720	26,658		2012
TOV Scania Ukraine, Kiev	UAH	11.1908	—	100.00	100.00	11,079	−5,682		2012
TOV Scania-Lviv, Lviv	UAH	11.1908	—	100.00	100.00	39,728	77		2012
Trembler Air Ltd., George Town	USD	1.3791	—	100.00	100.00	—	—	11)	2012
Truck Namibia (Pty) Ltd., Windhoek	NAD	14.5452	—	100.00	100.00	41,826	10,945		2012
Trucknology S.A., Luxembourg	EUR		—	—	—	31	0	16)	2013
UAB Scania Lietuva, Vilnius	LTL	3.4528	—	100.00	100.00	16,227	2,714		2012
Uas B.V., Utrecht	EUR		—	100.00	100.00	1,049	183		2012
Union Trucks Ltd., Milton Keynes	GBP	0.8337	—	100.00	100.00	—	—	5)	2012
Vabis Bilverkstad AB, Södertälje	SEK	8.8591	—	100.00	100.00	101	—	5)	2012
Vabis Försäkringsaktiebolag, Södertälje	SEK	8.8591	—	100.00	100.00	132,091	4,976		2012
Valiege S.A.S., Orvault	EUR		—	100.00	100.00	397	39		2012
Valladolid Wagen, S.A., Valladolid	EUR		—	100.00	100.00	1,652	537		2012
VCI Loan Services, LLC, Salt Lake City / Utah	USD	1.3791	—	100.00	100.00	—	—	11)	2012
VCL Master S.A., Luxembourg	EUR		—	—	—	31	—	16)	2012
VCL Multi-Compartment S.A., Luxembourg	EUR		—	—	—	31	—	16)	2012
Verdun-Aix S.A.S., Aix-en-Provence	EUR		—	20.00	20.00	3,766	−1,034		2012
Vienne Sud Automobiles S.A.S., Civray	EUR		—	100.00	100.00	908	164		2012
Vindbron Arendal AB, Södertälje	SEK	8.8591	—	100.00	100.00	15,405	0		2012
Vitry Automobiles S.A.S., Vitry-sur-Seine	EUR		—	100.00	100.00	1,162	−204		2012
Volkswagen (China) Investment Company Ltd., Beijing	CNY	8.3491	100.00	—	100.00	24,449,476	7,915,136		2012
Volkswagen Argentina S.A., Buenos Aires	ARS	8.9825	—	100.00	100.00	241,835	28,327		2012
Volkswagen Auto Lease Entity, LLC, Herndon / Virginia	USD	1.3791	—	—	—	—	—	11) 16)	2012
Volkswagen Auto Lease Loan Underwritten Funding, LLC, Herndon / Virginia	USD	1.3791	—	—	—	—	—	11) 16)	2012
Volkswagen Auto Loan Vehicle, LLC, Herndon / Virginia	USD	1.3791	—	—	—	—	—	11) 16)	2012
Volkswagen Auto Securitization Transaction, LLC, Herndon / Virginia	USD	1.3791	—	—	—	—	—	11) 16)	2012
Volkswagen Autoeuropa, Lda., Quinta do Anjo	EUR		—	100.00	100.00	367,669	33,973		2013
VOLKSWAGEN Automatic Transmission (Dalian) Co., Ltd., Dalian	CNY	8.3491	—	100.00	100.00	2,534,953	637,280		2012
VOLKSWAGEN Automatic Transmission (Tianjin) Co., Ltd., Tianjin	CNY	8.3491	—	100.00	100.00	—	—	15)	2012
Volkswagen Automotive Finance, LLC, Herndon / Virginia	USD	1.3791	—	—	—	—	—	11) 16)	2012
VOLKSWAGEN BANK POLSKA S.A., Warsaw	PLN	4.1543	—	100.00	100.00	259,113	19,101	12)	2012
VOLKSWAGEN BANK S.A. INSTITUCION DE BANCA MULTIPLE, Puebla	MXN	18.0731	—	100.00	100.00	1,096,000	89,000		2012
Volkswagen Barcelona, S.A., Barcelona	EUR		—	100.00	100.00	1,274	464		2012
VOLKSWAGEN CORRETORA DE SEGUROS LTDA., São Paulo	BRL	3.2576	—	100.00	100.00	24,199	12,493		2012
Volkswagen Credit Compañía Financiera S.A., Buenos Aires	ARS	8.9825	—	100.00	100.00	59,556	13,681		2012

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Volkswagen de México, S.A. de C.V., Puebla	MXN	18.0731	100.00	—	100.00	31,006,493	6,024,528		2012
Volkswagen Dealer Finance, LLC, Herndon/ Virginia	USD	1.3791	—	—	—	—	—	11) 16)	2012
Volkswagen do Brasil Indústria de Veículos Automotores Ltda., São Bernardo do Campo	BRL	3.2576	—	100.00	100.00	4,128,507	1,019,757		2012
Volkswagen Enhanced Auto Lease, LLC, Herndon / Virginia	USD	1.3791	—	—	—	—	—	11) 16)	2012
Volkswagen Finance (China) Co., Ltd., Beijing	CNY	8.3491	—	100.00	100.00	3,185,199	164,355		2012
VOLKSWAGEN FINANCE BELGIUM S.A., Brussels	EUR		—	100.00	100.00	316,447	3,486		2012
Volkswagen Finance Cooperation B.V., Amsterdam	EUR		—	100.00	100.00	—	–99		2012
Volkswagen Finance Luxemburg S.A., Luxembourg	EUR		100.00	—	100.00	1,141,367	–1,168		2012
Volkswagen Finance Overseas B.V., Amsterdam	EUR		—	100.00	100.00	522,526	–99		2012
Volkswagen Finance S.A. — Establecimiento financiero de crédito — , Madrid	EUR		—	100.00	100.00	360,806	15,391		2012
Volkswagen Financial Services (UK) (June) Ltd., Milton Keynes	GBP	0.8337	—	100.00	100.00	—	—	5)	2012
Volkswagen Financial Services (UK) (March) Ltd., Milton Keynes	GBP	0.8337	—	100.00	100.00	—	—	5)	2012
Volkswagen Financial Services (UK) (September) Ltd., Milton Keynes	GBP	0.8337	—	100.00	100.00	—	—	5)	2012
Volkswagen Financial Services (UK) Ltd., Milton Keynes	GBP	0.8337	—	100.00	100.00	404,855	84,475		2012
VOLKSWAGEN FINANCIAL SERVICES AUSTRALIA PTY. LIMITED, Chullora	AUD	1.5423	—	100.00	100.00	149,718	7,015		2012
VOLKSWAGEN FINANCIAL SERVICES JAPAN LTD., Tokyo	JPY	144.7200	—	100.00	100.00	8,279,988	1,011,642		2012
Volkswagen Financial Services N.V., Amsterdam	EUR		—	100.00	100.00	794,724	23,463		2012
VOLKSWAGEN Finančné služby Slovensko s.r.o., Bratislava	EUR		—	100.00	100.00	39,322	3,594		2012
Volkswagen Finans Sverige AB, Södertälje	SEK	8.8591	—	100.00	100.00	1,753,706	—		2012
Volkswagen Global Finance Holding B.V., Amsterdam	EUR		—	100.00	100.00	103	25		2012
Volkswagen Group Australia Pty Limited, Botany	AUD	1.5423	—	100.00	100.00	107,608	12,278		2012
Volkswagen Group Canada, Inc., Ajax / Ontario	CAD	1.4671	—	100.00	100.00	197,927	17,163	12)	2012
VOLKSWAGEN GROUP FIRENZE S.P.A., Florence	EUR		—	100.00	100.00	3,410	–840		2012
Volkswagen Group France S.A., Villers-Cotterêts	EUR		10.02	89.98	100.00	239,920	51,246		2012
Volkswagen Group Import Co., Ltd., Tianjin	CNY	8.3491	—	100.00	100.00	1,238,036	133,493		2012
Volkswagen Group Ireland Ltd., Dublin	EUR		—	100.00	100.00	7,868	2,868		2012
VOLKSWAGEN GROUP ITALIA S.P.A., Verona	EUR		—	100.00	100.00	432,083	27,816		2013
VOLKSWAGEN Group Japan K.K., Toyohashi	JPY	144.7200	—	100.00	100.00	26,263,195	1,023,653		2013
Volkswagen Group of America Chattanooga Operations, LLC, Chattanooga	USD	1.3791	—	100.00	100.00	116,000	42,000	12)	2012
Volkswagen Group of America, Inc., Herndon / Virginia	USD	1.3791	100.00	—	100.00	528,338	57,263		2012
Volkswagen Group Polska Sp. z o.o., Poznań	PLN	4.1543	—	100.00	100.00	233,891	66,590		2012
Volkswagen Group Retail Spain, S.L., Barcelona	EUR		—	100.00	100.00	29,090	393		2012
Volkswagen Group Sales India P.L., Mumbai	INR	85.3660	90.98	9.02	100.00	3,445,230	631,860	3)	2013
Volkswagen Group Services S.A., Brussels	EUR		70.00	30.00	100.00	10,164,039	152,913		2012
Volkswagen Group Singapore Pte. Ltd., Singapore	SGD	1.7414	100.00	—	100.00	30,882	6,427		2012
Volkswagen Group Sverige Aktiebolag, Södertälje	SEK	8.8591	—	100.00	100.00	823,926	133,900		2012

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VOLKSWAGEN Group United Kingdom Ltd., Milton Keynes	GBP	0.8337	—	100.00	100.00	695,400	77,600		2012
VOLKSWAGEN HOLDING FINANCIÈRE S.A., Villers-Cotterêts	EUR		—	100.00	100.00	193,254	2,750		2012
Volkswagen Holding Österreich GmbH, Salzburg	EUR		100.00	—	100.00	3,323,548	−1,084		2012
Volkswagen Independent Borrowing Entity, LLC, Herndon / Virginia	USD	1.3791	—	—	—	—	—	11) 16)	2012
Volkswagen India Private Ltd., Pune	INR	85.3660	90.99	9.01	100.00	14,110,230	767,310	3)	2013
Volkswagen International Finance N.V., Amsterdam	EUR		—	100.00	100.00	4,994,441	1,013,260		2012
Volkswagen International Luxemburg S.A., Luxembourg	EUR		—	100.00	100.00	188	153		2012
Volkswagen International Payment Services N.V., Amsterdam	EUR		—	100.00	100.00	725,293	18,611		2012
Volkswagen Japan Sales K.K., Tokyo	JPY	144.7200	—	100.00	100.00	2,977,860	765,103		2013
Volkswagen Leasing Polska Sp. z o.o., Warsaw	PLN	4.1543	—	100.00	100.00	22,920	−5,275	12)	2012
VOLKSWAGEN LEASING S.A. DE C.V., Puebla	MXN	18.0731	—	100.00	100.00	2,041,034	589,421		2012
Volkswagen Madrid, S.A., Madrid	EUR		—	100.00	100.00	2,527	−790		2012
Volkswagen Motor Polska Sp. z o.o., Polkowice	PLN	4.1543	—	100.00	100.00	717,209	122,076	12)	2012
Volkswagen Navarra, S.A., Polígono de Landaben, s/n, Arazurí (Navarre)	EUR		—	100.00	100.00	662,442	50,170		2013
Volkswagen of South Africa (Pty.) Ltd., Uitenhage	ZAR	14.5660	100.00	—	100.00	9,568,145	2,471,355	12)	2012
Volkswagen Operating Lease Transaction, LLC, Herndon / Virginia	USD	1.3791	—	—	—	—	—	11) 16)	2012
Volkswagen Participações Ltda., São Paulo	BRL	3.2576	—	100.00	100.00	2,091,840	78,086		2012
Volkswagen Poznan Sp. z o.o., Poznań	PLN	4.1543	—	100.00	100.00	2,526,493	417,903		2013
Volkswagen Public Auto Loan Securitization, LLC, Herndon / Virginia	USD	1.3791	—	—	—	—	—	11) 16)	2012
Volkswagen Renting, S.A., Madrid	EUR		—	100.00	100.00	5,173	−3,232		2012
Volkswagen S.A. de Ahorro Para Fines Determinados, Buenos Aires	ARS	8.9825	—	100.00	100.00	42,307	23,827		2012
Volkswagen Serviços Ltda., São Paulo	BRL	3.2576	—	100.00	100.00	22,238	7,280		2012
VOLKSWAGEN SLOVAKIA, a.s., Bratislava	EUR		—	100.00	100.00	1,204,897	170,306		2012
Volkswagen-Audi España, S.A., El Prat de Llobregat	EUR		—	100.00	100.00	144,548	13,136		2012
Volkswagen-Versicherungsdienst Gesellschaft m.b.H., Vienna	EUR		—	100.00	100.00	8,300	2,842		2012
VSJ01 Tokutei Special Purpose Company, Tokyo	JPY	144.7200	—	—	—	—	−1,657	16)	2012
VW Credit Canada Funding GP Inc., Ajax / Ontario	CAD	1.4671	—	100.00	100.00	—	—	11) 15) 16)	2012
VW Credit Canada Funding LP, St. Laurent / Quebec	CAD	1.4671	—	100.00	100.00	—	—	11) 15) 16)	2012
VW Credit Canada, Inc., St. Laurent / Quebec	CAD	1.4671	—	100.00	100.00	—	—	11)	2012
VW Credit Leasing Ltd., Herndon / Virginia	USD	1.3791	—	100.00	100.00	—	—	11)	2012
VW Credit, Inc., Herndon / Virginia	USD	1.3791	—	100.00	100.00	2,313,209	347,476	10)	2012
Westrucks Ltd., Milton Keynes	GBP	0.8337	—	100.00	100.00	—	—	5)	2012
Wittenberg B.V., Duiven	EUR		—	100.00	100.00	1,345	−251		2012
Wittenberg Holding B.V., Veenendaal	EUR		—	100.00	100.00	3,253	—		2012
Wolfsburg Motors S.A.S., Paris	EUR		—	100.00	100.00	11,451	1,131		2012
Zhejiang Jiejun Automobile Sales and Service Co., Ltd., Hangzhou	CNY	8.3491	—	100.00	100.00	213,742	53,859		2012
ZSF Services S.A.S., Paris	EUR		—	100.00	100.00	274	−894		2012
B. Unconsolidated companies									
1. Germany									
4Collection GmbH, Braunschweig	EUR		—	100.00	100.00	25	—	1) 5)	2013
ALU-CAR GmbH, Winterberg	EUR		—	80.80	80.80	576	315		2012
Audi Business Innovation GmbH, Ingolstadt	EUR		—	100.00	100.00	550	—	1)	2013
Audi e-gas Betreibergesellschaft mbH, Ingolstadt	EUR		—	100.00	100.00	25	—	6) 13)	2013

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Audi Electronics Venture GmbH, Gaimersheim	EUR		—	100.00	100.00	18,692	—	1)	2013
Audi Immobilien GmbH & Co. KG, Ingolstadt	EUR		—	100.00	100.00	72,046	610		2013
Audi Immobilien Verwaltung GmbH, Ingolstadt	EUR		—	100.00	100.00	7,125	5		2013
Audi Neckarsulm Immobilien GmbH, Neckarsulm	EUR		—	100.00	100.00	50	—	6)	2013
Audi Planung GmbH, Ingolstadt	EUR		—	100.00	100.00	793	337	1)	2012
Audi Real Estate GmbH, Ingolstadt	EUR		—	100.00	100.00	36	−14	6)	2013
Audi Stiftung für Umwelt GmbH, Ingolstadt	EUR		—	100.00	100.00	5,054	−21		2012
Aumonta GmbH, Augsburg	EUR		—	100.00	100.00	—	—	1)	2013
Auto Union GmbH, Ingolstadt	EUR		—	100.00	100.00	3,181	—	1) 14)	2013
Autohaus Gawe GmbH, Berlin	EUR		—	100.00	100.00	307	—	1)	2012
Automotive Safety Technologies GmbH, Gaimersheim	EUR		—	75.50	75.50	3,426	1,104		2012
AZU Autoteile und -zubehör Vertriebs GmbH, Dreieich	EUR		—	100.00	100.00	85	−1	5)	2012
Carmeq GmbH, Berlin	EUR		—	100.00	100.00	3,100	—	1)	2012
carmobility GmbH, Munich	EUR		—	100.00	100.00	250	—	1)	2013
CC WellCom GmbH, Potsdam	EUR		—	100.00	100.00	1,244	—	1)	2013
csi Entwicklungstechnik GmbH, Gaimersheim	EUR		—	100.00	100.00	953	672		2012
CSI Entwicklungstechnik GmbH, Munich	EUR		—	100.00	100.00	297	384		2012
csi entwicklungstechnik GmbH, Neckarsulm	EUR		—	100.00	100.00	2,168	1,591		2012
csi entwicklungstechnik GmbH, Sindelfingen	EUR		—	80.00	80.00	1,394	476		2012
csi Verwaltungs GmbH, Neckarsulm	EUR		—	49.00	49.00	2,375	1,762		2012
Daraja Grundstücksverwaltungsgesellschaft mbH & Co. Vermietungs KG, Wiesbaden	EUR		—	94.00	94.00	0	−32	16)	2012
Eberhardt Verwaltungsgesellschaft mbH, Ulm	EUR		—	100.00	100.00	42	2		2013
Eurocar Beteiligungs Verwaltungs GmbH, Freilassing	EUR		—	90.00	90.00	22	2		2012
Euromobil Autovermietung GmbH, Isernhagen	EUR		—	100.00	100.00	779	—	1)	2013
FC Ingolstadt 04 Stadionbetreiber GmbH, Ingolstadt	EUR		—	100.00	100.00	—	—	7)	2013
Groupe Volkswagen France Grundstücksgesellschaft mbH, Wolfsburg	EUR		—	100.00	100.00	29	1		2012
Held & Ströhle GmbH, Ulm	EUR		—	70.30	70.30	102	8		2013
Italdesign-Giugiaro Deutschland GmbH, Wolfsburg	EUR		—	100.00	100.00	255	127		2013
MAHAG Münchener Automobil-Handel Haberl GmbH Dresden, Dresden	EUR		—	100.00	100.00	256	—	1)	2013
MAHAG Services GmbH, Munich	EUR		—	100.00	100.00	256	—	1)	2013
MAHAG Verwaltungs GmbH, Munich	EUR		—	100.00	100.00	20	1		2013
MAN Erste Beteiligungs GmbH, Munich	EUR		—	100.00	100.00	—	—		2013
MAN Grundstücksgesellschaft mbH & Co. Gamma KG, Munich	EUR		—	100.00	100.00	—	—		2013
MAN Grundstücksgesellschaft mbH & Co. Objekt Heilbronn KG, Oberhausen	EUR		—	100.00	100.00	—	—		2013
MAN Grundstücksgesellschaft mbH, Oberhausen	EUR		—	100.00	100.00	—	—	1)	2013
MAN IT Services GmbH, Munich	EUR		—	100.00	100.00	—	—	1)	2013
MAN Personal Services GmbH, Dachau	EUR		—	100.00	100.00	—	—	1)	2013
Manthey Racing GmbH, Meuspath	EUR		—	51.00	51.00	906	116	7)	2013
MAN-Unterstützungskasse GmbH, Munich	EUR		—	100.00	100.00	—	—		2013
MMI Marketing Management Institut GmbH, Braunschweig	EUR		100.00	—	100.00	512	—	1)	2012
NSU GmbH, Neckarsulm	EUR		—	100.00	100.00	50	—	6) 13)	2013
Ortan Verwaltung GmbH & Co. Objekt Karlsfeld KG, Pullach i. Isartal	EUR		—	100.00	100.00	—	—		2013
PoHo Beteiligungs GmbH, Freilassing	EUR		—	100.00	100.00	—	−11		2012
Porsche Erste Vermögensverwaltung GmbH, Stuttgart	EUR		100.00	—	100.00	14	—	13)	2012
SEAT Deutschland Niederlassung GmbH, Frankfurt am Main	EUR		—	100.00	100.00	232	17		2012
tcu Turbo Charger GmbH, Augsburg	EUR		—	100.00	100.00	—	—	1)	2013
TKI Automotive GmbH, Gaimersheim	EUR		—	51.00	51.00	5,660	−168		2012

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Vehicle Trading International (VTI) GmbH, Braunschweig	EUR		—	100.00	100.00	2,763	—	1)	2013
Volkswagen Design Center Potsdam GmbH, Potsdam	EUR		—	100.00	100.00	2,521	—	1)	2012
Volkswagen Dienstleistungsgesellschaft mbH, Wolfsburg	EUR		—	100.00	100.00	—	—	1) 15)	2012
Volkswagen Gebrauchtfahrzeughandels und Service GmbH, Langenhagen	EUR		—	100.00	100.00	100	—	1) 14)	2012
Volkswagen Group Partner Services GmbH, Wolfsburg	EUR		100.00	—	100.00	144	—	1)	2012
Volkswagen Klassik GmbH, Wolfsburg	EUR		—	100.00	100.00	25	—	1) 5)	2012
Volkswagen Motorsport GmbH, Hanover	EUR		—	100.00	100.00	3,138	—	1)	2012
Volkswagen Procurement Services GmbH, Wolfsburg	EUR		—	100.00	100.00	100	—	1)	2012
Volkswagen Retail Dienstleistungsgesellschaft mbH, Berlin	EUR		—	100.00	100.00	259	—	1)	2012
Volkswagen-Bildungsinstitut GmbH, Zwickau	EUR		—	100.00	100.00	256	—	13)	2012
VWL Funding 2008-1 GmbH, Braunschweig	EUR		—	100.00	100.00	25	—	5)	2013
Weser-Ems Vertriebsgesellschaft mbH, Bremen	EUR		81.25	—	81.25	6,634	2,619		2012
Widro GmbH, Stuttgart	EUR		—	100.00	100.00	—	−1,676		2012
ZENDA Dienstleistungen GmbH, Würzburg	EUR		—	100.00	100.00	2,716	686		2012
2. International									
1998 Ltd., Springfield/Virginia	USD	1.3791	—	100.00	100.00	—	—	5)	2012
ABCIS Aubière SNC, Aubière	EUR		—	100.00	100.00	—	−58		2012
ABCIS Clermont SNC, Fitz-James	EUR		—	100.00	100.00	25	11		2012
AC2A S.A.R.L., Cosne-Cours-sur-Loire	EUR		—	100.00	100.00	—	−139		2012
ALSASAUTO S.A.S., Vétraz-Monthoux	EUR		—	100.00	100.00	2,776	35		2012
Alsauto S.A.S., Chasseneuil-du-Poitou	EUR		—	100.00	100.00	1,318	−158		2012
Apolo Administradora de Bens S/S Ltda., São Bernardo do Campo	BRL	3.2576	—	100.00	100.00	0	0		2012
ASSIVALO PRESTAÇÃO DE SERVIÇOS AUXILIARES DO SETOR DE SEGUROS LTDA., São Paulo	BRL	3.2576	—	70.00	70.00	1,480	57		2012
Audi Akademie Hungaria Kft., Györ	HUF	297.0400	—	100.00	100.00	243,010	107,518		2013
Audi Real Estate S.L., El Prat de Llobregat	EUR		—	100.00	100.00	24,451	117		2012
Auto Services Landi SNC, Plouigneau	EUR		—	100.00	100.00	135	43		2012
Automobiles Villers Services S.A.S., Villers-Cotterêts	EUR		—	100.00	100.00	493	86		2012
Automotors Toul S.A.R.L., Laxou	EUR		—	100.00	100.00	—	−87		2012
Autovisão Brasil Desenvolvimento de Negócios Ltda., São Bernardo do Campo	BRL	3.2576	—	100.00	100.00	100	−27		2011
AutoVision Magyarország Kft., Györ	EUR		—	100.00	100.00	3,619	809		2012
AutoVision S.A., Brussels	EUR		—	100.00	100.00	—	328		2012
AUTOVISION SLOVAKIA, s.r.o., Bratislava	EUR		—	100.00	100.00	854	375		2012
A-Vision — Prestação de Serviços á Indústria Automóvel, unipessoal, Lda., Palmela	EUR		—	100.00	100.00	3,839	45		2012
A-Vision People, Empresa de trabalho temporário, unipessoal, Lda., Palmela	EUR		—	100.00	100.00	478	−141		2012
Bavaria Concept S.A.S., Liévin	EUR		—	100.00	100.00	—	—	7)	2013
Bentley Insurance Services Ltd., Crewe	GBP	0.8337	—	100.00	100.00	221	—	5)	2012
Bentley Motor Cars, Inc., Boston	USD	1.3791	—	100.00	100.00	—	—	5)	2011
Bentley Motor Export Services Ltd., Crewe	GBP	0.8337	—	100.00	100.00	45	—	5)	2012
Call Services S.A.S., Chasseneuil-du-Poitou	EUR		—	100.00	100.00	366	152		2012
Caribbean Power Application, S.L., Madrid	EUR		—	100.00	100.00	—	—		2013
Cariviera S.A.S., Nice	EUR		—	100.00	100.00	412	2		2012
Carrosserie 16 S.A.R.L., Champniers	EUR		—	100.00	100.00	134	−91		2012
Centrales Diesel Export S.A.S., Villepinte	EUR		—	100.00	100.00	—	—		2013
Centre Automobile De La Riviera Car S.A.S., Nice	EUR		—	100.00	100.00	1,719	219		2012
CENTRO USATO SANGALLO S.R.L., Florence	EUR		—	100.00	100.00	37	9		2013
Cofia S.A., Paris	EUR		—	100.00	100.00	229	51		2012
COFICAL RENK Mancais do Brasil Ltda., Guaramirim	BRL	3.2576	—	98.00	98.00	—	—		2013
Dalegrid Ltd., Reading	GBP	0.8337	—	100.00	100.00	—	—	5)	2013

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Diffusion Automobile Lilleroise (DAL) S.A.R.L., Hénin-Beaumont	EUR		—	100.00	100.00	—	−4		2012
Dispro S.A.S., Poitiers	EUR		—	100.00	100.00	1,835	304		2012
Ducati Canada, Inc., Saint John / New Brunswick	CAD	1.4671	—	100.00	100.00	0	—	15)	2012
DUCATI DO BRASIL INDUSTRIA E COMERCIO DE MOTOCICLETAS LTDA., São Paulo	BRL	3.2576	—	100.00	100.00	239	−355		2012
e4t electronics for transportation s.r.o., Prague	CZK	27.4270	—	100.00	100.00	35,919	16,906		2012
ERF (Holdings) plc, Swindon	GBP	0.8337	—	100.00	100.00	—	—	5)	2013
Etablissements A. Cachera S.A.R.L., Oignies	EUR		—	100.00	100.00	127	29		2012
EVDAK TOV, Kiev	UAH	11.1908	—	100.00	100.00	706	−269		2012
Fifty Two Ltd., Stockport	GBP	0.8337	—	100.00	100.00	—	—	5)	2013
FM Motors Lille S.A.S., Villeneuve d'Ascq	EUR		—	100.00	100.00	—	—	7)	2013
FM Motors Location S.A.R.L., Villeneuve d'Ascq	EUR		—	100.00	100.00	—	—	7)	2013
FM Motors Reims S.A.S., Thillois	EUR		—	75.00	75.00	—	—	7)	2013
FM Motors Roissy S.A.S., Villeneuve d'Ascq	EUR		—	100.00	100.00	—	—	7)	2013
FMH S.A.S., Villeneuve d'Ascq	EUR		—	100.00	100.00	—	—	7)	2013
FMP S.A.R.L., Villeneuve d'Ascq	EUR		—	100.00	100.00	—	—	7)	2013
Fondazione Ducati, Bologna	EUR		—	100.00	100.00	199	−76		2012
Garage du Rond Point S.A.R.L., Courrières	EUR		—	100.00	100.00	—	−39		2012
Grand Garage de la route de Dunkerque S.A.S., Gravlines	EUR		—	100.00	100.00	707	68		2012
H. J. Mulliner & Co. Ltd., Crewe	GBP	0.8337	—	100.00	100.00	0	—	5)	2012
Hangzhou Jiejun Automobiles Sales and Service Co., Ltd, Hangzhou	CNY	8.3491	—	100.00	100.00	7,137	−650		2012
HV Developpement Belgique S.A., Tournai	EUR		—	100.00	100.00	312	6		2012
INIS International Insurance Service s.r.o., ve zkratce INIS s.r.o., Mlada Boleslav	CZK	27.4270	—	100.00	100.00	28,155	22,655		2012
Instituto para Formación y Desarollo Volkswagen, S.C., Puebla	MXN	18.0731	—	100.00	100.00	24,111	7,869		2012
InterRent Biluthyrning AB, Södertälje	SEK	8.8591	—	100.00	100.00	—	—	5)	2012
ITALDESIGN GIUGIARO BARCELONA SL, Barcelona	EUR		—	100.00	100.00	5,354	223		2013
Italdesign-Giugiaro Berci S.A.S., in Liquidation, Paris	EUR		—	100.00	100.00	0	0	2)	2009
Jacques Duverney Evian S.A.R.L., Evian-les-Bains	EUR		—	100.00	100.00	357	28		2012
Jiaxing Jiejun Automobile Sales & Service Co., Ltd., Jiaxing	CNY	8.3491	—	100.00	100.00	21,830	−421		2012
Kever Beheer B.V., Almere	EUR		—	60.00	60.00	1,474	254	7)	2013
L.A.M. d.o.o., Velika Gorica	HRK	7.6265	—	100.00	100.00	12,959	456		2012
LKW Komponenten s.r.o., Bánovce nad Bebravou	EUR		—	100.00	100.00	—	—		2013
Lys-Contrôle S.A.R.L., Nieppe	EUR		—	100.00	100.00	80	4		2012
MAN Diesel & Turbo Argentina S.A., Buenos Aires	ARS	8.9825	—	100.00	100.00	—	—		2013
MAN Diesel & Turbo Bulgaria EOOD, Varna	BGN	1.9558	—	100.00	100.00	—	—		2013
MAN Diesel & Turbo Canarias S.L., Las Palmas	EUR		—	100.00	100.00	—	—		2013
MAN Diesel & Turbo Chile Limitada, Valparaíso	CLP	723.9800	—	100.00	100.00	—	—		2013
MAN Diesel & Turbo Costa Rica Limitada, San José	CRC	689.9400	—	100.00	100.00	—	—		2013
MAN Diesel & Turbo Guatemala Ltda., Guatemala City	GTQ	10.8066	—	100.00	100.00	—	—		2013
MAN Diesel & Turbo Italia S.r.l., Genoa	EUR		—	100.00	100.00	—	—		2013
MAN Diesel & Turbo Japan Ltd., Kobe	JPY	144.7200	—	100.00	100.00	—	—		2013
MAN Diesel & Turbo Jordan Limited Liability Company, Aqaba	JOD	0.9759	—	100.00	100.00	—	—	15)	2013
MAN Diesel & Turbo Kenya Ltd., Nairobi	KES	118.9200	—	100.00	100.00	—	—		2013
MAN Diesel & Turbo Lanka (Private) Limited, Colombo	LKR	180.2360	—	100.00	100.00	—	—	6)	2013
MAN Diesel & Turbo Latvia SIA, Riga	LVL	0.7025	—	100.00	100.00	—	—	5)	2013
MAN Diesel & Turbo Malaysia Sdn. Bhd., Kuala Lumpur	MYR	4.5221	—	49.00	49.00	—	—		2013

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MAN Diesel & Turbo Mexico S. de R.L. de C.V., Mexico City	MXN	18.0731	—	100.00	100.00	—	—	15)	2013
MAN Diesel & Turbo Norge A/S, Oslo	NOK	8.3630	—	100.00	100.00	—	—		2013
MAN Diesel & Turbo Panama Enterprises Inc., Panama City	USD	1.3791	—	100.00	100.00	—	—		2013
MAN Diesel & Turbo Philippines Inc., Manila	PHP	61.2890	—	100.00	100.00	—	—		2013
MAN Diesel & Turbo Poland Sp. z o.o., Gdansk	PLN	4.1543	—	100.00	100.00	—	—		2013
MAN Diesel & Turbo Portugal, Unipessoal, Lda., Setúbal	EUR		—	100.00	100.00	—	—		2013
MAN Diesel & Turbo Qatar Navigation LLC, Doha	QAR	5.0178	—	49.00	49.00	—	—		2013
MAN Diesel & Turbo Shanghai Logistics Co. Ltd., Shanghai	CNY	8.3491	—	100.00	100.00	—	—	6)	2013
MAN Diesel & Turbo Sverige AB, Göteborg	SEK	8.8591	—	100.00	100.00	—	—		2013
MAN Diesel Electrical Services Ltd., Essex	GBP	0.8337	—	100.00	100.00	—	—	5)	2013
MAN Diesel Services Ltd., Stockport	GBP	0.8337	—	100.00	100.00	—	—	5)	2013
MAN Diesel Shanghai Co. Ltd., Shanghai	CNY	8.3491	—	100.00	100.00	73,104	−6,569		2012
MAN Diesel Turbochargers Shanghai Co. Ltd., Shanghai	CNY	8.3491	—	100.00	100.00	—	—		2013
MAN Diesel ve Turbo Satis Servis Limited Sirketi, Istanbul	TRY	2.9605	—	100.00	100.00	—	—		2013
MAN Iran Power Sherkate Sahami Khass, Teheran	IRR	34,134.0000	—	96.00	96.00	—	—		2013
MAN IT Services Österreich GesmbH, Steyr	EUR		—	100.00	100.00	—	—	5)	2013
MAN Latin America Importacao, Industria e Comércio de Veículos Ltda., São Paulo	BRL	3.2576	—	100.00	100.00	—	—	15)	2013
MAN Properties (Midrand) (Pty.) Ltd., Midrand	ZAR	14.5660	—	100.00	100.00	—	—	5)	2013
MAN Properties (Pinetown) (Pty.) Ltd., Pinetown	ZAR	14.5660	—	100.00	100.00	—	—	5)	2013
MAN Properties (Pty.) Ltd., Johannesburg	ZAR	14.5660	—	100.00	100.00	—	—	5)	2013
MAN Truck & Bus (M) Sdn. Bhd., Rawang	MYR	4.5221	—	70.00	70.00	—	—		2013
MAN Truck & Bus Singapore Pte. Ltd., Singapore	EUR		—	100.00	100.00	—	—		2013
MAN Truck and Bus India pvt. Ltd., Mumbai	INR	85.3660	—	100.00	100.00	—	—	5)	2013
MAN Turbo (UK) Limited, London	GBP	0.8337	—	100.00	100.00	—	—		2013
MBC Mobile Bridges Corp., Houston/Texas	USD	1.3791	—	100.00	100.00	—	—	5)	2013
Metalock Denmark A/S, Copenhagen	DKK	7.4593	—	100.00	100.00	—	—	5)	2013
MHP (Shanghai) Management Consultancy Co., Ltd., Shanghai	CNY	8.3491	—	100.00	100.00	6,255	−888	6)	2013
Mirrlees Blackstone Ltd., Stockport	GBP	0.8337	—	100.00	100.00	—	—	5)	2013
Módulos Automotivos do Brasil Ltda., São José dos Pinhais	BRL	3.2576	—	100.00	100.00	—	4,108		2011
Mondial Diffusion S.A.R.L., Roncq	EUR		—	100.00	100.00	309	−181		2012
MRH S.A.S., Villeneuve d'Ascq	EUR		—	66.60	66.60	—	—	7)	2013
MULTIMARCAS CORRETORA DE SEGUROS S/S LTDA., São Paulo	BRL	3.2576	—	99.98	99.98	17	−3		2012
Multiservices Autos Châtellerault S.A.S., Châtellerault	EUR		—	100.00	100.00	463	14		2012
Nardò Technical Center S.r.l., Nardò	EUR		—	100.00	100.00	8,147	1,672		2013
NIRA Dynamics AB, Linköping	SEK	8.8591	—	94.66	94.66	68,745	18,030		2012
Oberbank Sterneckstraße 28 Immobilien-Leasing GmbH, Linz	EUR		—	100.00	100.00	—	—	7)	2013
OOO Automotive Components International RUS, Kaluga	RUB	45.3246	—	100.00	100.00	9,297	−72	5)	2012
OOO MAN Diesel & Turbo Russia, Moscow	RUB	45.3246	—	100.00	100.00	—	—		2013
OOO Volkswagen Bank RUS, Moscow	RUB	45.3246	—	100.00	100.00	5,869,819	−272,494	12)	2012
OOO Volkswagen Financial Services RUS, Moscow	RUB	45.3246	—	100.00	100.00	715,783	246,649		2012
OOO Volkswagen Group Finanz, Moscow	RUB	45.3246	—	100.00	100.00	548,390	98,559		2012
Park Ward & Co. Ltd., Crewe	GBP	0.8337	—	100.00	100.00	100	—	5)	2012
Park Ward Motors Inc., Boston	USD	1.3791	—	100.00	100.00	—	—	5)	2011
Paxman Diesels Ltd., Stockport	GBP	0.8337	—	100.00	100.00	—	—	5)	2013
PCK TOV, Kiev	UAH	11.1908	—	100.00	100.00	28,492	−154		2012
Porsche Austria Gesellschaft m.b.H., Salzburg	EUR		—	100.00	100.00	35	−2		2012

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Porsche BH d.o.o., Sarajevo	BAM	1.9558	—	100.00	100.00	—	—	6)	2013
Porsche Centre Shanghai Waigaoqiao Ltd., Shanghai	CNY	8.3491	—	100.00	100.00	48,559	–387	6)	2013
Porsche Chile SpA, Santiago de Chile	CLP	723.9800	—	100.00	100.00	—	—	14) 15)	2012
Porsche Design Asia Hong Kong Ltd., Hong Kong	HKD	10.6933	—	100.00	100.00	26,338	–12,241		2013
Porsche Group S.R.L., Voluntari	RON	4.4710	—	100.00	100.00	39	1		2012
Porsche Immobilien Ukraine TOV, Kiev	UAH	11.1908	—	100.00	100.00	57,325	–6,630		2012
Porsche Inter Auto Chile SpA, Lo Barnechea — Santiago de Chile	CLP	723.9800	—	100.00	100.00	—	—	7)	2013
Porsche Inter Auto Ukraine TOV, Kiev	UAH	11.1908	—	100.00	100.00	6,300	–161		2012
Porsche Korea Ltd., Seoul	KRW	1,450.9300	—	75.00	75.00	2,515,991	–1,229,962	6)	2013
Porsche Kosova Sh.p.k., Pristina	EUR		—	100.00	100.00	—	28		2012
Porsche Leasing Sh.p.k., Tirana	ALL	140.4900	—	100.00	100.00	—	—	6)	2013
Porsche Mobility Sh.p.k., Tirana	ALL	140.4900	—	100.00	100.00	—	—	6)	2013
Porsche Movilidad Colombia S.A.S., Bogotá	COP	2,662.0000	—	100.00	100.00	25,000,000	—	15)	2012
Porsche Pensionskasse Aktiengesellschaft, Salzburg	EUR		—	100.00	100.00	2,456	28		2012
Porsche Retail GmbH, Salzburg	EUR		—	100.00	100.00	34	2		2012
Porsche System Engineering Ltd., Zurich	CHF	1.2276	—	100.00	100.00	5,517	152		2012
Premium Buc S.A.R.L., Buc	EUR		—	100.00	100.00	367	289		2012
Premium Velizy S.A.S., Lille	EUR		—	100.00	100.00	—	–87		2012
Privas Automobiles SNC, Privas	EUR		—	100.00	100.00	174	40		2012
PT MAN Diesel & Turbo Indonesia, Jakarta	IDR	16,764.7800	—	92.62	92.62	—	—		2013
PUTT ESTATES (PROPRIETARY) LIMITED, Upington	ZAR	14.5660	—	100.00	100.00	2,849	282	3)	2013
Railway Mine & Plantation Equipment Ltd., London	GBP	0.8337	—	100.00	100.00	—	—	5)	2013
RENK (UK) Ltd., London	GBP	0.8337	—	100.00	100.00	—	—	5)	2013
RENK Shanghai Service and Commercial Co., Ltd., Shanghai	CNY	8.3491	—	100.00	100.00	—	—	6)	2013
RENK Transmisyon Sanayi A.S., Istanbul	TRY	2.9605	—	55.00	55.00	—	—		2013
Riviera Technic S.A.S., Mougins	EUR		—	100.00	100.00	1,708	202		2012
Ruston & Hornsby Ltd., Stockport	GBP	0.8337	—	100.00	100.00	—	—	5)	2013
Ruston Diesels Ltd., Stockport	GBP	0.8337	—	100.00	100.00	—	—	5)	2013
Saint-Marcellin Automobiles S.A.R.L., Saint-Marcellin	EUR		—	100.00	100.00	413	51		2012
SCA Vision, Chasseneuil-du-Poitou	EUR		—	100.00	100.00	1,421	–3		2012
Scania-MAN Administration A.p.S., Frederiksberg	DKK	7.4593	—	100.00	100.00	80	0		2011
SCI de la Tour, Villeneuve d'Ascq	EUR		—	100.00	100.00	—	—	7)	2013
SEAT Center Arrábida — Automóveis, Lda., Setúbal	EUR		—	100.00	100.00	586	1,225		2012
Seat Saint-Martin S.A.S., Paris	EUR		—	100.00	100.00	58	–114		2012
SEAT Sport S.A., Martorell	EUR		—	100.00	100.00	547	–1,235		2012
SERGO ARHKON TOV, Kiev	UAH	11.1908	—	100.00	100.00	—	–528		2012
SNC Grands Garages de Provence Garage Central, Les Angles	EUR		—	100.00	100.00	373	86		2012
SNC Stylauto 79, Niort	EUR		—	100.00	100.00	—	–10		2012
SNC Stylauto 86, Poitiers	EUR		—	100.00	100.00	87	–158		2012
SNC Sud Berry Auto, Argenton-sur-Creuse	EUR		—	100.00	100.00	15	–35		2012
Société d'Exploitation du Garage Lacoste, S.A.S., Serres-Castet	EUR		—	100.00	100.00	909	33		2012
SOCIÉTÉ IMMOBILIÈRE AUDI SARL, Paris	EUR		—	100.00	100.00	17,830	–75		2012
Solovi S.A.S., Saint-Jean-d'Angély	EUR		—	100.00	100.00	166	–1		2012
Sonauto Accessoires S.A., Cergy-Pontoise	EUR		—	100.00	100.00	194	11		2012
Suzhou Aobaohang Automobile Sales and Service Co., Ltd., Suzhou	CNY	8.3491	—	100.00	100.00	—	—	6)	2013
Suzhou Binjie Automobile Sales and Services Co., Ltd., Suzhou	CNY	8.3491	—	100.00	100.00	—	—	6)	2013
Truck Rental Solutions Hungaria Kft., in Liquidation, Budapest	HUF	297.0400	—	100.00	100.00	—	—	2) 5)	2013
VAREC Ltd., Tokyo	JPY	144.7200	—	100.00	100.00	239,372	35,271		2012
Villers Services Center S.A.S., Paris	EUR		—	100.00	100.00	93	2		2012
VOLKSWAGEN FINANCE PRIVATE LIMITED, Mumbai	INR	85.3660	—	100.00	100.00	7,188,021	–365,552	3)	2012
Volkswagen Financial Services Korea Co., Ltd., Seoul	KRW	1,450.9300	—	100.00	100.00	67,205,000	–5,017,000		2012
Volkswagen Financial Services Schweiz AG, Wallisellen	CHF	1.2276	—	100.00	100.00	3,361	–255		2012

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VOLKSWAGEN FINANCIAL SERVICES SINGAPORE LTD., Singapore	SGD	1.7414	—	100.00	100.00	2,775	451		2012
Volkswagen Financial Services Taiwan LTD., Taipei	TWD	41.0935	—	100.00	100.00	357,410	98,734		2012
VOLKSWAGEN Finančné služby Maklérska s.r.o., Bratislava	EUR		—	100.00	100.00	2,837	2,830		2012
Volkswagen Group Hong Kong Ltd., Hong Kong	HKD	10.6933	—	100.00	100.00	—	—	15)	2012
Volkswagen Group Insurance and Risk Management Services Ltd., in Liquidation, Milton Keynes	GBP	0.8337	—	100.00	100.00	—	—	2) 5)	2011
Volkswagen Group Latin America, Inc., Miami/Florida	USD	1.3791	—	100.00	100.00	1,471	1,441		2012
Volkswagen Group Malaysia Sdn. Bhd., Kuala Lumpur	MYR	4.5221	—	100.00	100.00	204,805	26,556		2012
VOLKSWAGEN GROUP MILANO S.R.L., Milan	EUR		—	100.00	100.00	31	– 166		2012
Volkswagen Group Pension Scheme Trustee Ltd., Milton Keynes	GBP	0.8337	—	100.00	100.00	—	—	5)	2011
Volkswagen Group Saudi Arabia, LLC, Riyadh	SAR	5.1682	—	51.00	51.00	—	—	6)	2013
Volkswagen Grundbesitz GmbH, Salzburg	EUR		—	100.00	100.00	3,378	– 157		2012
Volkswagen Hong Kong Co. Ltd., Hong Kong	HKD	10.6933	—	89.44	89.44	35,157	10,275		2012
Volkswagen Insurance Company Ltd., Dublin	EUR		—	100.00	100.00	33,247	211		2012
VOLKSWAGEN INSURANCE SERVICE LTD., Milton Keynes	GBP	0.8337	—	100.00	100.00	1,601	1,470		2012
VOLKSWAGEN INSURANCE SERVICES, CORREDURIA DE SEGUROS, S.L., Barcelona	EUR		—	100.00	100.00	3,179	2,788		2012
Volkswagen International Insurance Agency Co., Ltd., Taipei	TWD	41.0935	—	100.00	100.00	11,448	8,514		2012
Volkswagen Leasing (Beijing) Company Limited, Beijing	CNY	8.3491	—	100.00	100.00	—	—	15)	2012
Volkswagen Leasing (Shanghai) Company Limited, Shanghai	CNY	8.3491	—	100.00	100.00	7,866	– 1,303		2012
Volkswagen Leasing (Suzhou) Company Limited, Suzhou	CNY	8.3491	—	100.00	100.00	—	—	6)	2013
Volkswagen Leasing (Tianjin) Company Limited, Tianjin	CNY	8.3491	—	100.00	100.00	—	—	6)	2013
Volkswagen Logistics Prestação de Serviços de Logística e Transporte Ltda., São Bernardo do Campo	BRL	3.2576	—	100.00	100.00	7,367	3,767		2012
Volkswagen New Mobility Services Consulting (Beijing) Co., Ltd., Beijing	CNY	8.3491	—	100.00	100.00	—	—	15)	2012
Volkswagen New Mobility Services Investment Co., Ltd., Beijing	CNY	8.3491	—	100.00	100.00	261,122	– 53,568		2012
Volkswagen Passenger Cars Malaysia Sdn. Bhd., Kuala Lumpur	MYR	4.5221	—	100.00	100.00	586	– 408		2012
Volkswagen R & Accessory (China) Ltd., Beijing	CNY	8.3491	—	100.00	100.00	—	—	6)	2013
VOLKSWAGEN SARAJEVO, d.o.o., Vogosca	BAM	1.9558	58.00	—	58.00	42,428	2,742		2012
Volkswagen Service Sverige AB, Södertälje	SEK	8.8591	—	100.00	100.00	—	—	6)	2013
Volkswagen Servicios de Administración de Personal, S.A. de C.V., Puebla	MXN	18.0731	—	100.00	100.00	67,589	31,099		2012
VOLKSWAGEN SERVICIOS S.A. DE C.V., Puebla	MXN	18.0731	—	100.00	100.00	17,167	12,774		2012
VOLKSWAGEN SERWIS UBEZPIECZENIOWY SP. Z O.O., Warsaw	PLN	4.1543	—	100.00	100.00	14,106	14,056		2012
VWT Participações Ltda. — Participações em Outras Sociedades e Prestação de Serviços em Geral, São Bernardo do Campo	BRL	3.2576	—	100.00	100.00	8,345	3,228		2011
Wuxi Aobaohang Automobile Sales and Service Co., Ltd., Wuxi	CNY	8.3491	—	100.00	100.00	—	—	6)	2013
Zhuhai Jiejun Automobile Sales and Service Co., Ltd., Zhuhai	CNY	8.3491	—	100.00	100.00	—	—	6)	2013

Name and domicile of company	Currency	Exchange rate (€1 =) Dec. 31, 2013	VW AG's interest in capital in % Direct	Indirect	Total	Equity in thousands, local currency	Profit/loss in thousands, local currency	Footnote	Year
III. JOINT VENTURES									
A. Equity-accounted companies									
1. Germany									
IAV GmbH Ingenieurgesellschaft Auto und Verkehr, Berlin	EUR		50.00	—	50.00	122,158	23,328		2013
Volkswagen Autoversicherung Holding GmbH, Braunschweig	EUR		—	51.00	51.00	—	—	7)	2013
Volkswagen Autoversicherung AG, Braunschweig	EUR		—	100.00	100.00	—	—	7) 13)	2013
2. International									
Cummins-Scania XPI Manufacturing L.L.C., Columbus	USD	1.3791	—	50.00	50.00	119,309	5,290		2012
DFM Master S.A., Luxembourg	EUR		—	—	—	31	—	18)	2012
DFM N.V., Amersfoort	EUR		—	100.00	100.00	—	—	11)	2012
D'Ieteren Lease S.A., Elsene (Brussels)	EUR		—	100.00	100.00	44,026	4,926		2012
DutchLease B.V., Amersfoort	EUR		—	100.00	100.00	—	—	11)	2012
FAW-Volkswagen Automotive Company, Ltd., Changchun	CNY	8.3491	20.00	20.00	40.00	51,370,704	33,395,526	12)	2013
Global Mobility Holding B.V., Amsterdam	EUR		—	50.00	50.00	3,298,975	214,985	12)	2012
Lease+Balans B.V., Amersfoort	EUR		—	100.00	100.00	—	—	11)	2012
LeasePlan Corporation N.V., Amsterdam	EUR		—	—	9)	2,395,839	241,300	12)	2012
MAN Financial Services B.V., Amersfoort	EUR		—	100.00	100.00	—	—	7)	2013
MAN Financial Services SA (Pty) Ltd., Johannesburg	ZAR	14.5660	—	50.00	50.00	—	—		2013
Midland Beheer B.V., Amersfoort	EUR		—	100.00	100.00	—	—	11)	2012
Oppland Tungbilservice AS, Fagernes	NOK	8.3630	—	50.00	50.00	3,758	983		2012
SAIC-VOLKSWAGEN Sales Company Ltd., Shanghai	CNY	8.3491	—	30.00	30.00	2,899,147	2,474,123		2012
Shanghai Volkswagen Powertrain Company Ltd., Shanghai	CNY	8.3491	—	60.00	60.00	3,267,544	852,200		2012
Shanghai-Volkswagen Automotive Company Ltd., Shanghai	CNY	8.3491	40.00	10.00	50.00	33,019,018	17,391,535		2012
Stichting DFM Vehicle Loans Securitisation 2005, Amsterdam	EUR		—	—	—	—	—	18)	2012
Tynset Diesel AS, Tynset	NOK	8.3630	—	50.00	50.00	4,323	1,742		2012
VDF FAKTORING HIZMETLERI A.S., Kağıthane-Istanbul	TRY	2.9605	—	100.00	100.00	10,528	2,255		2012
VDF SERVIS VE TICARET A.S., Kağıthane-Istanbul	TRY	2.9605	—	51.00	51.00	10,403	75		2012
VDF SIGORTA ARACILIK HIZMETLERI A.S., Kağıthane-Istanbul	TRY	2.9605	—	99.99	99.99	11,396	6,196		2012
VOLKSWAGEN D'IETEREN FINANCE S.A., Elsene (Brussels)	EUR		—	50.00	50.00	120,648	1,498		2012
VOLKSWAGEN DOGUS TÜKETICI FINANSMANI ANONIM SIRKETI, Kağıthane-Istanbul	TRY	2.9605	—	51.00	51.00	91,152	18,283		2012
VOLKSWAGEN FAW Engine (Dalian) Co., Ltd., Dalian	CNY	8.3491	—	60.00	60.00	3,681,892	1,227,180		2012
Volkswagen FAW Platform Company Ltd., Changchun	CNY	8.3491	—	60.00	60.00	812,972	164,665		2012
Volkswagen Leasing B.V., Amersfoort	EUR		—	100.00	100.00	—	—	11)	2012
VOLKSWAGEN MØLLER BILFINANS AS, Oslo	NOK	8.3630	—	51.00	51.00	685,427	76,968	12)	2012
Volkswagen Pon Financial Services B.V., Amersfoort	EUR		—	60.00	60.00	220,815	17,545	10)	2012
Volkswagen Pon Financial Services Real Estate B.V., Amersfoort	EUR		—	100.00	100.00	—	—	11)	2012
VOLKSWAGEN Transmission (Shanghai) Company Ltd., Shanghai	CNY	8.3491	—	60.00	60.00	970,973	253,812		2012
B. Companies accounted for at cost									
1. Germany									
Abgaszentrum der Automobilindustrie (GbR), Weissach	EUR		—	—	—	—	—		2012
AutoVision Zeitarbeit GmbH & Co. OHG, Wolfsburg	EUR		—	100.00	100.00	—	—	6)	2013
Elektronische Fahrwerksysteme GmbH, Ingolstadt	EUR		—	49.00	49.00	3,243	1,430		2012
GIF Gewerbe- und Industriepark Bad Friedrichshall GmbH, Bad Friedrichshall	EUR		—	30.00	30.00	5,149	569		2012

Name and domicile of company	Currency	Exchange rate (€1 =) Dec. 31, 2013	VW AG's interest in capital in % Direct	Indirect	Total	Equity in thousands, local currency	Profit/loss in thousands, local currency	Footnote	Year
IGE Infrastruktur und Gewerbeimmobilien Entwicklungs GmbH & Co. KG, Ingolstadt	EUR		—	100.00	100.00	—	—	6)	2013
LGI Logistikzentrum im Güterverkehrszentrum Ingolstadt Betreibergesellschaft mbH, Ingolstadt	EUR		—	50.00	50.00	61,587	862		2012
Objekt Audi Zentrum Berlin-Charlottenburg Verwaltungsgesellschaft mbH, Berlin	EUR		—	50.00	50.00	69	2		2013
Objektgesellschaft Audi Zentrum Berlin-Charlottenburg mbH & Co. KG, Berlin	EUR		—	50.00	50.00	4,835	378		2013
PDB — Partnership for Dummy Technology and Biomechanics (GbR), Ingolstadt	EUR		—	—	—	—	—		2012
VOLKSWAGEN VARTA Microbattery Forschungsgesellschaft mbH & Co. KG, Ellwangen	EUR		—	50.00	50.00	8,912	−4,460		2012
VOLKSWAGEN VARTA Microbattery Verwaltungsgesellschaft mbH, Ellwangen	EUR		—	50.00	50.00	30	2		2012
Wolfsburg AG, Wolfsburg	EUR		50.00	—	50.00	51,658	946		2012
2. International									
Amer Assurantien B.V., Amersfoort	EUR		—	100.00	100.00	—	—	11)	2012
Central Eléctrica Anhangüera Ltda., São Paulo	BRL	3.2576	—	40.00	40.00	15,244	−5,521		2012
Central Eléctrica Monjolinho Ltda., São Paulo	BRL	3.2576	—	51.00	51.00	—	—		2012
Collect Car B.V., Rotterdam	EUR		—	50.00	50.00	2,913	508	7)	2012
DFM Verzekeringen B.V., Amersfoort	EUR		—	100.00	100.00	—	—	11)	2012
GYÖR-PÉR REPÜLÖTER Kft., Györ	HUF	297.0400	—	47.86	47.86	180,118	26,894		2012
Material Science Center Qatar QSTP-LLC, Doha	QAR	5.0178	25.00	25.00	50.00	—	—	15)	2013
SITECH Dongchang Automotive Seating Technology, Ltd., Shanghai	CNY	8.3491	—	60.00	60.00	247,916	125,884		2012
SKO-ENERGO s.r.o., Mladá Boleslav	CZK	27.4270	—	67.00	67.00	59,470	2,169		2012
SKO-ENERGO-FIN s.r.o., Mladá Boleslav	CZK	27.4270	—	52.50	52.50	1,050,741	309,034		2012
Sturups Bilservice AB, Malmö	SEK	8.8591	—	50.00	50.00	301,927	2,347		2012
Trio Bilservice AB, Västerås	SEK	8.8591	—	33.33	33.33	131	0		2012
V.V.S. Assuradeuren B.V., Amersfoort	EUR		—	100.00	100.00	—	—	11)	2012
VOLKSWAGEN FINANCIAL SERVICES SOUTH AFRICA (PTY) LTD., Sandton	ZAR	14.5660	—	51.00	51.00	—	—	6)	2013
VVS Verzekerings-Service N.V., Amersfoort	EUR		—	60.00	60.00	1,415	1,188	10)	2012
IV. ASSOCIATES									
A. Equity-accounted associates									
1. Germany									
Autoport Emden GmbH, Emden	EUR		—	33.33	33.33	90	4		2012
Hörmann Automotive Gustavsburg GmbH, Ginsheim-Gustavsburg	EUR		—	40.00	40.00	21,693	3,805		2012
Rheinmetall MAN Military Vehicles GmbH, Munich	EUR		—	49.00	49.00	40,097	−22,168		2012
2. International									
Atlas Power Ltd., Karachi	PKR	145.2710	—	33.54	33.54	8,157,051	1,965,303	3)	2013
Bits Data i Södertälje AB, Södertälje	SEK	8.8591	—	33.00	33.00	20,894	−44		2012
Cummins-Scania high pressure injection L.L.C., Columbus	USD	1.3791	—	30.00	30.00	3,585	0		2012
JV MAN AUTO — Uzbekistan Limited Liability Company, Samarkand City	UZS	3,073.6100	—	49.00	49.00	100,258,085	14,631,830		2012
Laxå Specialvehicles AB, Laxå	SEK	8.8591	—	30.00	30.00	27,262	−1,537		2012
OOO EURO-Leasing RUS, Rjasan	RUB	45.3246	—	60.00	60.00	—	—		2013
ScaValencia, S.A., Valencia	EUR		—	26.00	26.00	10,635	966		2012
Sinotruk (Hong Kong) Limited, Hong Kong	HKD	10.6933	—	25.00	25.00	26,607,540	216,995		2012
B. Associates accounted for at cost									
1. Germany									
e.solutions GmbH, Ingolstadt	EUR		—	49.00	49.00	4,951	1,905		2012
Fahr- und Sicherheitstraining FuS GmbH, Ingolstadt	EUR		—	27.45	27.45	52	764		2012
Fahrzeugteile Service-Zentrum Mellendorf GmbH, Wedemark (Mellendorf)	EUR		26.00	23.70	49.70	952	439	3)	2012
GVZ Entwicklungsgesellschaft Wolfsburg mbH, Wolfsburg	EUR		—	30.81	30.81	2,460	376		2012
MOST Cooperation GbR, Karlsruhe	EUR		—	20.00	20.00	400	3		2012

Name and domicile of company	Currency	Exchange rate (€1 =) Dec. 31, 2013	VW AG's interest in capital in % Direct	Indirect	Total	Equity in thousands, local currency	Profit/loss in thousands, local currency	Footnote	Year
Theater der Stadt Wolfsburg GmbH, Wolfsburg	EUR		25.40	—	25.40	124	0	3)	2013
2. International									
Frontignan Entretien Réparation et Vente Automobile S.A.R.L., Frontignan	EUR		—	33.33	33.33	80	4		2012
Guyonnet-Duperat Automobile (GDA) S.A.R.L., Ruffec	EUR		—	34.01	34.01	430	– 14		2012
Liberté Automobile Holding S.A.R.L., Artiguelouve	EUR		—	24.90	24.90	297	19		2012
Model Master S.p.A., Moncalieri	EUR		—	40.00	40.00	4,039	– 750		2012
Servicios Especiales de Ventas Automotrices, S.A. de C.V., Mexico City	MXN	18.0731	—	25.00	25.00	64,056	1,727		2012
Smart Material Corp., Sarasota / Florida	USD	1.3791	—	24.90	24.90	924	– 414		2011
Société en Participation Brume, Poitiers	EUR		—	50.00	50.00	16	16		2012
TAS Tvornica Automobila Sarajevo d.o.o., in Liquidation, Vogosca	BAM	1.9558	50.00	—	50.00	—	—	2) 5)	2011
V. OTHER EQUITY INVESTMENTS									
1. Germany									
August Horch Museum Zwickau GmbH, Zwickau	EUR		—	50.00	50.00	886	25		2012
Bertrandt AG, Ehningen	EUR		—	25.01	25.01	229,854	30,666	3)	2013
Coburger Nutzfahrzeuge Service GmbH, in Liquidation, Coburg	EUR		—	30.00	30.00	—	—	2) 5)	2013
Datura Grundstücksverwaltungsgesellschaft mbH & Co. Vermietungs KG, Wiesbaden	EUR		—	94.00	94.00	—	—	7)	2013
FC Bayern München AG, Munich	EUR		—	9.09	9.09	268,800	14,000	3)	2013
FFK Fahrzeugservice Förtsch GmbH Kronach, Kronach	EUR		—	30.00	30.00	—	—		2013
GKH Gemeinschaftskraftwerk Hannover GmbH, Hanover	EUR		—	15.30	15.30	10,226	—	1)	2012
Grundstücksverwaltungsgesellschaft EURO-Leasing GmbH, Matthias Hinners und Helge Richter GbR, Sittensen	EUR		—	50.00	50.00	—	—		2013
MTC Marine Training Center Hamburg GmbH, Hamburg	EUR		—	24.83	24.83	—	—		2013
NEULAND Wohnungsgesellschaft mbH, Wolfsburg	EUR		—	20.00	20.00	89,308	6,160		2012
Niedersächsische Gesellschaft zur Endablagerung von Sonderabfall mbH, Hanover	EUR		10.00	—	10.00	10,020	1,373		2012
PAKT Zukunft Heilbronn-Franken gGmbH, Heilbronn	EUR		—	20.00	20.00	768	444		2012
PosernConnect GmbH, Sittensen	EUR		—	49.00	49.00	—	—		2013
Roland Holding GmbH, Munich	EUR		—	22.83	22.83	—	—		2013
SGL Carbon SE, Wiesbaden	EUR		9.98	—	9.98	1,035,838	39,650		2012
Verwaltungsgesellschaft Wasseralfingen mbH, Aalen	EUR		—	50.00	50.00	—	—		2013
Volkswagen AG Preussen Elektra AG OHG, Wolfsburg	EUR		—	—	—	—	293		2012
2. International									
H.R. Owen Plc., London	GBP	0.8337	—	27.91	27.91	12,597	1,731	10) 12)	2012
RENK U.A.E. LLC, Abu Dhabi	AED	5.0614	—	49.00	49.00	—	—		2013
Suzuki Motor Corporation, Hamamatsu, Shizuoka	JPY	144.7200	19.89	—	19.89	674,684,000	15,846,000	3)	2012
TTTech Computertechnik AG, Vienna	EUR		—	24.99	24.99	28,021	3,882		2012

1) Profit and loss transfer agreement
2) In liquidation
3) Different fiscal year
4) Short fiscal year
5) Currently not trading
6) Newly established company
7) Newly acquired company
8) Commenced operations in 2013
9) Global Mobility Holding B.V., Amsterdam holds a 100% interest in LeasePlan Corporation N.V., Amsterdam
10) Consolidated financial statements

11) Figures are contained in the consolidated financial statements of the parent company
12) Figures in accordance with IFRSs
13) Profit and loss transfer agreement as from 2013
14) Merger
15) Newly acquired company/newly established company in the previous year
16) Special purpose entity included in the consolidated financial statements in accordance with IAS 27/SIC-12
17) Liquidation resolution adopted
18) Special purpose entity included in Volkswagen Pon Financial Services B.V.'s consolidated financial statements in accordance with IAS 27/SIC-12

VOLKSWAGEN AG is the general partner of the following companies:

1. Abgaszentrum der Automobilindustrie (GbR), Weissach
2. PDB — Partnership for Dummy Technology and Biomechanics (GbR), Ingolstadt
3. Volkswagen AG Preussen Elektra AG OHG, Wolfsburg
4. Volkswagen Logistics GmbH & Co. OHG, Wolfsburg

Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the Group management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the material opportunities and risks associated with the expected development of the Group.

Wolfsburg, February 11, 2014
Volkswagen Aktiengesellschaft
The Board of Management

Martin Winterkorn	Francisco Javier Garcia Sanz	Jochem Heizmann
Christian Klingler	Michael Macht	Horst Neumann
Leif Östling	Hans Dieter Pötsch	Rupert Stadler

The following auditor's report (*Bestätigungsvermerk*) has been issued in accordance with § 322 German Commercial Code (*Handelsgesetzbuch*) on the consolidated financial statements and the group management report (*Konzernlagebericht*) of Volkswagen Aktiengesellschaft as of and for the fiscal year ended December 31, 2013. The group management report is neither included nor incorporated by reference in this Offering Memorandum.

Auditor's Report

We have audited the consolidated financial statements prepared by VOLKSWAGEN AKTIENGESELLSCHAFT, Wolfsburg, comprising the income statement and statement of comprehensive income, the balance sheet, the statement of changes in equity, the cash flow statement and the notes to the consolidated financial statements, together with the group management report, which is combined with the management report of VOLKSWAGEN AKTIENGESELLSCHAFT, Wolfsburg, for the business year from January 1 to December 31, 2013. The preparation of the consolidated financial statements and the combined management report in accordance with the IFRSs, as adopted by the EU, and the additional requirements of German commercial law pursuant to § (article) 315a Abs. (paragraph) 1 HGB (''Handelsgesetzbuch'': German Commercial Code) are the responsibility of the Company's Board of Management. Our responsibility is to express an opinion on the consolidated financial statements and the combined management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with § 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the combined management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the combined management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of the entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by the Company's Board of Management, as well as evaluating the overall presentation of the consolidated financial statements and the combined management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion based on the findings of our audit the consolidated financial statements comply with the IFRSs, as adopted by the EU, and the additional requirements of German commercial law pursuant to § 315a Abs. 1 HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these provisions. The combined management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Hanover, February 12, 2014

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Harald Kayser	Martin Schröder
German Public Auditor	German Public Auditor

Audited consolidated financial statements (IFRS)
of Volkswagen Aktiengesellschaft

as of and for the year ended December 31, 2012

Income Statement of the Volkswagen Group for the Period January 1 to December 31, 2012

€ million	Note	2012	2011
Sales revenue	**1**	**192,676**	**159,337**
Cost of sales	2	−157,518	−131,371
Gross profit		**35,158**	**27,965**
Distribution expenses	3	−18,850	−14,582
Administrative expenses	4	−6,223	−4,384
Other operating income	5	10,496	9,727
Other operating expenses	6	−9,070	−7,456
Operating profit		**11,510**	**11,271**
Share of profits and losses of equity-accounted investments	7	13,568	2,174
Finance costs	8	−2,552	−2,047
Other financial result	9	2,967	7,528
Financial result		**13,982**	**7,655**
Profit before tax		**25,492**	**18,926**
Income tax income/expense	10	−3,608	−3,126
current		−4,196	−4,351
deferred		588	1,225
Profit after tax		**21,884**	**15,799**
Noncontrolling interests		168	391
Profit attributable to shareholders of Volkswagen AG		21,717	15,409
Basic earnings per ordinary share in €	**11**	**46.42**	**33.10**
Diluted earnings per ordinary share in €	**11**	**46.42**	**33.10**
Basic earnings per preferred share in €	**11**	**46.48**	**33.16**
Diluted earnings per preferred share in €	**11**	**46.48**	**33.16**

Statement of Comprehensive Income
Changes in Comprehensive Income
for the Period January 1 to December 31, 2011

€ million	Total	VW AG shareholders	Non-controlling interests
Profit after tax	**15,799**	**15,409**	**391**
Actuarial gains/losses			
Actuarial gains/losses, before tax	−1,005	−926	−79
Deferred taxes relating to actuarial gains/losses	282	261	21
Actuarial gains/losses, net of tax	−722	−665	−57
Exchange differences on translating foreign operations			
Unrealized currency translation gains/losses	−189	−168	−22
Transferred to profit or loss	—	—	—
Exchange differences on translating foreign operations, before tax	−189	−168	−22
Deferred taxes relating to exchange differences on translating foreign operations	1	1	—
Exchange differences on translating foreign operations, net of tax	−189	−167	−22
Cash flow hedges			
Fair value changes recognized in other comprehensive income	−2,013	−2,006	−8
Transferred to profit or loss	−65	−65	—
Cash flow hedges, before tax	−2,079	−2,071	−8
Deferred taxes relating to cash flow hedges	577	573	4
Cash flow hedges, net of tax	−1,502	−1,498	−4
Available-for-sale financial assets			
Fair value changes recognized in other comprehensive income	127	127	—
Transferred to profit or loss	83	83	—
Available-for-sale financial assets, before tax	211	211	—
Deferred taxes relating to available-for-sale financial assets	−10	−10	—
Available-for-sale financial assets, net of tax	200	200	—
Share of other comprehensive income of equity-accounted investments, net of tax*	−391	−393	2
Other comprehensive income, before tax	−3,453	−3,347	−106
Deferred taxes relating to other comprehensive income	850	825	25
Other comprehensive income, net of tax	**−2,603**	**−2,522**	**−81**
Total comprehensive income	**13,196**	**12,886**	**310**

* Including income and expenses transferred to profit or loss due to the change in the accounting for MAN SE (€48 million) and the Suzuki Motor Corporation (€430 million).

Changes in Comprehensive Income for the Period January 1 to December 31, 2012

€ million	Total	VW AG shareholders	Non-controlling interests
Profit after tax	**21,884**	**21,717**	**168**
Actuarial gains/losses			
Actuarial gains/losses, before tax	–5,589	–5,480	–109
Deferred taxes relating to actuarial gains/losses	1,632	1,603	29
Actuarial gains/losses, net of tax	–3,957	–3,877	–81
Exchange differences on translating foreign operations			
Unrealized currency translation gains/losses	–212	–207	–5
Transferred to profit or loss	—	—	—
Exchange differences on translating foreign operations, before tax	–212	–207	–5
Deferred taxes relating to exchange differences on translating foreign operations	0	0	—
Exchange differences on translating foreign operations, net of tax	–212	–207	–5
Cash flow hedges			
Fair value changes recognized in other comprehensive income	1,570	1,565	5
Transferred to profit or loss	951	951	—
Cash flow hedges, before tax	2,521	2,516	5
Deferred taxes relating to cash flow hedges	–719	–719	0
Cash flow hedges, net of tax	1,802	1,797	5
Available-for-sale financial assets			
Fair value changes recognized in other comprehensive income	493	493	—
Transferred to profit or loss	–32	–32	—
Available-for-sale financial assets, before tax	461	461	—
Deferred taxes relating to available-for-sale financial assets	–13	–13	—
Available-for-sale financial assets, net of tax	448	448	—
Share of other comprehensive income of equity-accounted investments, net of tax*	78	79	–1
Other comprehensive income, before tax	–2,742	–2,631	–110
Deferred taxes relating to other comprehensive income	900	871	29
Other comprehensive income, net of tax	**–1,842**	**–1,760**	**–81**
Total comprehensive income	**20,042**	**19,956**	**86**

* Including expenses of €-316 million transferred to profit or loss due to the change in the accounting for Porsche Holding Stuttgart.

Balance Sheet of the Volkswagen Group
as of December 31, 2012

€ million	Note	Dec. 31, 2012	Dec. 31, 2011
Assets			
Noncurrent assets			
Intangible assets*	12	59,158	22,176
Property, plant and equipment*	13	39,424	31,876
Leasing and rental assets	14	20,034	16,626
Investment property	14	433	340
Equity-accounted investments	15	7,309	10,249
Other equity investments	15	3,870	3,049
Financial services receivables	16	49,785	42,450
Other financial assets	17	6,431	12,823
Other receivables	18	1,671	1,582
Noncurrent tax receivables	19	552	627
Deferred tax assets	19	7,915	6,333
		196,582	**148,129**
Current assets			
Inventories	20	28,674	27,551
Trade receivables	21	10,099	10,479
Financial services receivables	16	36,911	33,754
Other financial assets	17	5,872	4,253
Other receivables	18	4,823	4,543
Current tax receivables	19	761	623
Marketable securities	22	7,433	6,146
Cash, cash equivalents and time deposits	23	18,488	18,291
		113,061	**105,640**
Total assets*		**309,644**	**253,769**
Equity and Liabilities			
Equity	24		
Subscribed capital		1,191	1,191
Capital reserves		11,509	9,329
Accumulated comprehensive income		64,815	47,019
Equity attributable to shareholders of Volkswagen AG		77,515	57,539
Noncontrolling interests		4,310	5,815
		81,825	**63,354**
Noncurrent liabilities			
Noncurrent financial liabilities*	25	63,603	44,442
Other noncurrent financial liabilities	26	2,397	2,547
Other noncurrent liabilities	27	4,675	4,394
Deferred tax liabilities*	28	9,050	4,055
Provisions for pensions	29	23,969	16,787
Provisions for taxes	28	4,239	3,721
Other noncurrent provisions*	30	14,373	13,235
		122,306	**89,179**
Current liabilities			
Current financial liabilities	25	54,060	49,090
Trade payables	31	17,268	16,325
Current tax payables	28	238	844
Other current financial liabilities	26	4,425	4,888
Other current liabilities*	27	11,111	11,196
Provisions for taxes	28	1,721	2,888
Other current provisions*	30	16,689	16,005
		105,513	**101,237**
Total equity and liabilities*		**309,644**	**253,769**

* Prior-period figures adjusted because of the updated purchase price allocation in conjunction with the acquisition of MAN.

Statement of Changes in Equity of the Volkswagen Group for the Period January 1 to December 31, 2012

€ million	Subscribed capital	Capital reserves	Retained earnings	ACCUMULATED COMPREHENSIVE INCOME Currency translation reserve	Reserve for actuarial gains/losses	Cash flow hedges	Available-for-sale financial assets	Equity-accounted investments	Equity attributable to shareholders of VW AG	Noncontrolling interests	Total equity
Balance at Jan. 1, 2011	**1,191**	**9,326**	**37,684**	**−165**	**−2,201**	**61**	**−25**	**107**	**45,978**	**2,734**	**48,712**
Profit after tax	—	—	15,409	—	—	—	—	—	15,409	391	15,799
Other comprehensive income, net of tax	—	—	—	−167	−665	−1,498	200	−393	−2,522	−81	−2,603
Total comprehensive income	**—**	**—**	**15,409**	**−167**	**−665**	**−1,498**	**200**	**−393**	**12,886**	**310**	**13,196**
Capital increase	0	3	—	—	—	—	—	—	3	—	3
Dividend payment	—	—	−1,034	—	—	—	—	—	−1,034	−232	−1,266
Capital transactions involving a change in ownership interest	—	—	−286	—	—	—	—	—	−286	−749	−1,035
Other changes	—	—	−9	—	—	—	—	—	−9	3,752	3,743
Balance at Dec. 31, 2011	**1,191**	**9,329**	**51,764**	**−332**	**−2,866**	**−1,437**	**176**	**−286**	**57,539**	**5,815**	**63,354**
Balance at Jan. 1, 2012	**1,191**	**9,329**	**51,764**	**−332**	**−2,866**	**−1,437**	**176**	**−286**	**57,539**	**5,815**	**63,354**
Profit after tax	—	—	21,717	—	—	—	—	—	21,717	168	21,884
Other comprehensive income, net of tax	—	—	—	−207	−3,877	1,797	448	79	−1,760	−81	−1,842
Total comprehensive income	**—**	**—**	**21,717**	**−207**	**−3,877**	**1,797**	**448**	**79**	**19,956**	**86**	**20,042**
Capital increase(1)	0	2,180	—	—	—	—	—	—	2,180	—	2,180
Dividend payment	—	—	−1,406	—	—	—	—	—	−1,406	−267	−1,673
Capital transactions involving a change in ownership interest(2)	—	—	−762	—	—	—	—	—	−762	−1,339	−2,101
Other changes(3)	—	—	−141	—	0	—	—	148	8	14	22
Balance at Dec. 31, 2012	**1,191**	**11,509**	**71,172**	**−539**	**−6,743**	**360**	**624**	**−59**	**77,515**	**4,310**	**81,825**

(1) Volkswagen AG recorded an inflow of cash funds amounting to €2,500 million, less transaction costs of €54 million, from the mandatory convertible note placed in the fiscal year. A total of €2,048 million of this amount is required to be classified as equity instruments granted. Additionally, there are noncash effects from the deferral of taxes amounting to €133 million. The residual amount is classified as debt.

(2) The capital transactions involving a change in ownership interest are attributable primarily to the increase in the equity interest in MAN SE.

(3) The other changes relate primarily to the reclassification of components of OCI in conjunction with the consolidation of Porsche Holding Stuttgart (previous year: MAN SE) as well as to changes in the basis of consolidation.

Explanatory notes on equity are presented in note 24.

Cash Flow Statement of the Volkswagen Group for the Period January 1 to December 31, 2012

€ million	2012	2011
Cash and cash equivalents at beginning of period	**16,495**	**18,228**
Profit before tax	25,492	18,926
Income taxes paid	–5,056	–3,269
Depreciation and amortization of, and impairment losses on, intangible assets, property, plant and equipment, and investment property*	7,617	5,969
Amortization and write-downs of capitalized development costs*	1,903	1,697
Impairment losses on equity investments*	20	13
Depreciation of, and impairment losses on, leasing and rental assets*	3,594	2,667
Gain/loss on disposal of noncurrent assets	–32	13
Share of profit or loss of equity-accounted investments	–11,512	–715
Other noncash expense/income	–2,031	–6,462
Change in inventories	460	–4,234
Change in receivables (excluding financial services)	–56	–2,241
Change in liabilities (excluding financial liabilities)	–236	3,077
Change in provisions	465	3,960
Change in leasing and rental assets	–5,606	–4,090
Change in financial services receivables	–7,814	–6,811
Cash flows from operating activities	**7,209**	**8,500**
Investments in intangible assets, property, plant and equipment, and investment property	–10,493	–8,087
Additions to capitalized development costs	–2,615	–1,666
Acquisition of subsidiaries	–3,550	–5,833
Acquisition of other equity investments	–570	–577
Disposal of subsidiaries	0	—
Disposal of other equity investments	14	21
Proceeds from disposal of intangible assets, property, plant and equipment, and investment property	373	140
Change in investments in securities	–1,133	–699
Change in loans and time deposits	–1,510	–1,931
Cash flows from investing activities	**–19,482**	**–18,631**
Capital contributions	2,046	3
Dividends paid	–1,673	–1,266
Capital transactions with noncontrolling interests	–2,101	–335
Other changes	36	–23
Proceeds from issuance of bonds	26,055	16,715
Repayment of bonds	–16,952	–11,603
Change in other financial liabilities	6,432	4,805
Finance lease payments	–132	19
Cash flows from financing activities	**13,712**	**8,316**
Effect of exchange rate changes on cash and cash equivalents	–141	82
Net change in cash and cash equivalents	**1,298**	**–1,733**
Cash and cash equivalents at end of period	**17,794**	**16,495**
Cash and cash equivalents at end of period	17,794	16,495
Securities, loans and time deposits	14,352	12,163
Gross liquidity	**32,146**	**28,658**
Total third-party borrowings	–117,663	–93,533
Net liquidity	**–85,517**	**–64,875**

* Net of impairment reversals.

Explanatory notes on the cash flow statement are presented in note 32.

Notes to the Consolidated Financial Statements of the Volkswagen Group as of December 31, 2012

Basis of presentation

Volkswagen AG is domiciled in Wolfsburg, Germany, and entered in the commercial register at the Braunschweig Local Court under no. HRB 100484. The fiscal year corresponds to the calendar year.

In accordance with Regulation No. 1606/2002 of the European Parliament and of the Council, Volkswagen AG prepared its consolidated financial statements for 2012 in compliance with the International Financial Reporting Standards (IFRSs), as adopted by the European Union. We have complied with all the IFRSs adopted by the EU and required to be applied.

The accounting policies applied in the previous year were retained, with the exception of the changes due to the new or amended standards.

In addition, we have complied with all the provisions of German commercial law that we are also required to apply, as well as with the German Corporate Governance Code.

The consolidated financial statements were prepared in euros. Unless otherwise stated, all amounts are given in millions of euros (€ million).

All figures shown are rounded, so minor discrepancies may arise from addition of these amounts.

The income statement was prepared using the internationally accepted cost of sales method.

Preparation of the consolidated financial statements in accordance with the above-mentioned standards requires management to make estimates that affect the reported amounts of certain items in the consolidated balance sheet and in the consolidated income statement, as well as the related disclosure of contingent assets and liabilities. The consolidated financial statements present fairly the net assets, financial position and results of operations as well as the cash flows of the Volkswagen Group.

The Board of Management completed preparation of the consolidated financial statements on February 12, 2013. On that date, the period ended in which adjusting events after the reporting period are recognized.

Effects of new and amended IFRSs

Volkswagen AG has adopted all accounting pronouncements required to be applied starting in fiscal year 2012.

As a consequence of the amendment to IFRS 7 in October 2010, the disclosure requirements for transfers of financial assets were supplemented starting in fiscal year 2012. The supplemented disclosures relate both to transferred financial assets that are derecognized in their entirety and to transferred financial assets that are not derecognized in their entirety. The other balance sheet disclosures in accordance with IFRS 7 (Financial Instruments) were supplemented in line with this.

New and amended IFRSs not applied

In its 2012 consolidated financial statements, Volkswagen AG did not apply the following accounting pronouncements that have already been adopted by the IASB, but were not yet required to be applied for the fiscal year.

Standard/Interpretation[1]		Issued by the IASB	Effective date[2]	Adopted by the EU[1]	Expected effects
IFRS 1	First-time Adoption — Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters	Dec. 20, 2010	Jan. 1, 2013	Yes	None
IFRS 1	Government Loans	Mar. 13, 2012	Jan. 1, 2013	No	None
IFRS 7	Financial Instruments: Disclosures — Offsetting Financial Assets and Financial Liabilities	Dec. 16, 2011	Jan. 1, 2013	Yes	Enhanced disclosures on offsetting of financial instruments
IFRS 9	Financial Instruments: Classification and Measurement	Nov. 12, 2009/ Oct. 28, 2010	Jan. 1, 2015[3]	No	Change in the accounting treatment of fair value changes in financial instruments previously classified as available for sale
IFRS 10	Consolidated Financial Statements	May 12, 2011	Jan. 1, 2014	Yes	No material changes
IFRS 11	Joint Arrangements	May 12, 2011	Jan. 1, 2014	Yes	No material effects
IFRS 12	Disclosures of Interests in Other Entities	May 12, 2011	Jan. 1, 2014	Yes	Enhanced disclosures on interests in other entities
	Transition Guidance on IFRS 10, IFRS 11, IFRS 12	June 28, 2012	Jan. 1, 2013	No	No material changes
	Investment Entities (Amendments to IFRS 10, IFRS 12, IAS 27)	Oct. 31, 2012	Jan. 1, 2014	No	None
IFRS 13	Fair Value Measurement	May 12, 2011	Jan. 1, 2013	Yes	Modifications to and enhanced disclosures on fair value measurement
IAS 1	Presentation of Financial Statements — Presentation of Items of Other Comprehensive Income	June 16, 2011	Jan. 1, 2013	Yes	Change in the presentation of other comprehensive income
IAS 12	Deferred Taxes — Recovery of Underlying Assets	Dec. 20, 2010	Jan. 1, 2013	Yes	No material changes
IAS 19	Employee Benefits	June 16, 2011	Jan. 1, 2013	Yes	Change in accounting for and enhanced disclosures on employee benefits
IAS 27	Separate Financial Statements	May 12, 2011	Jan. 1, 2014	Yes	None
IAS 28	Investments in Associates and Joint Ventures	May 12, 2011	Jan. 1, 2014	Yes	None
IAS 32	Financial Instruments: Presentation — Offsetting Financial Assets and Financial Liabilities	Dec. 16, 2011	Jan. 1, 2014	Yes	No material changes
	Improvements to IFRSs 2011[4]	May 17, 2012	Jan. 1, 2013	No	No material changes
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine	Oct. 19, 2011	Jan. 1, 2013	Yes	None

(1) Up to December 31, 2012.

(2) Required to be applied for the first time by Volkswagen AG.

(3) Effective date postponed from 2013 to 2015 by the Mandatory Effective Date project.

(4) Minor amendments to a large number of IFRSs (IFRS 1, IAS 1, IAS 16, IAS 32, IAS 34).

Basis of consolidation

In addition to Volkswagen AG, the consolidated financial statements comprise all significant companies at which Volkswagen AG is able, directly or indirectly, to govern the financial and operating policies in such a way that it can obtain benefits from the activities of these companies (subsidiaries). The subsidiaries also comprise special purpose entities whose net assets are attributable to the Group under the principle of substance over form. The special purpose entities are used primarily to enter into asset-backed securities transactions to refinance the financial services business. Consolidation of subsidiaries begins at the first date on which control exists, and ends when such control no longer exists.

Subsidiaries whose business is dormant or of low volume and that are insignificant for the fair presentation of the net assets, financial position and results of operations as well as the cash flows of the Volkswagen Group are not consolidated. They are carried in the consolidated financial statements at the lower of cost or fair value since no active market exists for these companies and fair values cannot be reliably ascertained without undue cost or effort. The aggregate equity of these subsidiaries amounts to 0.9% (previous year: 1.2%) of Group equity. The aggregate profit after tax of these companies amounts to 0.4% (previous year: 0.2%) of the profit after tax of the Volkswagen Group.

Significant companies where Volkswagen AG is able, directly or indirectly, to significantly influence financial and operating policy decisions (associates), or that are directly or indirectly jointly controlled (joint ventures), are accounted for using the equity method. Joint ventures also include companies in which the Volkswagen Group holds the majority of voting rights, but whose articles of association or partnership agreements stipulate that important decisions may only be resolved unanimously. Insignificant associates and joint ventures are generally carried at the lower of cost or fair value.

The composition of the Volkswagen Group is shown in the following table:

	2012	**2011**
Volkswagen AG and consolidated subsidiaries		
Germany	156	123
International	825	729
Subsidiaries carried at cost		
Germany	73	66
International	206	202
Associates, joint ventures and other equity investments		
Germany	36	42
International	68	64
	1,364	**1,226**

The list of all shareholdings that forms part of the annual financial statements of Volkswagen AG can be downloaded from the electronic companies register at www.unternehmensregister.de and from www.volkswagenag.com/ir by clicking on ''Further mandatory Publications'' under the heading ''Mandatory Publications''.

The following consolidated German subsidiaries with the legal form of a corporation or partnership meet the criteria set out in section 264(3) or section 264b of the Handelsgesetzbuch (HGB — German Commercial Code) due to their inclusion in the consolidated financial statements and have as far as possible exercised the option not to publish annual financial statements:

- Audi Akademie GmbH, Ingolstadt
- Audi Berlin GmbH, Berlin
- Audi Frankfurt GmbH, Frankfurt am Main
- Audi Hamburg GmbH, Hamburg

- Audi Hannover GmbH, Hanover
- Audi Leipzig GmbH, Leipzig
- Audi Stuttgart GmbH, Stuttgart
- Audi Vertriebsbetreuungsgesellschaft mbH, Ingolstadt
- Automobilmanufaktur Dresden GmbH, Dresden
- Autostadt GmbH, Wolfsburg
- AutoVision GmbH, Wolfsburg
- Bugatti Engineering GmbH, Wolfsburg
- Haberl Beteiligungs-GmbH, Munich
- MAHAG GmbH, Munich
- quattro GmbH, Neckarsulm
- Raffay Versicherungsdienst GmbH, Hamburg
- VfL Wolfsburg-Fußball GmbH, Wolfsburg
- VGRD GmbH, Wolfsburg
- Volim Volkswagen Immobilien Vermietgesellschaft für VW-/Audi-Händlerbetriebe mbH, Braunschweig
- Volkswagen Automobile Berlin GmbH, Berlin
- Volkswagen Automobile Frankfurt GmbH, Frankfurt am Main
- Volkswagen Automobile Hamburg GmbH, Hamburg
- Volkswagen Automobile Stuttgart GmbH, Stuttgart
- Volkswagen Financial Services Beteiligungsgesellschaft mbH, Braunschweig
- Volkswagen Gebrauchtfahrzeughandels und Service GmbH, Langenhagen
- Volkswagen Group Real Estate GmbH & Co. KG, Wolfsburg
- Volkswagen Immobilien GmbH, Wolfsburg
- Volkswagen Logistics GmbH & Co. OHG, Wolfsburg
- Volkswagen Original Teile Logistik GmbH & Co. KG, Baunatal
- Volkswagen Osnabrück GmbH, Osnabrück
- Volkswagen R GmbH, Wolfsburg
- Volkswagen Sachsen GmbH, Zwickau
- Volkswagen Versicherungsvermittlung GmbH, Braunschweig
- Volkswagen Vertriebsbetreuungsgesellschaft mbH, Chemnitz
- Volkswagen Zubehör GmbH, Dreieich
- Volkswagen-Versicherungsdienst GmbH, Braunschweig

CONSOLIDATED SUBSIDIARIES

The Volkswagen Group acquired a majority stake in MAN SE, Munich, on November 9, 2011 under the terms of a mandatory public offer. The analysis of the assets acquired and liabilities assumed was only completed in the reporting period for reasons of time. Following an adjustment based on better knowledge, the business combination generated goodwill of €759 million (originally €575 million). The updated purchase price allocation resulted in the adjustment of the corresponding prior-year comparative figures. This updating had no effect on the prior-year income statement. The goodwill is not tax-deductible.

The following table shows the allocation of the purchase price to the assets and liabilities:

€ million	IFRS carrying amounts at the acquisition date	Purchase price allocation	Adjustment of balance sheet as of Dec. 31, 2011	Fair values at the acquisition date
Brand names	53	1,574	—	1,628
Technology	545	1,852	—	2,397
Customer and dealer relationships	470	2,689	—	3,160
Other intangible assets*	779	–351	—	428
Property, plant and equipment	2,034	880	–41	2,872
Investments	1,965	–234	—	1,731
Leasing and rental assets	2,232	—	—	2,232
Other noncurrent assets	2,377	—	—	2,377
Inventories	3,745	185	—	3,930
Trade receivables	2,319	—	—	2,319
Cash and cash equivalents	607	—	—	607
Other current assets	1,405	–63	—	1,342
Total assets	**18,531**	**6,532**	**–41**	**25,022**
Noncurrent financial liabilities	1,824	150	–1	1,973
Other noncurrent liabilities and provisions	2,797	2,126	–36	4,887
Current financial liabilities	1,334	—	—	1,334
Trade payables	2,137	—	—	2,137
Current provisions	1,364	398	193	1,954
Other current liabilities	3,175	—	–13	3,162
Total liabilities	**12,631**	**2,674**	**143**	**15,447**

* Excluding goodwill of Volkswagen AG.

€505 million of the goodwill and €1,158 million of the brand names are allocated to the MAN Commercial Vehicles operating segment, which is part of the Trucks and Buses reporting segment; the remaining goodwill of €254 million and the remaining brand names of €470 million are allocated to the Power Engineering segment.

In fiscal year 2012, Volkswagen acquired further shares in MAN SE for €2,081 million and, as of December 31, 2012, held 75.03% of the voting rights and 73.72% of the share capital of MAN SE. The difference of €-678 million arising from the acquisition of further shares was recognized directly in equity.

The shares of Scania AB held by MAN SE increase the interest in the capital of Scania attributable to Volkswagen AG shareholders to 59.13% (December 31, 2011: 56.94%). The resulting difference of €-73 million was recognized directly in equity.

The share of noncontrolling interests acquired in the equity of MAN and Scania was €1,331 million.

On August 1, 2012, Porsche Automobil Holding SE, Stuttgart (Porsche SE), contributed its holding company operating business to Volkswagen AG by way of singular succession in the course of a capital increase with a mixed noncash contribution.

The business acquired from Porsche SE consists in particular of the 50.1% interest held by Porsche SE in Porsche Holding Stuttgart GmbH, Stuttgart (Porsche Holding Stuttgart) (formerly: Porsche Zweite Zwischenholding GmbH, Stuttgart, as the legal successor to Porsche Zwischenholding GmbH, Stuttgart), and thus indirectly in Dr. Ing. h.c. F. Porsche AG, Stuttgart (Porsche AG), and of all other subsidiaries of Porsche SE existing at the contribution date (with the exception of the interest in Volkswagen AG), as well as receivables from and liabilities to companies of the Porsche Holding Stuttgart Group.

With unit sales of 117 thousand vehicles, premium sports car manufacturer Porsche AG generated sales revenue of €10,928 million and profit before tax of €2,108 million in fiscal year 2011. The integration of Porsche allows the Volkswagen Group to expand its product portfolio in the premium segment.

Volkswagen AG increased its share capital by €2.56 by issuing one new ordinary bearer share and allowed Porsche SE to subscribe for this new share; the preemptive rights of the other shareholders were disapplied. Volkswagen AG paid €4,495 million to Porsche SE as further consideration. The cash consideration is based on the equity value of €3,883 million for the remaining 50.1% interest in Porsche Holding Stuttgart (and thus indirectly in Porsche AG) held by Porsche SE set out in the Comprehensive Agreement, and also comprises a number of adjustment items. Among other things, Porsche SE will be remunerated for dividend payments from its indirect interest in Porsche AG that it would have received as well as for half of the present value of the net synergies realizable as a result of the accelerated integration, which amount to a total of approximately €320 million.

Based on the updated assumptions underlying the valuation at the acquisition date, Volkswagen AG's call option on the shares of Porsche Holding Stuttgart agreed in the Comprehensive Agreement with Porsche SE has a positive fair value of €10,199 million (December 31, 2011: €8,409 million) and the corresponding put option has a negative fair value of €2 million (December 31, 2011: €87 million). The fair values of the options are included in the cost of the business combination. The difference attributable to the updated fair values amounting to €1,875 million was recognized in the other financial result.

The shares of Porsche Holding Stuttgart, which were accounted for using the equity method at the acquisition date, were revalued at their fair value of €12,566 million on acquisition of the remaining shares. Measurement of the shares uses the same assumptions that were also used to measure the options on the outstanding shares of Porsche Holding Stuttgart and is based on Porsche Holding Stuttgart's business plans. The transition from the equity method to consolidation resulted in a noncash book gain of €10,399 million, which was recognized in the share of profits and losses of equity-accounted investments; this includes amounts totaling €-316 million that were previously recognized directly in equity and that were transferred to the income statement.

The measurement basis for the goodwill is calculated as follows:

€ million	2012
Purchase price for shares acquired on August 1	4,495
Fair value of options on the outstanding shares	10,197
Fair value of existing shares	12,566
Issued ordinary share of Volkswagen AG	0
Measurement basis for goodwill	**27,258**

The costs incurred in connection with the issue of the new ordinary share reduced the capital reserves by €1 million, net of deferred taxes. The other transaction-related costs incurred to date of €3 million were recognized as expenses.

The analysis of the assets acquired and liabilities assumed was not completed by the date of issue of the consolidated financial statements for reasons of time. Preliminary purchase price allocation indicates that the business combination generated goodwill of €18,871 million. The goodwill is not tax-deductible.

The following table shows the preliminary allocation of the purchase price to the assets and liabilities:

€ million	IFRS carrying amounts at the acquisition date	Purchase price allocation	Adjustment in the measurement period	Fair values at the acquisition date
Brand names	—	13,823	—	13,823
Technology	1,489	714	—	2,203
Customer and dealer relationships	—	698	–6	691
Other intangible assets*	386	82	21	489
Property, plant and equipment	2,983	565	—	3,548
Investments	162	—	–2	160
Leasing and rental assets	1,360	65	—	1,425
Other noncurrent assets	7,458	325	158	7,941
Inventories	1,243	382	—	1,625
Trade receivables	348	—	—	348
Cash and cash equivalents	1,812	—	—	1,812
Other current assets	3,060	350	–155	3,256
Total assets	**20,301**	**17,004**	**15**	**37,321**
Noncurrent financial liabilities	10,227	339	–911	9,654
Other noncurrent liabilities and provisions	3,152	5,359	4	8,516
Current financial liabilities	3,211	255	675	4,142
Trade payables	989	—	122	1,112
Current provisions	1,237	—	71	1,308
Other current liabilities	4,160	—	42	4,203
Total liabilities	**22,977**	**5,952**	**4**	**28,934**

* Excluding goodwill of Volkswagen AG.

The goodwill and the brand name are allocated to the Porsche operating segment, which is part of the Passenger Cars and Light Commercial Vehicles reporting segment.

The gross carrying amount of the receivables acquired was €9,858 million at the acquisition date, and the net carrying amount (equivalent to the fair value) was €9,775 million. Of this total, gross carrying amounts of €6,449 million (net carrying amounts: €6,449 million) are attributable to acquired loans and gross carrying amounts of €1,202 million (net carrying amounts: €1,127 million) are attributable to acquired finance lease receivables. The depreciable noncurrent assets have remaining useful lives of between 4 months and 50 years.

As of December 31, 2012, the inclusion of the company increased the Group's sales revenue by €4,534 million and increased its profit after tax, net of write-downs of hidden reserves identified in the course of purchase price allocation, by €292 million. If Porsche had been included as of January 1, 2012, the Group's sales revenue after consolidation as of December 31, 2012 would have been approximately €6,208 million higher and its profit after tax, net of write-downs of hidden reserves identified in the course of purchase price allocation, would have been approximately €656 million higher.

The contribution of Porsche SE's holding company operating business increases the consolidated Group by 107 consolidated subsidiaries.

As of July 19, 2012, the Volkswagen Group acquired 100% of the voting rights of motorcycle manufacturer Ducati Motor Holding S.p.A., Bologna, Italy, against payment of a purchase price of €747 million, via Automobili Lamborghini S.p.A., Sant' Agata Bolognese, Italy, a subsidiary of AUDI AG. The acquisition of Ducati — a leading international manufacturer of premium motorcycles with significant expertise in high-performance engines and lightweight construction — has seen the Group move into the growth market for high-quality motorcycles. The Ducati Group sold 42,016 motorcycles in calendar year 2011, generating sales revenue of €479 million.

The analysis of the assets acquired and liabilities assumed was not completed by the date of issue of the consolidated financial statements for reasons of time. The provisional goodwill determined in the amount of €290 million contains intangible assets that are not separable and that cannot be attributed to contractual or other rights, such as the expertise of Ducati's employees. The goodwill is not tax-deductible. The transaction-related costs incurred to date of €1 million were recognized as expenses.

The following table shows the preliminary allocation of the purchase price to the assets and liabilities:

€ million	**IFRS carrying amounts at the acquisition date**	**Purchase price allocation**	**Fair values at the acquisition date**
Brand names	211	193	404
Customer relationships	49	131	180
Other intangible assets	78	17	95
Land and buildings	78	3	81
Other noncurrent assets	25	8	33
Inventories	83	0	83
Cash and cash equivalents	150	—	150
Other current assets	154	—	154
Total assets	**828**	**352**	**1,180**
Noncurrent liabilities	106	108	214
Current liabilities	510	—	510
Total liabilities	**616**	**108**	**724**

The gross carrying amount of the receivables acquired was €153 million at the acquisition date, and the net carrying amount (equivalent to the fair value) was €142 million.

As of December 31, 2012, the inclusion of the company increased the Group's sales revenue by €209 million and reduced its profit, net of write-downs of hidden reserves identified in the course of purchase price allocation, by €27 million. If Ducati had been included in the consolidated financial statements as of January 1, 2012, the Group's sales revenue after consolidation as of December 31, 2012 would have been approximately €422 million higher and its profit after tax, net of write-downs of hidden reserves identified in the course of purchase price allocation, would have been approximately €34 million higher.

In order to strengthen its sales activities, Volkswagen acquired all shares of KPI Polska Sp.z o.o., Poznan (KPI Polska), effective January 1, 2012. KPI Polska is the exclusive importer and distributor of various Volkswagen Group brands in Poland. At the same time, Volkswagen acquired from the previous owners of KPI Polska the outstanding shares of the former jointly controlled companies Volkswagen Leasing Polska Sp.z.o.o., Warsaw, and Volkswagen Bank Polska S.A., Warsaw. The purchase price paid amounted to €254 million in total. The measurement of the existing shares in the financial services companies at a fair value of €66 million resulted in a noncash book gain of €21 million, which was recognized in the share of profits and losses of equity-accounted investments.

In addition, on March 28, 2012, the Volkswagen Group acquired through MAN Truck & Bus AG, Munich, the remaining shares (apart from one share) of MAN TRUCKS India Private Limited, Akurdi/India (formerly: MAN FORCE TRUCKS Private Limited, Akurdi/India), which until then had been a joint venture, against payment of €150 million. The company has been consolidated since that date. MAN TRUCKS India produces CLA series heavy MAN trucks for the Indian market and for export to Asian and African countries. The shares, which were accounted for using the equity method at the acquisition date, were recognized at their acquisition-date fair value of €73 million. This resulted in a noncash book loss of €37 million, which was recognized in the share of profits and losses of equity-accounted investments. The measurement basis for the goodwill from the two transactions is calculated as follows:

€ million	**2012**
Purchase price for shares acquired	404
Fair value of existing shares	139
Measurement basis for goodwill	**543**

Transaction-related costs of €3.5 million were recognized directly as expenses.

The following main groups of assets and liabilities were acquired and assumed for KPI Polska, the Polish financial services companies and MAN TRUCKS India:

€ million	**IFRS carrying amounts at the acquisition date**	**Purchase price allocation**	**Fair values at the acquisition date**
Noncurrent assets	326	100	427
Cash and cash equivalents	74	—	74
Other current assets	637	—	637
Total assets	**1,037**	**100**	**1,137**
Noncurrent liabilities	192	28	220
Current liabilities	668	—	668
Total liabilities	**860**	**28**	**888**

The gross carrying amount of the receivables was €708 million at the acquisition date, and the net carrying amount (equivalent to the fair value) was €668 million. The depreciable noncurrent assets have remaining useful lives of between 24 months and 40 years.

The goodwill from the acquisition of KPI Polska amounts to €58 million and is allocated to the Volkswagen Passenger Cars operating segment, which is part of the Passenger Cars and Light Commercial Vehicles reporting segment. The goodwill of €28 million attributable to the Polish financial services companies is allocated to the Volkswagen Financial Services operating segment, which is part of the Financial Services reporting segment. The provisional goodwill from the acquisition of MAN TRUCKS India amounts to €208 million and is allocated to the MAN Commercial Vehicles operating segment, which is part of the Trucks and Buses reporting segment. The goodwill from the acquisitions is not tax-deductible.

The initial inclusion of the abovementioned companies had no material effect on the Volkswagen Group's sales revenue and profit after tax.

The abovementioned fair values of the assets and liabilities were determined as far as possible using observable market prices. If market prices could not be determined, recognized valuation techniques were used to measure the assets acquired and liabilities assumed.

In addition, five domestic companies that were not consolidated in the previous year, three newly formed domestic companies, two newly acquired domestic companies, as well as 13 newly acquired foreign companies, 13 newly formed foreign companies and 23 foreign companies that were not consolidated in the previous year were consolidated for the first time. The initial inclusion of these subsidiaries, either individually or collectively, did not have a significant effect on the presentation of the Company's position. The number of consolidated domestic subsidiaries was also reduced by the merger/liquidation of three companies, while the number of consolidated foreign subsidiaries was reduced by the merger/liquidation of 31 companies.

INVESTMENTS IN ASSOCIATES

The acquisition of the majority interest in MAN SE in fiscal year 2011 meant that MAN's 30% interest in Ferrostaal GmbH (formerly: Ferrostaal AG), Essen, was attributable to Volkswagen. There was already an intention to sell the investment in the near term at the time it was acquired, so the shares were classified as held for sale and not accounted for using the equity method. The investment had already been written down in full as of December 31, 2011. On March 7, 2012, the settlement agreement between MAN SE and the International Petroleum Investment Company (IPIC), Abu Dhabi, regarding the repurchase of the 70% interest in Ferrostaal held by IPIC was completed (settlement with IPIC).

This resulted in a cash outflow of €350 million, which is reported as part of the cash flows from operating activities.

At the same time, the agreement between MAN and MPC Industries GmbH, Hamburg, regarding the transfer of 100% of the shares of Ferrostaal to MPC and a co-investor was implemented (the MPC sale). The completion of the settlement with IPIC and the sale of MPC did not result in any earnings effects for Volkswagen because the earnings effects attributable to the transaction had already been included in purchase price allocation for the MAN Group as a contingent liability.

The following carrying amounts are attributable to the Volkswagen Group from its proportionate interest in Sinotruk (Hong Kong) Limited, Hong Kong (Sinotruk), and Rheinmetall MAN Military Vehicles GmbH, Munich (RMMV):

	SINOTRUK		RMMV	
€ million	**2012**	**2011**	**2012**	**2011**
Equity interest (%)	25.0	25.0	49.0	49.0
Share of quoted market price	400	298	—	—
Assets(1)	1,499	1,601	184	31
Liabilities(1)	858	1,053	159	26
Sales revenue(2)	859	1,079	185	44
Profit/loss for the period(2)	8	49	9	1

(1) Amounts for Sinotruk refer to the June 30 reporting date and for RMMV to the September 30 reporting date.

(2) Amounts for Sinotruk refer to the period from July 1 to June 30 and for RMMV to the period from October 1 to September 30.

INTERESTS IN JOINT VENTURES

The following carrying amounts are attributable ratably to the Volkswagen Group from its proportionate interest in joint ventures:

€ million	**FAW - Volkswagen Automotive Company**	**Shanghai-Volkswagen Automotive Company**	**Global Mobility Holding**	**Porsche Holding Stuttgart***	**Others**	**Total**
2012						
Equity interest (%)	40.0	50.0	50.0	49.9	—	—
Noncurrent assets	1,991	1,925	5,510	—	2,018	11,445
Current assets	3,828	2,807	4,714	—	1,666	13,015
Noncurrent liabilities	442	323	3,885	—	1,006	5,655
Current liabilities	2,961	2,486	4,690	—	1,723	11,861
Income	13,351	10,122	522	4,497	2,172	30,666
Expenses	11,834	9,065	401	4,069	1,959	27,328
2011						
Equity interest (%)	40.0	50.0	50.0	49.9	—	—
Noncurrent assets	1,594	1,484	5,254	5,744	1,710	15,786
Current assets	3,278	2,622	4,683	1,696	1,994	14,274
Noncurrent liabilities	314	227	3,572	5,466	1,376	10,954
Current liabilities	2,717	1,993	4,823	2,600	1,567	13,700
Income	9,512	8,134	508	6,387	2,264	26,806
Expenses	8,435	7,206	408	5,803	2,123	23,975

* Application of the equity method was terminated on August 1, 2012 when this company was fully consolidated. The disclosures on income and expenses for 2012 relate to the period up to July 31.

The Volkswagen Group holds a 50% indirect interest in the joint venture LeasePlan Corporation N.V., Amsterdam, the Netherlands, via its 50% stake in the joint venture Global Mobility Holding B.V., Amsterdam, the Netherlands. Volkswagen agreed with Fleet Investments B.V., Amsterdam, the Netherlands, an investment company belonging to the von Metzler family, that Fleet Investments would become the new co-investor in Global Mobility Holding in 2010 for an initial period of two years. The agreement was prolonged by a further two years in fiscal year 2011. The previous co-investors were instructed by Volkswagen AG to transfer their shares to Fleet Investments B.V. on February 1, 2010 for the purchase price of €1.4 billion. Volkswagen AG granted the new co-investor a put option on its shares. If this option is exercised, Volkswagen must pay the original purchase price plus accumulated pro rata preferred dividends or the higher fair value. The put option is accounted for at fair value.

In addition, Volkswagen has pledged claims under certificates of deposit with Bankhaus Metzler in the amount of €1.5 billion to secure a loan granted to Fleet Investments B.V. by Bankhaus Metzler. This pledge does not increase the Volkswagen Group's risk arising from the above-mentioned short position.

Consolidation methods

The assets and liabilities of the German and foreign companies included in the consolidated financial statements are recognized in accordance with the uniform accounting policies used within the Volkswagen Group. In the case of companies accounted for using the equity method, the same accounting policies are applied to determine the proportionate equity, based on the most recent audited annual financial statements of each company.

In the case of subsidiaries consolidated for the first time, assets and liabilities are measured at their fair value at the date of acquisition. Their carrying amounts are adjusted in subsequent years. Goodwill arises when the purchase price of the investment exceeds the fair value of identifiable net assets. Goodwill is tested for impairment once a year to determine whether its carrying amount is recoverable. If the carrying amount of goodwill is higher than the recoverable amount, an impairment loss must be recognized. If this is not the case, there is no change in the carrying amount of goodwill compared with the previous year. If the purchase price of the investment is less than the identifiable net assets, the difference is recognized in the income statement in the year of acquisition. Goodwill is accounted for at the subsidiaries in the functional currency of those subsidiaries. Any difference that arises from the acquisition of additional shares of an already consolidated subsidiary is taken directly to equity. Unless otherwise stated, the proportionate equity directly attributable to noncontrolling interests is determined at the acquisition date as the share of the fair value of the assets (excluding goodwill) and liabilities attributable to them. Contingent consideration is measured at fair value at the acquisition date. Subsequent changes in the fair value of contingent consideration do not result in the adjustment of the acquisition-date measurement. Acquisition-related costs that are not equity transaction costs are not added to the purchase price, but instead recognized as expenses in the period in which they are incurred.

Receivables and liabilities, and expenses and income, between consolidated companies are eliminated. Intercompany profits or losses are eliminated in Group inventories and noncurrent assets. Deferred taxes are recognized for consolidation adjustments recognized in the income statement, with deferred tax assets and liabilities offset where taxes are levied by the same tax authority and relate to the same tax period.

Currency translation

Transactions in foreign currencies are translated in the single-entity financial statements of Volkswagen AG and its consolidated subsidiaries at the rates prevailing at the transaction date. Foreign currency monetary items are recorded in the balance sheet using the middle rate at the closing date. Foreign exchange gains and losses are recognized in the income statement. This does not apply to foreign exchange differences from loans receivable that represent part of a net investment in a foreign operation. The financial statements of foreign companies are translated into euros using the functional currency concept. Asset and liability items are translated at the closing rate. With the exception of income and expenses recognized directly in equity, equity is translated at historical rates. The resulting foreign exchange differences are recognized in other comprehensive income until disposal of the subsidiary concerned, and are presented as a separate item in equity.

Income statement items are translated into euros at weighted average rates.

The rates applied are presented in the following table:

	€1 =	BALANCE SHEET MIDDLE RATE ON DECEMBER 31, 2012	2011	INCOME STATEMENT AVERAGE RATE 2012	2011
Argentina	ARS	6.48404	5.57444	5.84444	5.74487
Australia	AUD	1.27120	1.27230	1.24134	1.34839
Brazil	BRL	2.70360	2.41590	2.50970	2.32651
Canada	CAD	1.31370	1.32150	1.28479	1.37610
Czech Republic	CZK	25.15100	25.78700	25.14567	24.58977
India	INR	72.56000	68.71300	68.62947	64.88593
Japan	JPY	113.61000	100.20000	102.62121	110.95860
Mexico	MXN	17.18450	18.05120	16.90867	17.28765
People's Republic of China	CNY	8.22070	8.15880	8.10942	8.99600
Poland	PLN	4.07400	4.45800	4.18433	4.12061
Republic of Korea	KRW	1,406.23000	1,498.69000	1,448.19540	1,541.23409
Russia	RUB	40.32950	41.76500	39.92376	40.88455
South Africa	ZAR	11.17270	10.48300	10.55455	10.09704
Sweden	SEK	8.58200	8.91200	8.70672	9.02984
United Kingdom	GBP	0.81610	0.83530	0.81110	0.86788
USA	USD	1.31940	1.29390	1.28560	1.39196

Accounting policies

MEASUREMENT PRINCIPLES

With certain exceptions such as financial instruments at fair value through profit or loss, available-for-sale financial assets and provisions for pensions and other post-employment benefits, items in the Volkswagen Group are accounted for under the historical cost convention. The methods used to measure the individual items are explained in more detail below.

INTANGIBLE ASSETS

Purchased intangible assets are recognized at cost and amortized over their useful life using the straight-line method. This relates in particular to software, which is amortized over three years.

In accordance with IAS 38, research costs are recognized as expenses when incurred.

Development costs for future series products and other internally generated intangible assets are capitalized at cost, provided manufacture of the products is likely to bring the Volkswagen Group an economic benefit. If the criteria for recognition as assets are not met, the expenses are recognized in the income statement in the year in which they are incurred.

Capitalized development costs include all direct and indirect costs that are directly attributable to the development process. The costs are amortized using the straight-line method from the start of production over the expected life cycle of the models or powertrains developed — generally between two and ten years.

Amortization recognized during the year is allocated to the relevant functions in the income statement.

Brand names from business combinations usually have an indefinite useful life and are therefore not amortized. This is reviewed on a regular basis.

Goodwill, intangible assets with indefinite useful lives and intangible assets that are not yet available for use are tested for impairment at least once a year. Assets in use and other intangible assets with finite useful lives are tested for impairment only if there are specific indications that they may be impaired. The Volkswagen Group generally applies the higher of value in use and fair value less costs to sell of the relevant cash-generating unit (brands or products) to determine the recoverable amount of goodwill and indefinite-lived intangible assets. Measurement of value in use is based on management's current planning. The planning period generally covers five years. For subsequent years, plausible assumptions are made regarding future trends. The planning assumptions are adapted to reflect the current state of knowledge. They include reasonable assumptions about macroeconomic trends (exchange rate, interest rate and commodity price trends) and historical developments.

Estimation of cash flows is generally based on the expected growth trends for the markets concerned. The estimates for the cash flows following the end of the planning period are generally based on a growth rate of 1% p.a. (previous year: 1% p.a.) in the Passenger Cars and Light Commercial Vehicles and the Financial Services segments, and on a growth rate of 2% p.a. (previous year: 2% p.a.) in the Power Engineering and the Trucks and Buses segments. Value in use is determined for the purpose of impairment testing of goodwill and intangible assets with indefinite useful lives using the following weighted average cost of capital (WACC) rates, which are adjusted if necessary for country-specific discount factors:

WACC	**2012**	**2011**
Passenger Cars and Light Commercial Vehicles segment	5.6%	6.0%
Trucks and Buses segment	8.2%	8.0%
Power Engineering segment	8.4%	8.0%

A cost of equity of 10.2% (previous year: 8.7%) is used for the Financial Services segment in line with the sector-specific need to reflect third-party borrowings. If necessary, these rates are additionally adjusted for country-specific discount factors. We apply segment- and country-specific discount factors before tax of at least 6.6% (previous year: 6.8%) when determining value in use for the purpose of impairment testing of other intangible assets with finite useful lives.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is carried at cost less depreciation and — where necessary — write-downs for impairment. Investment grants are generally deducted from cost. Cost is determined on the basis of the direct and indirect costs that are directly attributable. Special tools are reported under other equipment, operating and office equipment. Property, plant and equipment is depreciated using the straight-line method over its estimated useful life. The useful lives of items of property, plant and equipment are reviewed at each balance sheet date and adjusted if required.

Depreciation is based mainly on the following useful lives:

	Useful life
Buildings	25 to 50 years
Site improvements	10 to 18 years
Technical equipment and machinery	6 to 12 years
Other equipment, operating and office equipment, including special tools	3 to 15 years

Impairment losses on property, plant and equipment are recognized in accordance with IAS 36 where the recoverable amount of the asset concerned has fallen below the carrying amount. Recoverable amount is the higher of value in use and fair value less costs to sell. Value in use is determined using the principles described for intangible assets. If the reasons for impairments recognized in previous years no longer apply, the impairment losses are reversed up to a maximum of the amount that would have been determined if no impairment loss had been recognized.

In accordance with the principle of substance over form, assets that have been formally transferred to third parties under a sale and leaseback transaction including a repurchase option also continue to be accounted for as separate assets.

Where leased items of property, plant and equipment are used, the criteria for classification as a finance lease as set out in IAS 17 are met if all material risks and rewards incidental to ownership have been transferred to the Group company concerned. In such cases, the assets concerned are recognized at fair value or at the present value of the minimum lease payments (if lower) and depreciated using the straight-line method over the asset's useful life, or over the term of the lease if this is shorter. The payment obligations arising from the future lease payments are discounted and recorded as a liability in the balance sheet.

Where Group companies are the lessees of assets under operating leases, i.e. if not all material risks and rewards incidental to ownership are transferred, lease and rental payments are recorded directly as expenses in the income statement.

LEASING AND RENTAL ASSETS

Vehicles leased out under operating leases are recognized at cost and depreciated to their estimated residual value using the straight-line method over the term of the lease. Impairment losses identified as a result of an impairment test in accordance with IAS 36 are recognized and the depreciation rate is adjusted. The forecast residual values are adjusted to include constantly updated internal and external information on residual values, depending on specific local factors and the experiences gained in the marketing of used cars.

INVESTMENT PROPERTY

Real estate and buildings held in order to obtain rental income (investment property) are carried at amortized cost; the useful lives applied to depreciation generally correspond to those of the property, plant and equipment used by the Company itself. The fair value of investment property must be disclosed in the notes if it is carried at amortized cost. Fair value is estimated using an income capitalization approach based on internal calculations. This involves determining the income value for a specific building on the basis of gross income, taking into account additional factors such as land value, remaining useful life and a multiplier specific to residential property.

CAPITALIZATION OF BORROWING COSTS

Borrowing costs that are directly attributable to the acquisition of qualifying assets on or after January 1, 2009 are capitalized as part of the cost of these assets. A qualifying asset is an asset that necessarily takes at least a year to get ready for its intended use or sale.

EQUITY-ACCOUNTED INVESTMENTS

The cost of equity-accounted investments is adjusted to reflect the share of increases or reductions in equity at the associates and joint ventures after the acquisition that is attributable to the Volkswagen Group. Additionally, the investment is tested for impairment if there are indications of impairment and written down to the lower recoverable amount if necessary. Recoverable amount is determined using the principles described for indefinite-lived intangible assets. If the reason for impairment ceases to apply at a later date, the impairment loss is reversed to the carrying amount that would have been determined had no impairment loss been recognized.

FINANCIAL INSTRUMENTS

Financial instruments are contracts that give rise to a financial asset of one company and a financial liability or an equity instrument of another. Regular way purchases or sales of financial instruments are accounted for at the settlement date — that is, at the date on which the asset is delivered.

IAS 39 classifies financial assets into the following categories:

- financial assets at fair value through profit or loss;
- held-to-maturity financial assets;
- loans and receivables; and
- available-for-sale financial assets.

Financial liabilities are classified into the following categories:

- financial liabilities at fair value through profit or loss; and
- financial liabilities measured at amortized cost.

We recognize financial instruments at amortized cost or at fair value.

The amortized cost of a financial asset or liability is the amount:

- at which a financial asset or liability is measured at initial recognition;
- minus any principal repayments;
- minus any write-down for impairment or uncollectibility;
- plus or minus the cumulative amortization of any difference between the original amount and the amount repayable at maturity (premium, discount), amortized using the effective interest method over the term of the financial asset or liability.

In the case of current receivables and liabilities, amortized cost generally corresponds to the principal or repayment amount.

Fair value generally corresponds to the market or quoted market price. If no active market exists, fair value is determined using valuation techniques, such as by discounting the future cash flows at the market interest rate, or by using recognized option pricing models, and verified by confirmations from the banks that handle the transactions.

The fair value option is not used in the Volkswagen Group.

LOANS AND RECEIVABLES AND FINANCIAL LIABILITIES

Loans, receivables and liabilities, as well as held-to-maturity investments, are measured at amortized cost, unless hedged. Specifically, these relate to:

- receivables from financing business;
- trade receivables and payables;
- other receivables and financial assets and liabilities;
- financial liabilities; and
- cash, cash equivalents and time deposits.

AVAILABLE-FOR-SALE FINANCIAL ASSETS

Available-for-sale financial assets are either allocated specifically to this category or are financial assets that cannot be assigned to any other category.

Available-for-sale financial assets (marketable securities) are carried at fair value. Changes in fair value are recognized directly in equity, net of deferred taxes.

Shares in unconsolidated subsidiaries and other equity investments that are not accounted for using the equity method are also classified as available-for-sale financial assets. They are recognized at cost in the consolidated financial statements if there is no active market for those companies and fair values cannot be reliably ascertained without undue cost or effort. Fair values are recognized if there are indications that fair value is lower than cost. There is currently no intention to sell these financial assets.

DERIVATIVES AND HEDGE ACCOUNTING

Volkswagen Group companies use derivatives to hedge balance sheet items and future cash flows (hedged items). Derivatives such as swaps, forward transactions and options are used as the primary hedging instruments. The criteria for the application of hedge accounting are that the hedging relationship between the hedged item and the hedging instrument is clearly documented and that the hedge is highly effective.

The accounting treatment of changes in the fair value of hedging instruments depends on the nature of the hedging relationship. In the case of hedges against the risk of change in the carrying amount of balance sheet items (fair value hedges), both the hedging instrument and the hedged risk portion of the hedged item are measured at fair value. Several risk portions of hedged items are grouped into a portfolio if appropriate. In the case of a fair value portfolio hedge, the changes in fair value are accounted for in the same way as for a fair value hedge of an individual underlying. Gains or losses from the remeasurement of hedging instruments and hedged items are recognized in profit or loss. In the case of hedges of future cash flows (cash flow hedges), the hedging instruments are also measured at fair value. Gains or losses from remeasurement of the effective portion of the derivative are initially recognized in the reserve for cash flow hedges directly in equity, and are only recognized in the income statement when the hedged item is recognized in profit or loss; the ineffective portion of a cash flow hedge is recognized immediately in profit or loss.

Derivatives used by the Volkswagen Group for financial management purposes to hedge against interest rate, foreign currency, commodity, or price risks, but that do not meet the strict hedge accounting criteria of IAS 39, are classified as financial assets or liabilities at fair value through profit or loss (also referred to below as ''derivatives not included in hedging relationships''). This also applies to options on shares. External hedges of intragroup hedged items that are subsequently eliminated in the consolidated financial statements are also assigned to this category.

RECEIVABLES FROM FINANCE LEASES

Where a Group company is the lessor — generally of vehicles — a receivable in the amount of the net investment in the lease is recognized in the case of finance leases, in other words where substantially all the risks and rewards incidental to ownership are transferred to the lessee.

OTHER RECEIVABLES AND FINANCIAL ASSETS

Other receivables and financial assets (except for derivatives) are recognized at amortized cost.

IMPAIRMENT LOSSES ON FINANCIAL INSTRUMENTS

Default risk on loans and receivables in the financial services business is accounted for by recognizing specific valuation allowances and portfolio-based valuation allowances.

More specifically, in the case of significant individual receivables (e.g. dealer finance receivables and fleet customers) specific valuation allowances are recognized in accordance with Group-wide standards in the amount of the incurred loss. A potential impairment is assumed in the case of a number of situations such as delayed payment over a certain period, the institution of enforcement measures, the threat of insolvency or overindebtedness, application for or the opening of bankruptcy proceedings, or the failure of reorganization measures.

Portfolio-based valuation allowances are recognized by grouping together insignificant receivables and significant individual receivables for which there is no indication of impairment into homogeneous portfolios on the basis of comparable credit risk features and allocating them by risk class. As long as no definite information is available as to which receivables are in default, average historical default probabilities for the portfolio concerned are used to calculate the amount of the valuation allowances.

As a matter of principle, specific valuation allowances are recognized on receivables outside the Financial Services segment.

Valuation allowances on receivables are regularly recognized in separate allowance accounts.

An impairment loss is recognized on financial assets available-for-sale if there is objective evidence of permanent impairment. In the case of equity instruments, evidence of impairment is taken to exist, among other things, if the fair value decreases below cost significantly (by more than 20%) or the decrease is prolonged (by more than 10% of the average market prices over one year). If impairment is identified, the cumulative loss is recognized in the reserve and charged to profit and loss. In the case of equity instruments, reversals of impairment losses are taken directly to equity. Impairment losses are recognized on debt instruments if a decrease in the future cash flows of the financial asset is expected. An increase in the risk-free interest rate or an increase in credit risk premiums is not in itself evidence of impairment.

DEFERRED TAXES

Deferred tax assets are generally recognized for tax-deductible temporary differences between the tax base of assets and their carrying amounts in the consolidated balance sheet, as well as on tax loss carryforwards and tax credits provided it is probable that they can be used in future periods. Deferred tax liabilities are generally recognized for all taxable temporary differences between the tax base of liabilities and their carrying amounts in the consolidated balance sheet.

Deferred tax liabilities and assets are recognized in the amount of the expected tax liability or tax benefit, as appropriate, in subsequent fiscal years, based on the expected enacted tax rate at the time of realization. The tax consequences of dividend payments are not taken into account until the resolution on appropriation of earnings available for distribution has been adopted.

Deferred tax assets that are unlikely to be realized within a clearly predictable period are reduced by valuation allowances.

Deferred tax assets and deferred tax liabilities are offset where taxes are levied by the same taxation authority and relate to the same tax period.

INVENTORIES

Raw materials, consumables and supplies, merchandise, work in progress and self-produced finished goods reported in inventories are carried at the lower of cost or net realizable value. Cost is determined on the basis of the direct and indirect costs that are directly attributable. Borrowing costs are not capitalized. The measurement of same or similar inventories is based on the weighted average cost method.

NONCURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

Under IFRS 5, noncurrent assets or groups of assets and liabilities (disposal groups) are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Such assets are carried at the lower of their carrying amount and fair value less costs to sell, and are presented separately in current assets and liabilities in the balance sheet.

Discontinued operations are components of an entity that have either been disposed of or are classified as held for sale. The assets and liabilities of operations that are held for sale represent disposal groups that must be measured and reported using the same principles as noncurrent assets held for sale. The income and expenses from discontinued operations are presented in the income statement as ''profit or loss from discontinued operations'' below the profit or loss from continuing operations. Corresponding disposal gains or losses are contained in the profit or loss from discontinued operations. The prior-year figures in the income statement are adjusted accordingly.

PENSION PROVISIONS

The actuarial valuation of pension provisions is based on the projected unit credit method in respect of defined benefit plans in accordance with IAS 19. The valuation is not only based on pension payments and vested entitlements known at the balance sheet date, but also reflects future salary and pension trends, as well as experience-based staff turnover rates. Actuarial gains and losses are recognized directly in equity, net of deferred taxes.

PROVISIONS FOR TAXES

Tax provisions contain obligations resulting from current taxes. Deferred taxes are presented in separate items of the balance sheet and income statement.

OTHER PROVISIONS

In accordance with IAS 37, provisions are recognized where a present obligation exists to third parties as a result of a past event, where a future outflow of resources is probable and where a reliable estimate of that outflow can be made.

Provisions not resulting in an outflow of resources in the year immediately following are recognized at their settlement value discounted to the balance sheet date. Discounting is based on market interest rates. An average discount rate of 0.69% (previous year: 1.79%) was used in Germany. The settlement value also reflects cost increases expected at the balance sheet date.

Provisions are not offset against claims for reimbursement.

We recognize insurance contracts that form part of the insurance business in accordance with IFRS 4. Reinsurance acceptances are accounted for without any time delay in the year in which they arise. Provisions are generally recognized based on the cedants' contractual duties. Estimation techniques based on assumptions about future changes in claims are used to calculate the claims provision. Other technical provisions relate to the provision for cancellations and the provision for suspended vehicle insurance policies.

The share of the provisions attributable to reinsurers is calculated in accordance with the contractual agreements with the retrocessionaries and reported under other assets.

LIABILITIES

Noncurrent liabilities are recorded at amortized cost in the balance sheet. Differences between historical cost and the repayment amount are amortized using the effective interest method.

Liabilities to members of partnerships from puttable shares are recognized in the income statement at the present value of the redemption amount at the balance sheet date.

Liabilities under finance leases are carried at the present value of the lease payments.

Current liabilities are recognized at their repayment or settlement value.

REVENUE AND EXPENSE RECOGNITION

Sales revenue, interest and commission income from financial services and other operating income are recognized only when the relevant service has been rendered or the goods have been delivered, that is, when the risk has passed to the customer, the amount of sales revenue can be reliably determined and settlement of the amount can be assumed. Revenue is reported net of sales allowances (discounts, rebates, or customer bonuses). Sales revenue from financing and lease agreements is recognized using the effective interest method. If non-interest-bearing or low-interest vehicle financing arrangements are agreed, sales revenue is reduced by the interest benefits granted. Revenue from operating leases is recognized using the straight-line method over the term of the lease. Sales revenue from extended warranties or maintenance agreements is recognized when deliveries take place or services are rendered. In the case of prepayments, deferred income is recognized proportionately by reference to the costs expected to be incurred, based on experience. Revenue is recognized on a straight-line basis if there is insufficient experience. If the expected costs exceed the accrued sales revenue, a loss is recognized from these agreements.

If a contract comprises several separately identifiable components (multiple-element arrangements), these components are recognized separately in accordance with the principles outlined above. At initial recognition, receivables are measured at fair value.

Income from assets for which a Group company has a buy back obligation is recognized only when the assets have definitively left the Group. If a fixed repurchase price was agreed when the contract was entered into, the difference between the selling and repurchase price is recognized as income ratably over the term of the contract. Prior to that time, the assets are carried as inventories in the case of short contract terms and as leasing and rental assets in the case of long contract terms.

Cost of sales includes the costs incurred to generate the sales revenue and the cost of goods purchased for resale. This item also includes the costs of additions to warranty provisions. Research and development costs not eligible for capitalization in the period and amortization of development costs are likewise carried under cost of sales. Reflecting the presentation of interest and commission income in sales revenue, the interest and commission expenses attributable to the financial services business are presented in cost of sales.

Construction contracts are recognized using the percentage of completion (PoC) method, under which revenue and cost of sales are recognized by reference to the stage of completion at the end of the reporting period, based on the contract revenue agreed with the customer and the expected contract costs. As a rule, the stage of completion is determined as the proportion that contract costs incurred by the end of the reporting period bear to the estimated total contract costs (cost-to-cost method). In certain cases, in particular those involving innovative, complex contracts, the stage of completion is measured using contractually agreed milestones (milestone method). If the outcome of a construction contract cannot yet be estimated reliably, contract revenue is recognized only in the amount of the contract costs incurred to date (zero profit method). In the balance sheet, contract components whose revenue is recognized using the percentage of completion method are reported as trade receivables, net of prepayments received. Expected losses from construction contracts are recognized immediately in full as expenses by recognizing impairment losses on recognized contract assets, and additionally by recognizing provisions for amounts in excess of the impairment losses.

Dividend income is recognized on the date when the dividend is legally approved.

GOVERNMENT GRANTS

Government grants related to assets are deducted when arriving at the carrying amount of the asset and are recognized in profit or loss over the life of the depreciable asset as a reduced depreciation expense. Government grants related to income, i.e. that compensate the Group for expenses incurred, are recognized in profit or loss for the period in those items in which the expenses to be compensated by the grants are also recognized.

ESTIMATES AND ASSUMPTIONS BY MANAGEMENT

Preparation of the consolidated financial statements requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities, and income and expenses, as well as the related disclosure of contingent assets and liabilities of the reporting period. The estimates and assumptions relate largely to the following matters:

The impairment testing of nonfinancial assets (especially goodwill, brand names and capitalized development costs) and equity-accounted investments, or investments accounted at cost, and the measurement of options on shares in companies that are not traded in an active market require assumptions about the future cash flows during the planning period, and possibly beyond it, as well as about the discount rate to be applied. In addition, the recoverability of the Group's leasing and rental assets depends in particular on the residual value of the leased vehicles after expiration of the lease term, because this represents a significant portion of the expected cash flows. More detailed information on impairment tests and the measurement parameters used for those tests can be found in the explanations on the accounting policies for intangible assets.

If there are no observable market inputs, the fair values of assets acquired and liabilities assumed in a business combination are measured using recognized valuation techniques, such as the relief-from-royalty method or the residual method.

Impairment testing of financial assets requires estimates about the extent and probability of occurrence of future events. As far as possible, estimates are derived from past experience. In the case of financial services receivables, both specific and portfolio-based valuation allowances are recognized. The more detailed balance sheet disclosures on IFRS 7 (Financial Instruments) contain an overview of these specific and portfolio-based valuation allowances.

Accounting for provisions is also based on estimates of the extent and probability of occurrence of future events, as well as estimates of the discount rate. As far as possible, these are also based on past experience or external opinions. In addition, the measurement of pension provisions depends on the estimated growth in plan assets. The assumptions underlying the measurement of pension provisions are contained in note 29. Actuarial gains and losses are recognized in other comprehensive income and do not affect profit or loss reported in the income statement. Any change in the estimates of the amount of other provisions is always recognized in profit or loss. The use of empirical values means that additional amounts must frequently be recognized for provisions, or that unused provisions are reversed. Reversals of provisions are recognized as other operating income, whereas expenses relating to the recognition of provisions are allocated directly to the functions. Warranty claims from sales transactions are calculated on the basis of losses to date, estimated future losses and the policy on ex gratia arrangements. Note 30 contains an overview of other provisions. For information on litigation, see also note 36.

Estimates of the useful life of finite-lived assets are based on past experience and are reviewed regularly. Where estimates are modified the residual useful life is adjusted and an impairment loss is recognized, if necessary.

Measuring deferred tax assets requires assumptions regarding future taxable income and the timing of the realization of deferred tax assets.

The estimates and assumptions are based on underlying assumptions that reflect the current state of available knowledge. Specifically, the expected future development of business was based on the circumstances known at the date of preparation of these consolidated financial statements and a realistic assessment of the future development of the global and sector-specific environment. Our estimates and assumptions remain subject to a high degree of uncertainty because future business developments are subject to uncertainties that in part cannot be influenced by the Group. This applies in particular to short- and medium-term cash flow forecasts and to the discount rates used.

Developments in this environment that differ from the assumptions and that cannot be influenced by management could result in amounts that differ from the original estimates. If actual developments differ from the expected developments, the underlying assumptions and, if necessary, the carrying amounts of the assets and liabilities affected are adjusted.

The global economy registered slower growth in 2012 than in the previous year. We believe that global growth will continue in 2013 despite economic uncertainties. As a result, from today's perspective, we are not expecting any material adjustment in the following fiscal year in the carrying amounts of the assets and liabilities reported in the consolidated balance sheet.

Estimates and assumptions by management were based in particular on assumptions relating to the development of the general economic environment, the automotive markets and the legal environment. These and further assumptions are explained in detail in the Report on Expected Developments.

Segment reporting

Segments are identified on the basis of the Volkswagen Group's internal management and reporting. In line with its multibrand strategy, each of the Group's brands is managed by its own board of management. The Group targets and requirements laid down by the Board of Management of Volkswagen AG or the Group Board of Management must be complied with to the extent permitted by law. The segment reporting comprises the four reportable segments of Passenger Cars and Light Commercial Vehicles, Trucks and Buses, Power Engineering and Financial Services.

The activities of the Passenger Cars and Light Commercial Vehicles segment cover the development of vehicles and engines, the production and sale of passenger cars and light commercial vehicles, and the corresponding genuine parts business. As a rule, the individual passenger car brands and light commercial vehicles of the Volkswagen Group are combined on a consolidated basis into a single reportable segment.

The Trucks and Buses segment primarily comprises the development, production and sale of trucks and buses, the corresponding genuine parts business and related services.

The activities of the Power Engineering segment consist of the development and production of large-bore diesel engines, turbo compressors, industrial turbines and chemical reactor systems, as well as the production of gear units, propulsion components and testing systems.

The activities of the Financial Services segment comprise dealer and customer financing, leasing, banking and insurance activities, as well as fleet management.

In the expanded segment structure, purchase price allocation for companies acquired is allocated directly to the corresponding segments.

The business of Porsche AG acquired in fiscal year 2012 is allocated to the Passenger Cars and Light Commercial Vehicles segment, with the exception of Porsche's financial services activities, which are presented in the Financial Services segment.

The Ducati Group is allocated to the Audi operating segment and is thus presented in the Passenger Cars and Light Commercial Vehicles reporting segment.

At Volkswagen, segment profit or loss is measured on the basis of operating profit or loss.

In the segment reporting, the share of the profits or losses of joint ventures is contained in the share of profits and losses of equity-accounted investments in the corresponding segments.

The reconciliation contains activities and other operations that do not by definition constitute segments. It also includes the unallocated Group financing activities. Consolidation adjustments between the segments are also contained in the reconciliation.

Investments in intangible assets, property, plant and equipment, and investment property are reported net of investments under finance leases.

As a matter of principle, business relationships between the companies within the segments of the Volkswagen Group are transacted at arm's length prices.

REPORTING SEGMENTS 2011

€ million	Passenger Cars and Light Commercial Vehicles	Trucks and Buses	Power Engineering	Financial Services	Total segments	Reconciliation	Volkswagen Group
Sales revenue from external customers	130,061	11,529	662	15,784	158,037	1,300	159,337
Intersegment sales revenue	8,630	194	—	1,461	10,285	−10,285	—
Total sales revenue	138,692	11,723	662	17,244	168,322	−8,985	159,337
Depreciation and amortization	6,302	844	65	2,412	9,623	52	9,675
Impairment losses	640	1	—	96	737	6	744
Reversal of impairment losses	81	—	—	5	85	—	85
Segment profit or loss (operating profit or loss)	9,886	937	−6	1,298	12,115	−844	11,271
Share of profits and losses of equity-accounted investments	2,458	−22	0	133	2,570	−396	2,174
Net interest income and other financial result	−438	222	10	−30	−235	5,716	5,481
Equity-accounted investments	7,824	610	22	1,793	10,249	—	10,249
Investments in intangible assets, property, plant and equipment, and investment property	9,011	475	33	158	9,676	77	9,753

REPORTING SEGMENTS 2012

€ million	Passenger Cars and Light Commercial Vehicles	Trucks and Buses	Power Engineering	Financial Services	Total segments	Reconciliation	Volkswagen Group
Sales revenue from external customers	148,157	20,261	4,222	18,151	190,790	1,886	192,676
Intersegment sales revenue	9,917	306	12	1,703	11,938	−11,938	—
Total sales revenue	158,074	20,567	4,234	19,854	202,728	−10,052	192,676
Depreciation and amortization	7,554	1,932	508	3,053	13,047	−50	12,997
Impairment losses	72	12	0	102	186	11	197
Reversal of impairment losses	65	—	—	3	68	−8	60
Segment profit or loss (operating profit or loss)	10,778	358	161	1,586	12,883	−1,373	11,510
Share of profits and losses of equity-accounted investments	13,512	−93	4	145	13,568	—	13,568
Net interest income and other financial result	−689	−35	−4	−140	−868	1,283	414
Equity-accounted investments	4,906	446	22	1,935	7,309	—	7,309
Investments in intangible assets, property, plant and equipment, and investment property	11,576	1,028	181	222	13,007	101	13,108

RECONCILIATION

€ million	2012	2011
Segment sales revenue	**202,728**	**168,322**
Unallocated activities	3,086	2,303
Group financing	37	34
Consolidation adjustments	−13,176	−11,322
Group sales revenue	**192,676**	**159,337**
Segment profit or loss (operating profit or loss)	**12,883**	**12,115**
Unallocated activities	105	70
Group financing	−25	−3
Consolidation adjustments	−1,453	−912
Operating profit	**11,510**	**11,271**
Financial result	**13,982**	**7,655**
Consolidated profit before tax	**25,492**	**18,926**

BY REGION 2011

€ million	Germany	Europe and Other Regions[1]	North America	South America	Asia/ Oceania	Total
Sales revenue from external customers	34,600	69,291	17,553	14,910	22,983	159,337
Intangible assets, property, plant and equipment, leasing and rental assets, and investment property[2]	30,705	26,144	9,651	3,556	962	71,017

(1) Excluding Germany.

(2) The reporting for companies that were initially consolidated in fiscal year 2011 is now more detailed. This improves the allocation of noncurrent assets to the regions. The figures for fiscal year 2011 were adjusted.

BY REGION 2012

€ million	Germany	Europe and Other Regions*	North America	South America	Asia/ Oceania	Total
Sales revenue from external customers	37,734	77,650	25,046	18,311	33,936	192,676
Intangible assets, property, plant and equipment, leasing and rental assets, and investment property	73,075	30,084	10,930	3,640	1,321	119,049

* Excluding Germany.

Allocation of sales revenue to the regions follows the destination principle.

Income Statement Disclosures

1 Sales revenue

STRUCTURE OF GROUP SALES REVENUE

€ million	2012	2011
Vehicles	134,537	116,449
Genuine parts	12,070	9,784
Used vehicles and third-party products	7,735	6,023
Engines, powertrains and parts deliveries	8,990	5,438
Power Engineering	4,222	662
Motorcycles	148	—
Rental and leasing business	11,825	10,245
Interest and similar income	6,337	5,535
Other sales revenue	6,812	5,200
	192,676	**159,337**

For segment reporting purposes, the sales revenue of the Group is presented by segment and market.

Other sales revenue comprises revenue from workshop services, among other things.

Sales revenue from construction contracts amounted to €969 million (previous year: €162 million), mainly related to the Power Engineering segment.

2 Cost of sales

Cost of sales includes interest expenses of €2,577 million (previous year: €2,402 million) attributable to the financial services business. This item also includes impairment losses on intangible assets, property, plant and equipment, and leasing and rental assets in the amount of €210 million (previous year: €736 million). Impairment losses are based on updated impairment tests and reflect market and exchange rate risks in particular, as well as amended sales forecasts and reduced product life cycles.

Government grants related to income amounted to €225 million in the fiscal year (previous year: €225 million) and were generally allocated to the functions.

3 Distribution expenses

Distribution expenses amounting to €18,850 million (previous year: €14,582 million) include nonstaff overheads and personnel costs, and depreciation and amortization applicable to the distribution function, as well as the costs of shipping, advertising and sales promotions.

4 Administrative expenses

Administrative expenses of €6,223 million (previous year: €4,384 million) mainly include nonstaff overheads and personnel costs, as well as depreciation and amortization applicable to the administrative function.

5 Other operating income

€ million	2012	2011
Income from reversal of valuation allowances on receivables and other assets	687	677
Income from reversal of provisions and accruals	2,975	2,495
Income from foreign currency hedging derivatives	1,601	1,678
Income from foreign exchange gains	2,437	2,176
Income from sale of promotional material	193	187
Income from cost allocations	832	752
Income from investment property	65	60
Gains on asset disposals and the reversal of impairment losses	159	163
Miscellaneous other operating income	1,548	1,539
	10,496	**9,727**

Foreign exchange gains mainly comprise gains from changes in exchange rates between the dates of recognition and payment of receivables and liabilities denominated in foreign currencies, as well as exchange rate gains resulting from measurement at the closing rate. Foreign exchange losses from these items are included in other operating expenses.

6 Other operating expenses

€ million	2012	2011
Valuation allowances on receivables and other assets	1,386	1,392
Losses from foreign currency hedging derivatives	2,817	1,897
Foreign exchange losses	2,329	1,992
Expenses from cost allocations	155	132
Expenses for termination agreements	55	22
Losses on disposal of noncurrent assets	66	108
Miscellaneous other operating expenses	2,261	1,913
	9,070	**7,456**

7 Share of profits and losses of equity-accounted investments

€ million	2012	2011
Share of profits of equity-accounted investments	13,675	2,578
of which: from joint ventures	(13,658)	(2,564)
of which: from associates	(16)	(14)
Share of losses of equity-accounted investments	107	404
of which: from joint ventures	(42)	(5)
of which: from associates	(65)	(399)
	13,568	**2,174**

The share of profits and losses of equity-accounted investments in the previous year includes the amounts from the adjustment of the equity interest in Suzuki Motor Corporation until September 13, 2011 and the adjustment of the equity interest in MAN SE until November 8, 2011. Following the discontinuation of equity accounting for these companies, an expense of €263 million was recognized for Suzuki and an expense of €292 million for MAN. The share of profits and losses of equity-accounted investments in the fiscal year includes the amounts from the adjustment of the equity interest in Porsche Holding Stuttgart until July 31, 2012. Following the discontinuation of equity accounting for Porsche

Holding Stuttgart, a gain of €10,399 million was recognized; this figure includes the recognition in the income statement of amounts previously recognized in other comprehensive income.

8 Finance costs

€ million	**2012**	**2011**
Other interest and similar expenses	1,380	1,129
Interest cost included in lease payments	19	17
Interest expenses	**1,398**	**1,146**
Interest component of additions to pension provisions	760	722
Interest cost on other liabilities	394	179
Interest cost on liabilities	**1,154**	**901**
Finance costs	**2,552**	**2,047**

9 Other financial result

€ million	**2012**	**2011**
Income from profit and loss transfer agreements	18	24
Cost of loss absorption	16	5
Other income from equity investments	55	58
Other expenses from equity investments	19	21
Income from marketable securities and loans*	113	0
Other interest and similar income	844	885
Gains and losses from fair value remeasurement and impairment of financial instruments	7	−46
Gains and losses from fair value remeasurement of derivatives not included in hedging relationships	2,071	6,654
Gains and losses on hedging relationships	−107	−21
Other financial result	**2,967**	**7,528**

* Including disposal gains/losses.

Gains and losses from the fair value measurement of derivatives not included in hedging relationships include gains of €1,875 million (previous year: €6,554 million) from the remeasurement of the put and call options on the outstanding 50.1% of the shares of Porsche Holding Stuttgart. See note 42 Related party disclosures in accordance with IAS 24 for further information.

10 Income tax income/expense

COMPONENTS OF TAX INCOME AND EXPENSE

€ million	2012	2011
Current tax expense, Germany	2,360	2,758
Current tax expense, abroad	2,152	1,673
Current tax expense	**4,513**	**4,431**
of which prior-period expense income	(19)	(−7)
Income from reversal of tax provisions	−317	−80
Current income tax expense	**4,196**	**4,351**
Deferred tax income/expense, Germany	−308	−799
Deferred tax income/expense, abroad	−280	−425
Deferred tax income	**−588**	**−1,225**
Income tax income/expense	**3,608**	**3,126**

The statutory corporation tax rate in Germany for the 2012 assessment period was 15%. Including trade tax and the solidarity surcharge, this resulted in an aggregate tax rate of 29.5%.

The local income tax rates applied for companies outside Germany vary between 0% and 42%. In the case of split tax rates, the tax rate applicable to undistributed profits is applied.

The realization of tax benefits from tax loss carryforwards from previous years resulted in a reduction in current income taxes in 2012 of €319 million (previous year: €419 million).

Previously unused tax loss carryforwards amounted to €11,762 million (previous year: €8,628 million). Tax loss carryforwards amounting to €9,810 million (previous year: €6,742 million) can be used indefinitely, while €611 million (previous year: €582 million) must be used within the next ten years. There are additional tax loss carryforwards amounting to €1,341 million (previous year: €1,304 million) that can be used within a period of 15 or 20 years. Tax loss carryforwards of €9,885 million (previous year: €5,547 million), of which €724 million (previous year €551 million) can only be utilized subject to restrictions in the period from 2013 to 2028, were estimated not to be usable overall.

The increase in tax loss carryforwards estimated not to be usable resulted primarily from a reorganization within the Group, producing a tax loss of €3,000 million; based on the current earnings projections, this amount must be classified as unusable.

The benefit arising from previously unrecognized tax losses or tax credits of a prior period that is used to reduce current tax expense amounts to €67 million (previous year: €169 million). Deferred tax expense was reduced by €37 million (previous year: €23 million) because of a benefit arising from previously unrecognized tax losses and tax credits of a prior period. Deferred tax expense arising from the write-down of deferred tax assets amounts to €342 million (previous year: €86 million). Deferred tax income arising from the reversal of a writedown of a deferred tax asset amounts to €1 million (previous year: €— million).

Tax benefits amounting to €741 million (previous year: €679 million) were recognized because of tax credits granted by various countries.

No deferred tax assets were recognized for deductible temporary differences of €455 million (previous year: €159 million) and for tax credits of €409 million (previous year: €437 million) that would expire in the period from 2014 to 2029, or for tax credits of €45 million (previous year: €— million) that will not expire.

Due to the change in the statutory provisions in Germany, a refund claim for corporation tax was recognized as a current tax asset for the first time in fiscal year 2006. It was recognized in the balance sheet under current tax receivables at a present value of €951 million. The present value of the refund claim was €600 million at the balance sheet date.

Deferred tax income resulting from changes in tax rates amounted to €133 million at Group level (previous year: €41 million).

Deferred taxes of €437 million (previous year: €439 million) were recognized without being offset by deferred tax liabilities in the same amount. The companies concerned expect positive tax income in future following losses in the fiscal year under review or in the previous year.

€2,678 million (previous year: €1,790 million) of the deferred taxes recognized in the balance sheet was credited to equity and relates to other comprehensive income. €56 million of this figure (previous year: €37 million) is attributable to noncontrolling interests. In the fiscal year under review, deferred taxes declined by €10 million (previous year: €2 million) due to the effects of capital transactions with noncontrolling interests. Changes in deferred taxes classified by balance sheet item are presented on pages F-175 and F-176.

In the reporting period, tax effects of €14 million resulting from equity transaction effects were credited directly to the capital reserves.

Deferred taxes recognized directly in equity in the fiscal year are presented in detail in the statement of comprehensive income.

DEFERRED TAXES CLASSIFIED BY BALANCE SHEET ITEM

The following recognized deferred tax assets and liabilities were attributable to recognition and measurement differences in the individual balance sheet items and to tax loss carryforwards:

	DEFERRED TAX ASSETS		DEFERRED TAX LIABILITIES	
€ million	**Dec. 31, 2012**	**Dec. 31, 2011**	**Dec. 31, 2012**	**Dec. 31, 2011**
Intangible assets	218	348	9,140	4,568
Property, plant and equipment, and leasing and rental assets*	3,578	3,287	4,904	3,948
Noncurrent financial assets	39	33	41	23
Inventories	1,601	1,345	598	532
Receivables and other assets (including Financial Services Division)	1,309	964	5,608	5,136
Other current assets	1,456	1,113	171	199
Pension provisions	4,063	2,279	257	270
Liabilities and other provisions*	7,057	6,434	1,524	374
Tax loss carryforwards net of valuation allowances	807	938	—	—
Tax credits net of valuation allowances	285	264	—	—
Valuation allowances on other deferred tax assets	−114	−84	—	—
Gross value*	**20,300**	**16,922**	**22,243**	**15,049**
of which noncurrent*	(13,248)	(10,730)	(18,624)	(12,049)
Offset*	13,339	11,345	13,339	11,345
Consolidation	954	756	145	351
Amount recognized*	**7,915**	**6,333**	**9,050**	**4,055**

* Prior-period figures adjusted because of the updated purchase price allocation for MAN.

In accordance with IAS 12, deferred tax assets and liabilities are offset if, and only if, they relate to income taxes levied by the same taxation authority and relate to the same tax period.

The tax expense of €3,608 million reported for 2012 (previous year: €3,126 million) was €3,912 million (previous year: €2,457 million) lower than the expected tax expense of €7,520 million that would have resulted from application of a tax rate applicable to undistributed profits of 29.5% to the profit before tax of the Group. This difference resulted primarily from the measurement of the existing shares of Porsche Holding Stuttgart at fair value in the course of the business combination (see the disclosures on the basis of consolidation) and from the fair value measurement of the call and put options relating to the acquisition of the remaining interest in Porsche Holding Stuttgart, which do not have any tax effects in the Group.

RECONCILIATION OF EXPECTED TO EFFECTIVE INCOME TAX

€ million	**2012**	**2011**
Profit before tax	25,492	18,926
Expected income tax expense (tax rate 29.5%; previous year 29.5%)	**7,520**	**5,583**
Reconciliation:		
Effect of different tax rates outside Germany	–101	–38
Proportion of taxation relating to:		
tax-exempt income	–1,131	–693
expenses not deductible for tax purposes	345	189
effects of loss carryforwards and tax credits	397	–102
temporary differences for which no deferred taxes were recognized	–3,413	–1,839
Tax credits	–110	–51
Prior-period tax expense	28	–6
Effect of tax rate changes	–133	–41
Other taxation changes	206	124
Effective income tax expense	**3,608**	**3,126**
Effective tax rate (%)	14.2	16.5

11 Earnings per share

Basic earnings per share are calculated by dividing profit attributable to shareholders of Volkswagen AG by the weighted average number of ordinary and preferred shares outstanding during the reporting period. IAS 33.23 sets out that all potential shares that will be issued upon the conversion of a mandatory convertible note must be accounted for as issued shares and included in the calculation of basic and diluted earnings per share. The number of outstanding preferred shares is therefore increased by the potential preferred shares that would be issued if the mandatory convertible note issued in November were actually to be converted. The average number of new preferred shares to be included is based on the maximum conversion ratio resulting from the minimum conversion price of €154.50. The finance costs associated with the mandatory convertible note are not included in the calculation of consolidated profit because the interest component was recognized in other comprehensive income when the note was issued, and interest expense arises only from the amount of compound interest. Since the number of basic and diluted shares is identical, basic earnings per share also correspond to diluted earnings per share.

See note 24 for further information regarding the issuance of the mandatory convertible note.

	ORDINARY		PREFERRED	
Quantity	**2012**	**2011**	**2012**	**2011**
Weighted average number of shares outstanding — basic	295,089,818	295,068,426	172,480,067	170,142,778
Dilutive potential ordinary shares from the stock option plan	0	7,508	0	0
Weighted average number of shares outstanding — diluted	295,089,818	295,075,934	172,480,067	170,142,778

€ million	**2012**	**2011**
Profit after tax	21,884	15,799
Noncontrolling interests	168	391
Profit attributable to shareholders of Volkswagen AG	21,717	15,409
Basic earnings attributable to ordinary shares	13,699	9,767
Diluted earnings attributable to ordinary shares	13,699	9,767
Basic earnings attributable to preferred shares	8,017	5,642
Diluted earnings attributable to preferred shares	8,017	5,642

€	**2012**	**2011**
Basic earnings per ordinary share	46.42	33.10
Diluted earnings per ordinary share	46.42	33.10
Basic earnings per preferred share	46.48	33.16
Diluted earnings per preferred share	46.48	33.16

Additional Income Statement Disclosures in Accordance with IAS 23 (Borrowing Costs)

Capitalized borrowing costs amounted to €55 million (previous year: €41 million) and related mainly to capitalized development costs. An average cost of debt of 3.0% (previous year: 3.6%) was used as a basis for capitalization in the Volkswagen Group.

Additional Income Statement Disclosures in Accordance with IFRS 7 (Financial Instruments)

CLASSES OF FINANCIAL INSTRUMENTS

Financial instruments are divided into the following classes at the Volkswagen Group:

– financial instruments measured at fair value,

– financial instruments measured at amortized cost and

– financial instruments not falling within the scope of IFRS 7.

Financial instruments not falling within the scope of IFRS 7 include in particular investments in associates and joint ventures accounted for using the equity method.

NET GAINS OR LOSSES FROM FINANCIAL INSTRUMENTS BY MEASUREMENT CATEGORY UNDER IAS 39

€ million	2012	2011
Financial instruments at fair value through profit or loss	1,868	6,687
Loans and receivables	4,855	4,506
Available-for-sale financial assets	256	−34
Financial liabilities measured at amortized cost	−3,992	−3,588
	2,988	**7,570**

Net gains and losses from financial assets and liabilities at fair value through profit or loss are composed of the fair value measurement gains and losses on derivatives, including interest and gains and losses on currency translation.

Net gains and losses from available-for-sale financial assets primarily comprise income and expenses from marketable securities including disposal gains/losses, impairment losses on investments and currency translation effects.

Net gains and losses from loans and receivables and from financial liabilities carried at amortized cost comprise interest income and expenses in accordance with the effective interest method under IAS 39, including currency translation effects. Interest also includes interest income and expenses from the lending business of the financial services operations.

TOTAL INTEREST INCOME AND EXPENSES OF FINANCIAL INSTRUMENTS NOT MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

€ million	2012	2011
Interest income	5,144	4,624
Interest expenses	3,747	3,400
	1,396	**1,224**

IMPAIRMENT LOSSES ON FINANCIAL ASSETS BY CLASS

€ million	2012	2011
Measured at fair value	6	36
Measured at amortized cost	1,403	1,391
	1,409	**1,427**

Impairment losses relate to write-downs of financial assets, such as valuation allowances on receivables, marketable securities and unconsolidated subsidiaries. Interest income on impaired financial assets amounted to €63 million in the fiscal year (previous year: €58 million).

In fiscal year 2012, €4 million (previous year: €3 million) was recognized as an expense and €49 million (previous year: €39 million) as income from fees and commissions for trust activities and from financial assets and liabilities not measured at fair value that are not accounted for using the effective interest method.

Balance Sheet Disclosures

12 Intangible assets

CHANGES IN INTANGIBLE ASSETS BETWEEN JANUARY 1 AND DECEMBER 31, 2011

€ million	Brand names	Goodwill*	Capitalized costs for products under development	Capitalized development costs for products currently in use	Other intangible assets	Total*
Cost						
Balance at Jan. 1, 2011	**1,149**	**3,410**	**2,025**	**13,479**	**2,131**	**22,194**
Foreign exchange differences	6	12	−91	−28	64	−37
Changes in consolidated Group	1,701	912	604	1,793	4,725	9,735
Additions	—	—	1,331	336	204	1,871
Transfers	—	—	−1,068	1,069	33	35
Disposals	—	0	104	2,224	220	2,549
Balance at Dec. 31, 2011	**2,857**	**4,334**	**2,696**	**14,425**	**6,937**	**31,248**
Amortization and impairment						
Balance at Jan. 1, 2011	**2**	**—**	**145**	**7,645**	**1,298**	**9,090**
Foreign exchange differences	—	—	—	−22	3	−19
Changes in consolidated Group	—	—	—	—	57	57
Additions to cumulative amortization	5	—	—	1,500	660	2,164
Additions to cumulative impairment losses	35	0	41	157	11	243
Transfers	—	—	−44	44	0	0
Disposals	—	0	82	2,177	204	2,463
Reversal of impairment losses	—	—	—	—	0	0
Balance at Dec. 31, 2011	**42**	**—**	**61**	**7,146**	**1,824**	**9,073**
Carrying amount at Dec. 31, 2011	**2,815**	**4,334**	**2,635**	**7,279**	**5,113**	**22,176**

* Figures adjusted because of the updated purchase price allocation for MAN.

Other intangible assets comprise in particular concessions, purchased customer lists and dealer relationships, industrial and similar rights, and licenses in such rights and assets.

Sensitivity analyses have shown that it is unnecessary to recognize impairment losses on goodwill and other indefinite-lived intangible assets, including where realistic variations are applied to key assumptions.

CHANGES IN INTANGIBLE ASSETS BETWEEN JANUARY 1 AND DECEMBER 31, 2012

€ million	Brand names	Goodwill*	Capitalized costs for products under development	Capitalized development costs for products currently in use	Other intangible assets	Total*
Cost						
Balance at Jan. 1, 2012	**2,857**	**4,334**	**2,696**	**14,425**	**6,937**	**31,248**
Foreign exchange differences	40	130	−3	25	−109	83
Changes in consolidated Group	14,239	19,472	1,017	1,254	1,524	37,505
Additions	—	—	2,174	441	379	2,994
Transfers	—	—	−2,229	2,244	−14	1
Disposals	—	—	29	965	277	1,271
Balance at Dec. 31, 2012	**17,135**	**23,935**	**3,627**	**17,422**	**8,441**	**70,560**
Amortization and impairment						
Balance at Jan. 1, 2012	**42**	**—**	**61**	**7,146**	**1,824**	**9,073**
Foreign exchange differences	−1	—	0	16	−9	7
Changes in consolidated Group	0	—	—	0	18	18
Additions to cumulative amortization	14	—	2	1,910	1,591	3,517
Additions to cumulative impairment losses	—	—	1	38	3	42
Transfers	—	—	−17	17	3	3
Disposals	—	—	—	939	271	1,210
Reversal of impairment losses	—	—	20	28	0	48
Balance at Dec. 31, 2012	**56**	**—**	**27**	**8,160**	**3,158**	**11,401**
Carrying amount at Dec. 31, 2012	**17,079**	**23,935**	**3,599**	**9,262**	**5,282**	**59,158**

* Figures adjusted because of the updated purchase price allocation for MAN.

The reported brand names mainly relate to Porsche (€13,823 million), Scania Vehicles and Services (€1,134 million), MAN Commercial Vehicles (€1,145 million), MAN Power Engineering (€470 million) and Ducati (€404 million).

€18,871 million of the goodwill recognized as of December 31, 2012 relates to Porsche, €3,260 million (previous year: €3,139 million) to Scania Vehicles and Services, €708 million (previous year: €505 million) to MAN Commercial Vehicles, €290 million to Ducati, €257 million (previous year: €254 million) to MAN Power Engineering, €161 million (previous year: €157 million) to ŠKODA and €152 million (previous year: €153 million) to Porsche Holding Salzburg. €176 million (previous year: €98 million) of the remaining amount relates to the Passenger Cars and Light Commercial Vehicles segment, €46 million (previous year: €15 million) to the Financial Services segment and €13 million (previous year: €13 million) to unallocated areas. The recoverability test for recognized goodwill is based on value in use and is not affected by a variation in the growth forecast or in the discount rate of +/−0.5 percentage points.

Of the total research and development costs incurred in 2012, €2,615 million (previous year: €1,666 million) met the criteria for capitalization under IFRSs.

The following amounts were recognized as expenses:

€ million	2012	2011
Research and noncapitalized development costs	6,900	5,537
Amortization of development costs	1,951	1,697
Research and development costs recognized in the income statement	**8,851**	**7,234**

13 Property, plant and equipment

CHANGES IN PROPERTY, PLANT AND EQUIPMENT BETWEEN JANUARY 1 AND DECEMBER 31, 2011

€ million	Land, land rights and buildings, including buildings on third-party land*	Technical equipment and machinery	Other equipment, operating and office equipment	Payments on account and assets under construction	Total*
Cost					
Balance at Jan. 1, 2011	**18,485**	**30,331**	**38,568**	**3,164**	**90,548**
Foreign exchange differences	–106	–292	–165	–13	–576
Changes in consolidated Group	2,723	942	344	174	4,184
Additions	516	1,161	2,402	3,780	7,859
Transfers	491	834	1,068	–2,461	–68
Disposals	150	1,445	681	29	2,304
Balance at Dec. 31, 2011	**21,959**	**31,531**	**41,537**	**4,616**	**99,643**
Depreciation and impairment					
Balance at Jan. 1, 2011	**9,151**	**23,366**	**32,128**	**55**	**64,701**
Foreign exchange differences	–36	–208	–151	–2	–396
Changes in consolidated Group	9	1	12	—	22
Additions to cumulative depreciation	625	1,710	2,571	11	4,917
Additions to cumulative impairment losses	10	17	367	6	399
Transfers	14	–13	18	–19	–1
Disposals	64	1,103	640	1	1,807
Reversal of impairment losses	—	56	0	12	68
Balance at Dec. 31, 2011	**9,710**	**23,714**	**34,305**	**39**	**67,767**
Carrying amount at Dec. 31, 2011	**12,249**	**7,818**	**7,232**	**4,577**	**31,876**
of which assets leased under finance lease contracts					
Carrying amount at Dec. 31, 2011	190	69	7	—	266

* Figures adjusted because of the updated purchase price allocation for MAN.

Future finance lease payments due, and their present values, are shown in the following table:

€ million	2012	2013 – 2016	from 2017	Total
Finance lease payments	88	241	232	562
Interest component of finance lease payments	44	86	89	220
Carrying amount/present value	**44**	**156**	**143**	**343**

CHANGES IN PROPERTY, PLANT AND EQUIPMENT BETWEEN JANUARY 1 AND DECEMBER 31, 2012

€ million	Land, land rights and buildings, including buildings on third-party land*	Technical equipment and machinery	Other equipment, operating and office equipment	Payments on account and assets under construction	Total*
Cost					
Balance at Jan. 1, 2012	**21,959**	**31,531**	**41,537**	**4,616**	**99,643**
Foreign exchange differences	–48	–67	–242	–40	–397
Changes in consolidated Group	1,537	397	1,482	399	3,816
Additions	810	1,873	3,498	4,009	10,190
Transfers	559	753	1,894	–3,295	–89
Disposals	183	830	1,671	32	2,716
Balance at Dec. 31, 2012	**24,633**	**33,657**	**46,499**	**5,657**	**110,446**
Depreciation and impairment Balance at Jan. 1, 2012	**9,710**	**23,714**	**34,305**	**39**	**67,767**
Foreign exchange differences	–33	–42	–191	–2	–268
Changes in consolidated Group	18	5	11	—	34
Additions to cumulative depreciation	754	2,059	3,143	12	5,969
Additions to cumulative impairment losses	15	5	15	0	36
Transfers	–4	–560	570	–12	–6
Disposals	144	783	1,572	0	2,500
Reversal of impairment losses	—	3	0	6	9
Balance at Dec. 31, 2012	**10,315**	**24,395**	**36,282**	**30**	**71,022**
Carrying amount at Dec. 31, 2012	**14,318**	**9,262**	**10,217**	**5,627**	**39,424**
of which assets leased under finance lease contracts Carrying amount at Dec. 31, 2012	285	55	19	—	358

* Figures adjusted because of the updated purchase price allocation for MAN.

Options to purchase buildings and plant leased under the terms of finance leases exist in most cases, and are also expected to be exercised. Interest rates on the leases vary between 1.6% and 11.0% (previous year: between 2.1% and 11.0%), depending on the market and the date of inception of the lease.

Future finance lease payments due, and their present values, are shown in the following table:

€ million	2013	2014 – 2017	from 2018	Total
Finance lease payments	49	178	270	497
Interest component of finance lease payments	13	38	27	78
Carrying amount/present value	**36**	**140**	**243**	**419**

For assets leased under operating leases, payments recognized in the income statement amounted to €1,164 million (previous year: €794 million). With respect to internally used assets, €1,024 million (previous year: €690 million) of this figure is attributable to minimum lease payments and €41 million (previous year: €7 million) to contingent lease payments. The payments of €99 million (previous year: €97 million) under subleases primarily relate to minimum lease payments.

Government grants of €418 million (previous year: €530 million) were deducted from the cost of property, plant and equipment, and noncash benefits received amounting to €4 million (previous year: €1 million) were not capitalized as the cost of assets.

14 Leasing and rental assets and investment property

CHANGES IN LEASING AND RENTAL ASSETS AND INVESTMENT PROPERTY BETWEEN JANUARY 1 AND DECEMBER 31, 2011

€ million	Leasing and rental assets	Investment property	Total
Cost			
Balance at Jan. 1, 2011	**15,863**	**429**	**16,292**
Foreign exchange differences	283	6	289
Changes in consolidated Group	3,171	31	3,202
Additions	7,674	42	7,716
Transfers	0	34	34
Disposals	5,632	17	5,649
Balance at Dec. 31, 2011	**21,359**	**525**	**21,884**
Depreciation and impairment Balance at Jan. 1, 2011	**4,051**	**177**	**4,228**
Foreign exchange differences	58	1	58
Changes in consolidated Group	8	—	8
Additions to cumulative depreciation	2,584	10	2,594
Additions to cumulative impairment losses	87	1	88
Transfers	0	1	1
Disposals	2,051	4	2,055
Reversal of impairment losses	5	—	5
Balance at Dec. 31, 2011	**4,733**	**185**	**4,918**
Carrying amount at Dec. 31, 2011	**16,626**	**340**	**16,966**

The following payments from noncancelable leases and rental agreements were expected to be received over the coming years:

€ million	2012	2013 – 2016	from 2017	Total
Lease payments	2,032	2,356	40	4,427

CHANGES IN LEASING AND RENTAL ASSETS AND INVESTMENT PROPERTY BETWEEN JANUARY 1 AND DECEMBER 31, 2012

€ million	Leasing and rental assets	Investment property	Total
Cost			
Balance at Jan. 1, 2012	**21,359**	**525**	**21,884**
Foreign exchange differences	−215	−5	−220
Changes in consolidated Group	1,470	2	1,472
Additions	9,816	34	9,851
Transfers	−1	89	89
Disposals	6,976	19	6,996
Balance at Dec. 31, 2012	**25,453**	**626**	**26,079**
Depreciation and impairment Balance at Jan. 1, 2012	**4,733**	**185**	**4,918**
Foreign exchange differences	−69	−1	−70
Changes in consolidated Group	8	2	10
Additions to cumulative depreciation	3,498	14	3,512
Additions to cumulative impairment losses	99	0	99
Transfers	−3	6	3
Disposals	2,845	12	2,857
Reversal of impairment losses	2	1	3
Balance at Dec. 31, 2012	**5,419**	**194**	**5,612**
Carrying amount at Dec. 31, 2012	**20,034**	**433**	**20,467**

Leasing and rental assets include assets leased out under the terms of operating leases and assets covered by long-term buy-back agreements.

Investment property includes apartments rented out and leased dealerships with a fair value of €758 million (previous year: €642 million). Operating expenses of €50 million (previous year: €53 million) were incurred for the maintenance of investment property in use. Expenses of €1 million (previous year: €2 million) were incurred for unused investment property.

The following payments from noncancelable leases and rental agreements are expected to be received over the coming years:

€ million	2013	2014 – 2017	from 2018	Total
Lease payments	2,688	2,995	39	5,723

15 Equity-accounted investments and other equity investments

CHANGES IN EQUITY-ACCOUNTED INVESTMENTS AND OTHER EQUITY INVESTMENTS BETWEEN JANUARY 1 AND DECEMBER 31, 2011

€ million	Equity-accounted investments	Other equity investments	Total
Gross carrying amount at Jan. 1, 2011	**13,551**	**855**	**14,407**
Foreign exchange differences	91	0	91
Changes in consolidated Group	−3,863	1,756	−2,107
Additions	195	494	689
Transfers	−6	6	—
Disposals*	1,043	21	1,064
Changes recognized in profit or loss	2,740	—	2,740
Dividends	−1,487	—	−1,487
Other changes recognized in other comprehensive income*	83	175	258
Balance at Dec. 31, 2011	**10,261**	**3,264**	**13,526**
Impairment losses Balance at Jan. 1, 2011	**24**	**215**	**239**
Foreign exchange differences	1	−1	0
Changes in consolidated Group	—	0	0
Additions	—	13	13
Transfers	—	—	—
Disposals	—	11	11
Reversal of impairment losses	13	—	13
Balance at Dec. 31, 2011	**12**	**216**	**228**
Carrying amount at Dec. 31, 2011	**10,249**	**3,049**	**13,298**

* The presentation of the recognition of components of OCI in connection with changes in the basis of consolidation was adjusted.

CHANGES IN EQUITY-ACCOUNTED INVESTMENTS AND OTHER EQUITY INVESTMENTS BETWEEN JANUARY 1 AND DECEMBER 31, 2012

€ million	Equity-accounted investments	Other equity investments	Total
Gross carrying amount at Jan. 1, 2012	**10,261**	**3,264**	**13,526**
Foreign exchange differences	−25	−3	−28
Changes in consolidated Group	−12,742	−46	−12,788
Additions	10,812	488	11,301
Transfers	0	0	—
Disposals	2	16	17
Changes recognized in profit or loss	3,226	—	3,226
Dividends	−3,925	—	−3,925
Other changes recognized in other comprehensive income	−243	419	176
Balance at Dec. 31, 2012	**7,362**	**4,107**	**11,469**
Impairment losses Balance at Jan. 1, 2012	**12**	**216**	**228**
Foreign exchange differences	0	−1	−1
Changes in consolidated Group	—	1	1
Additions	41	20	62
Transfers	—	—	—
Disposals	—	0	0
Reversal of impairment losses	—	—	—
Balance at Dec. 31, 2012	**53**	**236**	**290**
Carrying amount at Dec. 31, 2012	**7,309**	**3,870**	**11,179**

Equity-accounted investments include joint ventures in the amount of €6,870 million (previous year: €9,713 million) and associates in the amount of €439 million (previous year: €536 million).

€12,566 million of the changes in the consolidated Group concerning equity-accounted investments relates to the reclassification of the shares of Porsche Holding Stuttgart because of the initial consolidation of that company. The income of €10,716 million from the remeasurement of the existing shares held resulting from discontinuation of equity-method accounting was reported under additions.

Of the other changes recognized in other comprehensive income, €−245 million (previous year: €45 million) is attributable to joint ventures and €2 million (previous year: €39 million) to associates. They are mainly the result of foreign exchange differences in the amount of €−48 million (previous year: €−195 million), actuarial gains/losses in the amount of €−135 million (previous year: €8 million) and losses on the fair value measurement of cash flow hedges in the amount of €−185 million (previous year: €−172 million).

16 Noncurrent and current financial services receivables

€ million	Current	Noncurrent	Carrying amount Dec. 31, 2012	Fair value Dec. 31, 2012	Current	Noncurrent	Carrying amount Dec. 31, 2011	Fair value Dec. 31, 2011
Receivables from financing business								
Customer financing	17,277	34,460	51,737	52,439	15,321	29,675	44,995	46,092
Dealer financing	11,389	1,330	12,719	12,647	10,631	1,070	11,701	11,702
Direct banking	167	1	168	168	153	—	153	153
	28,832	**35,791**	**64,624**	**65,254**	**26,104**	**30,745**	**56,849**	**57,947**
Receivables from operating leases	204	—	204	204	166	—	166	166
Receivables from finance leases	7,875	13,994	21,868	21,944	7,484	11,705	19,188	19,375
	36,911	**49,785**	**86,696**	**87,402**	**33,754**	**42,450**	**76,204**	**77,489**

Noncurrent receivables from the customer financing business mainly bear fixed interest at rates of between 0.0% and 37.0% (previous year: 0.0% and 37.0%), depending on the market concerned. They have terms of up to 242 months (previous year: 242 months). The noncurrent portion of dealer financing is granted at interest rates of between 0.0% and 18.4% (previous year: 0.0% and 18.4%), depending on the country.

The receivables from customer financing and finance leases contained in financial services receivables of €86.7 billion (previous year: €76.2 billion) rose by €56 million as a result of a fair value adjustment from portfolio hedging (previous year: €46 million).

The receivables from customer and dealer financing are secured by vehicles or real property liens.

The receivables from dealer financing include €124 million (previous year: €104 million) receivable from affiliated companies.

The receivables from finance leases — almost entirely in respect of vehicles — were or are expected to generate the following cash flows as of December 31, 2011 and December 31, 2012:

€ million	2012	2013 – 2016	from 2017	Total
Future payments from finance lease receivables	8,190	12,470	129	20,789
Unearned finance income from finance leases (discounting)	– 706	– 886	– 8	– 1,600
Present value of minimum lease payments outstanding at the reporting date	**7,484**	**11,584**	**121**	**19,188**

€ million	2013	2014 – 2017	from 2018	Total
Future payments from finance lease receivables	8,557	14,827	176	23,561
Unearned finance income from finance leases (discounting)	– 683	– 1,005	– 5	– 1,692
Present value of minimum lease payments outstanding at the reporting date	**7,875**	**13,822**	**171**	**21,868**

17 Noncurrent and current other financial assets

€ million	Current	Noncurrent	Carrying amount Dec. 31, 2012	Current	Noncurrent	Carrying amount Dec. 31, 2011
Positive fair value of derivatives	832	2,226	3,057	789	9,737	10,526
Marketable securities	—	1,612	1,612	—	1,470	1,470
Receivables from loans, bonds, profit participation rights (excluding Interest)	2,777	2,024	4,801	1,986	973	2,959
Miscellaneous financial assets	2,263	570	2,833	1,479	642	2,121
	5,872	**6,431**	**12,304**	**4,253**	**12,823**	**17,076**

The noncurrent and current financial assets previously reported in the ''Other receivables and financial assets'' item are presented in greater detail in fiscal year 2012. The prior-period figures were reclassified accordingly.

Other financial assets include receivables from related parties of €5,033 million (previous year: €2,811 million) and €3,625 million (previous year: €2,858 million) of collateral furnished for financial liabilities and contingent liabilities. There is no original right of disposal or pledge for the furnished collateral on the part of the collateral taker.

With the exception of the noncurrent securities, there are no material restrictions on title or right of use in respect of the reported other financial assets. Default risks are accounted for by means of valuation allowances.

The positive fair values of derivatives relate to the following items:

€ million	Dec. 31, 2012	Dec. 31, 2011
Transactions for hedging		
foreign currency risk from assets using fair value hedges	11	47
foreign currency risk from liabilities using fair value hedges	16	59
interest rate risk using fair value hedges	671	528
interest rate risk using cash flow hedges	1	6
foreign currency and price risk from future cash flows (cash flow hedges)	1,802	791
Hedging transactions	**2,501**	**1,430**
Assets related to derivatives not included in hedging relationships	556	9,096
	3,057	**10,526**

The positive fair value of transactions for hedging price risk from future cash flows (cash flow hedges) amounted to €76 million (previous year: €121 million).

Positive fair values of €41 million (previous year: €57 million) were recognized from transactions for hedging interest rate risk (fair value hedges) used in portfolio hedges.

In the previous year, assets arising from derivatives not included in hedging relationships included in particular Volkswagen AG's call options to acquire the outstanding shares of Porsche Holding Stuttgart in the amount of €8,409 million.

Further details on derivative financial instruments as a whole are given in note 33 Financial risk management and financial instruments.

18 Noncurrent and current other receivables

€ million	Current	Noncurrent	Carrying amount Dec. 31, 2012	Current	Noncurrent	Carrying amount Dec. 31, 2011
Recoverable income taxes	3,092	76	3,168	2,963	39	3,002
Miscellaneous receivables	1,731	1,595	3,326	1,580	1,543	3,123
	4,823	**1,671**	**6,494**	**4,543**	**1,582**	**6,125**

Miscellaneous receivables include plan assets to fund post-employment benefits in the amount of €36 million (previous year: €48 million). This item also includes the share of the technical provisions attributable to reinsurers amounting to €131 million (previous year: €127 million).

There are no material restrictions on title or right of use in respect of the reported other receivables. Default risks are accounted for by means of valuation allowances.

Current other receivables are predominantly non-interest-bearing.

19 Tax assets

€ million	Current	Noncurrent	Carrying amount Dec. 31, 2012	Current	Noncurrent	Carrying amount Dec. 31, 2011
Deferred tax assets	—	7,915	7,915	—	6,333	6,333
Tax receivables	761	552	1,313	623	627	1,249
	761	**8,466**	**9,228**	**623**	**6,960**	**7,583**

€4,060 million (previous year: €3,553 million) of the deferred tax assets is due within one year.

20 Inventories

€ million	Dec. 31, 2012	Dec. 31, 2011
Raw materials, consumables and supplies	3,506	3,429
Work in progress	3,504	3,324
Finished goods and purchased merchandise	18,015	17,383
Current leasing and rental assets	3,477	3,204
Payments on account	172	210
	28,674	**27,551**

Of the total inventories, €3,576 million (previous year: €2,543 million) is recognized at net realizable value. At the same time as the relevant revenue was recognized, inventories in the amount of €150,121 million were included in cost of sales (previous year: €124,813 million). Valuation allowances recognized as expenses in the reporting period amounted to €748 million (previous year: €333 million). Vehicles amounting to €260 million (previous year: €227 million) were assigned as collateral for partial retirement obligations.

21 Trade receivables

€ million	Dec. 31, 2012	Dec. 31, 2011
Trade receivables from		
third parties	8,705	8,989
affiliated companies	167	196
joint ventures	1,191	1,267
associates	33	25
other investees and investors	3	1
	10,099	**10,479**

The fair values of the trade receivables correspond to the carrying amounts.

The trade receivables include receivables from construction contracts accounted for using the percentage of completion method. These are calculated as follows:

€ million	Dec. 31, 2012	Dec. 31, 2011
Contract costs and proportionate contract profit/loss of construction contracts	1,704	1,351
of which billed to customers	−11	—
Exchange rate effects	−2	4
PoC receivables, gross	1,691	1,355
Prepayments received	−1,475	−1,157
PoC receivables, net	**217**	**198**

Other payments received on account of construction contracts in the amount of €407 million (previous year: €1 million), for which no construction costs have yet been incurred, are recognized under other liabilities.

22 Marketable securities

The marketable securities serve to safeguard liquidity. Marketable securities are quoted, mainly short-term fixed-income securities and shares allocated to the available-for-sale financial instruments category.

23 Cash, cash equivalents and time deposits

€ million	Dec. 31, 2012	Dec. 31, 2011
Bank balances	18,017	18,057
Checks, cash-in-hand, bills and call deposits	471	234
	18,488	**18,291**

Bank balances are held at various banks in different currencies and include time deposits as well as restricted cash (see also note 32).

24 Equity

The subscribed capital of Volkswagen AG is composed of no-par value bearer shares with a notional value of €2.56. As well as ordinary shares, there are preferred shares that entitle the bearer to a €0.06 higher dividend than ordinary shares, but do not carry voting rights.

The subscribed capital is composed of 295,089,818 no-par value ordinary shares and 170,142,778 preferred shares. Volkswagen AG issued one ordinary share in connection with the contribution of Porsche SE's holding company operating business to Volkswagen AG in the course of a capital increase with a mixed noncash contribution (for further information, see the disclosures on the basis of consolidation).

Authorized capital of up to €110 million, expiring on April 18, 2017, was approved for the issue of new ordinary bearer shares or preferred shares based on the resolution by the Annual General Meeting on April 19, 2012.

Following the capital increase implemented in fiscal year 2010, there is still authorized capital of up to €179.4 million, resolved by the Extraordinary General Meeting on December 3, 2009 and expiring on December 2, 2014, to issue up to 70,095,502 new no-par value preferred bearer shares.

The Annual General Meeting on April 22, 2010 resolved to create contingent capital in the amount of up to €102.4 million expiring on April 21, 2015 that can be used to issue up to €5 billion in bonds with warrants and/or convertible bonds.

This authorization was exercised in the reporting period to issue a €2.5 billion mandatory convertible note to subscribe for preferred shares. The preemptive rights of existing shareholders were disapplied. The convertible note bears a coupon of 5.50% and matures on November 9, 2015. The minimum conversion price was set at €154.50, and the maximum conversion price is €185.40. The conversion price will be adjusted if certain events occur. The convertible note will be settled by issuing new preferred shares no later than at maturity. Based on the conversion prices given above, the mandatory convertible note entitles the holders of the convertible note to subscribe for a maximum of 16,181,229 and a minimum of 13,484,358 no-par value preferred shares of Volkswagen AG. There was no conversion in the reporting period. Volkswagen can convert the mandatory convertible note at any time at the minimum conversion price. Because of the fixed conversion ratio, the mandatory convertible note is recognized, net of transaction costs (€54 million) and the deferral of taxes (€133 million), in the capital reserves at an amount of €2,181 million and in the financial liabilities at an amount of €397 million.

CHANGE IN ORDINARY AND PREFERRED SHARES AND SUBSCRIBED CAPITAL

	SHARES		€	
	2012	2011	2012	2011
Balance at January 1	**465,232,595**	**465,188,345**	**1,190,995,443**	**1,190,882,163**
Capital increase	1	—	3	—
Stock option plan	—	44,250	—	113,280
Balance at December 31	**465,232,596**	**465,232,595**	**1,190,995,446**	**1,190,995,443**

The capital reserves comprise the share premium totaling €11,183 million (previous year: €9,087 million net of transaction costs of €84 million) from capital increases, the share premium of €219 million from the issuance of bonds with warrants and an amount of €107 million appropriated on the basis of the capital reduction implemented in 2006. The capital reserves increased by €2,181 million in the reporting period due to the issuance of the mandatory convertible note. No amounts were withdrawn from the capital reserves.

DIVIDEND PROPOSAL

In accordance with section 58(2) of the Aktiengesetz (AktG — German Stock Corporation Act), the dividend payment by Volkswagen AG is based on the net retained profits reported in the annual financial statements of Volkswagen AG. Based on the annual financial statements of Volkswagen AG, net retained profits of €3,200 million are eligible for distribution. The Board of Management and Supervisory Board will propose to the Annual General Meeting that a total dividend of €1,639 million, i.e. €3.50 per ordinary share and €3.56 per preferred share, be paid from the net retained profits. Shareholders are not entitled to a dividend payment until it has been resolved by the Annual General Meeting.

A dividend of €3.00 per ordinary share and €3.06 per preferred share was distributed in fiscal year 2012.

NONCONTROLLING INTERESTS

The noncontrolling interests in equity are attributable primarily to shareholders of MAN SE and Scania AB.

25 Noncurrent and current financial liabilities

The details of noncurrent and current financial liabilities are presented in the following table:

€ million	Current	Noncurrent	Carrying amount Dec. 31, 2012	Current	Noncurrent	Carrying amount Dec. 31, 2011
Bonds*	12,822	36,883	49,705	11,917	24,029	35,947
Commercial paper and notes	9,206	12,687	21,892	7,732	7,537	15,269
Liabilities to banks	9,670	10,621	20,291	7,474	8,561	16,035
Deposit business	21,974	1,943	23,917	19,997	3,093	23,089
Loans and miscellaneous liabilities	355	1,074	1,428	1,901	923	2,825
Bills of exchange	0	—	0	24	—	24
Finance lease liabilities	33	396	429	44	299	343
	54,060	**63,603**	**117,663**	**49,090**	**44,442**	**93,532**

* Prior-period figures adjusted because of the updated purchase price allocation for MAN.

Of the financial liabilities reported in the consolidated balance sheet, a total of €2,496 million (previous year: €511 million) is secured, for the most part by real estate liens and leasing portfolios.

The deposits from direct banking business contained in the financial liabilities of €117.7 billion (previous year: €93.5 billion) increased by €3.4 million as a result of a fair value adjustment from portfolio hedging (previous year: increase of €6.3 million).

Asset-backed securities transactions amounting to €17,655 million (previous year: €14,478 million) entered into to refinance the financial services business are included in bonds, commercial paper and notes, and liabilities from loans. Receivables of €21,543 million (previous year: €16,795 million) from the customer finance and leasing business are pledged as collateral. The expected payments are assigned to special purpose vehicles and the financed vehicles transferred as collateral.

All public and private asset-backed securities transactions of the Volkswagen Financial Services AG group can be repaid in advance (clean-up call) if less than 9% of the original transaction volume is outstanding. The asset-backed securities conduit transactions of Volkswagen Financial Services (UK) and Volkswagen Financial Services Japan are private transactions that can be terminated at fixed dates.

26 Noncurrent and current other financial liabilities

€ million	Current	Noncurrent	Carrying amount Dec. 31, 2012	Current	Noncurrent	Carrying amount Dec. 31, 2011
Negative fair values of derivative financial instruments	1,230	1,587	2,818	1,727	2,247	3,974
Interest payable	731	6	737	749	6	756
Miscellaneous financial liabilities	2,464	803	3,267	2,412	293	2,705
	4,425	**2,397**	**6,822**	**4,888**	**2,547**	**7,435**

The noncurrent and current financial liabilities previously reported in the "Other liabilities" item are presented in greater detail in fiscal year 2012. The prior-period figures were reclassified accordingly.

The negative fair values of derivatives relate to the following items:

€ million	Dec. 31, 2012	Dec. 31, 2011
Transactions for hedging		
foreign currency risk from assets using fair value hedges	21	14
foreign currency risk from liabilities using fair value hedges	53	85
interest rate risk using fair value hedges	238	168
interest rate risk using cash flow hedges	77	73
foreign currency and price risk from future cash flows (cash flow hedges)	1,822	2,607
Hedging transactions	**2,211**	**2,948**
Liabilities related to derivatives not included in hedging relationships	607	1,026
	2,818	**3,974**

Of the other financial liabilities reported in the consolidated balance sheet, a total of €744 million (previous year: €539 million) is secured, for the most part by real estate liens.

The negative fair value of transactions for hedging price risk from future cash flows (cash flow hedges) amounted to €26 million (previous year: €35 million).

Negative fair values of €158 million (previous year: €89 million) were recognized from transactions for hedging interest rate risk (fair value hedges) used in portfolio hedges.

In the previous year, liabilities from derivatives not included in hedging relationships included the put options written by Volkswagen AG to acquire the outstanding shares of Porsche Holding Stuttgart in the amount of €87 million.

Further details on derivative financial instruments as a whole are given in note 33 Financial risk management and financial instruments.

27 Noncurrent and current other liabilities

€ million	Current	Noncurrent	Carrying amount Dec. 31, 2012	Current	Noncurrent	Carrying amount Dec. 31, 2011
Payments on account received in respect of orders*	3,891	779	4,671	4,413	1,134	5,548
Liabilities relating to						
other taxes	1,652	388	2,040	1,681	322	2,003
social security	458	32	490	433	38	471
wages and salaries	2,730	715	3,446	2,842	459	3,301
Miscellaneous liabilities*	2,380	2,761	5,140	1,827	2,440	4,267
	11,111	**4,675**	**15,786**	**11,196**	**4,394**	**15,590**

* Prior-period figures adjusted because amounts were aggregated and because of the updated purchase price allocation for MAN.

28 Tax liabilities

€ million	Current	Noncurrent	Carrying amount Dec. 31, 2012	Current	Noncurrent	Carrying amount Dec. 31, 2011
Deferred tax liabilities*	—	9,050	9,050	—	4,055	4,055
Provisions for taxes	1,721	4,239	5,960	2,888	3,721	6,609
Current tax payables	238	—	238	844	—	844
	1,959	**13,289**	**15,248**	**3,732**	**7,776**	**11,508**

* Prior-period figures adjusted because of the updated purchase price allocation for MAN.

€14 million (previous year: €154 million) of the deferred tax liabilities is due within one year.

29 Provisions for pensions and other post-employment benefits

Provisions for pensions are recognized for commitments in the form of retirement, invalidity and dependents' benefits payable under pension plans. The benefits provided by the Group vary according to the legal, tax and economic circumstances of the country concerned, and usually depend on the length of service and remuneration of the employees.

Group companies provide occupational pensions under both defined contribution and defined benefit plans. In the case of defined contribution plans, the Company makes contributions to state or private pension schemes based on legal or contractual requirements, or on a voluntary basis. Once the contributions have been paid, there are no further obligations for the Company. Current contributions are recognized as pension expenses of the period concerned. In 2012, they amounted to a total of €1,580 million (previous year: €1,237 million) in the Volkswagen Group. Of this figure, contributions to the compulsory state pension system in Germany amounted to €1,219 million (previous year: €925 million).

Most pension plans are defined benefit plans, with a distinction made between pensions financed by provisions and externally funded plans.

The pension provisions for defined benefits are measured using the internationally accepted projected unit credit method in accordance with IAS 19, under which the future obligations are measured on the basis of the ratable benefit entitlements earned as of the balance sheet date. Measurement reflects assumptions as to trends in the relevant variables affecting the level of benefits. All defined benefit plans require actuarial calculations. Actuarial gains or losses arise from changes in the number of beneficiaries and differences between actual trends (for example, in salary and pension increases or changes in interest rates) and the prior-year assumptions on which calculations were based. Actuarial gains and losses are recognized in other comprehensive income.

Owing to their benefit character, the obligations of the US Group companies in respect of post-employment medical care in particular are also carried under provisions for pensions and other post-employment benefits. These post-employment benefit provisions take into account the expected long-term rise in the cost of healthcare. A one percentage point increase or decrease in the assumed healthcare cost trends would only marginally affect the amount of the obligations. €18 million (previous year: €16 million) was recognized in fiscal year 2012 as an expense for health care costs. The related carrying amount as of December 31, 2012 was €226 million (previous year: €196 million).

Since 1996, the occupational pension arrangements of the Volkswagen Group in Germany have been based on a specially developed expense-related pension model that is classified as a defined benefit plan under IAS 19. With effect from January 1, 2001, this model was developed into a pension fund, with the annual remuneration-linked contributions being invested in funds by Volkswagen Pension Trust e.V. as the trustee. By investing in funds, this model offers an opportunity for increasing benefit entitlements, while at the same time safeguarding them. For this reason, almost all Group companies in Germany have now joined the fund. Since the fund investments held by the trust meet the criteria in IAS 19 for classification as plan assets, they are deducted from the obligation.

Where the foreign Group companies provide collateral for obligations, this mainly takes the form of shares, fixed-income securities and real estate.

The following amounts were recognized in the balance sheet for defined benefit plans:

€ million	**Dec. 31, 2012**	**Dec. 31, 2011**	**Dec. 31, 2010**	**Dec. 31, 2009**	**Dec. 31, 2008**
Present value of funded obligations	8,824	7,228	4,885	4,120	3,240
Fair value of plan assets	7,288	6,559	4,554	3,852	3,153
Funded status (net)	1,536	668	331	268	87
Present value of unfunded obligations	22,361	16,023	14,986	13,552	12,743
Unrecognized past service cost	29	33	35	36	22
Amount not recognized as an asset because of the limit in IAS 19	7	14	22	26	34
Net liability recognized in the balance sheet	**23,933**	**16,739**	**15,375**	**13,881**	**12,886**
of which provisions for pensions	23,969	16,787	15,432	13,936	12,955
of which other assets	36	48	57	54	69

The present value of the obligations is calculated as follows:

€ million	2012	2011
Present value of obligations at January 1	**23,251**	**19,871**
Current service cost	573	391
Interest cost	1,102	994
Actuarial gains/losses	5,697	821
Employee contributions to plan assets	41	25
Pension payments from company assets	762	679
Pension payments from plan assets	210	123
Past service cost	– 10	– 10
Gains from plan curtailments and settlements	0	– 8
Settlements	—	– 14
Changes in consolidated Group	1,485	2,056
Other changes	84	– 19
Foreign exchange differences from foreign plans	– 67	– 54
Present value of obligations at December 31	**31,185**	**23,251**

Changes in the composition of the plan assets are shown in the following table:

€ million	2012	2011
Fair value of plan assets at January 1	**6,559**	**4,554**
Expected return on plan assets	342	272
Actuarial gains/losses	108	– 184
Employer contributions to plan assets	440	391
Employee contributions to plan assets	41	25
Pension payments from plan assets	210	123
Settlements	—	14
Changes in consolidated Group	60	1,706
Other changes	6	– 36
Foreign exchange differences from foreign plans	– 59	– 30
Fair value of plan assets at December 31	**7,288**	**6,559**

Investment of the plan assets to cover future pension obligations resulted in income in the amount of €450 million (previous year: €88 million).

Plan assets include €20 million (previous year: €17 million) invested in Volkswagen Group assets and €7 million (previous year: €11 million) in Volkswagen Group debt instruments.

The rate for the expected long-term return on plan assets is based on the long-term returns actually generated for the portfolio, historical overall market returns and a forecast of expected returns on the securities classes held in the portfolio. The forecasts are based on detailed analyses by actuaries and experts in the investment industry. As the remaining period of service is used as the investment horizon, no major changes were made to assumptions regarding the expected return.

Employer contributions to plan assets in the next fiscal year are expected to amount to €485 million (previous year: €426 million).

Plan assets consist of the following components:

%	2012	2011
Equities	25.3	24.9
Fixed-income securities	56.1	58.6
Cash	6.7	2.6
Real estate	3.3	3.7
Other	8.6	10.3

The following amounts were recognized in the income statement:

€ million	2012	2011
Current service cost	573	391
Interest cost	1,102	994
Expected return on plan assets	342	272
Past service cost	−10	−10
Gains from plan curtailments and settlements	0	−8
Net income and expenses recognized in profit or loss	**1,324**	**1,095**

The above amounts are generally included in the personnel costs of the functions in the income statement. Interest cost on pension provisions and the expected return on plan assets are presented in finance costs.

€6,900 million (previous year: €2,965 million) of actuarial gains and losses, including non-controlling interests, recognized in the balance sheet was debited to equity.

The experience adjustments, meaning differences between changes in assets and obligations expected on the basis of actuarial assumptions and actual changes in those assets and obligations, are shown in the following table:

€ million	2012	2011	2010	2009	2008
Differences between expected and actual developments:					
as % of present value of the obligation	0.85	−0.79	0.39	1.16	−1.04
as % of fair value of plan assets	1.45	−2.50	0.13	3.16	−10.47

Calculation of the pension provisions was based on the following assumptions:

	GERMANY		ABROAD	
%	2012	2011	2012	2011
Discount rate at December 31	3.20	4.60	4.66	5.39
Expected return on plan assets	4.12	4.14	5.85	6.78
Salary trend	2.78	2.80	3.87	3.81
Pension trend	1.80	1.55	2.29	2.67
Employee turnover rate	1.02	1.10	4.22	4.20
Annual increase in healthcare costs	—	—	6.08	6.72

30 Noncurrent and current other provisions

€ million	Obligations arising from sales	Employee expenses	Miscellaneous provisions*	Total*
Balance at Jan. 1, 2011	**12,561**	**3,158**	**6,964**	**22,683**
Foreign exchange differences	21	−10	−96	−85
Changes in consolidated Group	966	221	1,467	2,654
Utilized	5,180	1,564	1,435	8,179
Additions/New provisions	7,516	2,897	3,457	13,870
Interest cost	118	11	20	148
Reversals	632	190	1,030	1,852
Balance at Dec. 31, 2011	**15,370**	**4,524**	**9,346**	**29,240**
of which current	7,398	2,682	5,925	16,005
of which noncurrent	7,972	1,842	3,421	13,235
Balance at Jan. 1, 2012	**15,370**	**4,524**	**9,346**	**29,240**
Foreign exchange differences	−119	−26	−157	−302
Changes in consolidated Group	988	482	407	1,877
Utilized	6,025	2,468	2,731	11,223
Additions/New provisions	7,780	3,029	3,108	13,917
Interest cost	246	110	5	361
Reversals	1,116	141	1,550	2,807
Balance at Dec. 31, 2012	**17,124**	**5,509**	**8,429**	**31,062**
of which current	8,487	3,272	4,930	16,689
of which noncurrent	8,637	2,237	3,499	14,373

* Prior-period figures adjusted because of the updated purchase price allocation for MAN.

The obligations arising from sales contain provisions covering all risks relating to the sale of vehicles, components and genuine parts through to the disposal of end-of-life vehicles. They primarily comprise warranty claims, calculated on the basis of losses to date and estimated future losses. They also include provisions for discounts, bonuses and similar allowances which are incurred after the balance sheet date, but for which there is a legal or constructive obligation attributable to sales revenue before the balance sheet date.

Provisions for employee expenses are recognized for long-service awards, time credits, the part-time scheme for employees near to retirement, severance payments and similar obligations, among other things.

Miscellaneous provisions relate to a wide range of identifiable specific risks and uncertain obligations, which are measured in the amount of the expected settlement value.

Miscellaneous provisions include provisions amounting to €293 million relating to the insurance business (previous year: €242 million).

31 Trade payables

€ million	Dec. 31, 2012	Dec. 31, 2011
Trade payables to		
third parties	16,978	16,100
affiliated companies	80	129
joint ventures	136	83
associates	68	11
other investees and investors	6	3
	17,268	**16,325**

Additional Balance Sheet Disclosures in Accordance with IFRS 7 (Financial Instruments)

CARRYING AMOUNT OF FINANCIAL INSTRUMENTS BY MEASUREMENT CATEGORY UNDER IAS 39

€ million	Dec. 31, 2012	Dec. 31, 2011
Financial assets at fair value through profit or loss	556	9,096
Loans and receivables	102,451	92,163
Available-for-sale financial assets	11,306	9,197
Financial liabilities at fair value through profit or loss	607	1,026
Financial liabilities measured at amortized cost*	138,506	112,975

* Prior-period figures adjusted because of the updated purchase price allocation for MAN.

RECONCILIATION OF BALANCE SHEET ITEMS TO CLASSES OF FINANCIAL INSTRUMENTS

The following table shows the reconciliation of the balance sheet items to the relevant classes of financial instruments, broken down by carrying amount and fair value of the financial instruments.

The fair value of financial instruments measured at amortized cost, such as receivables and liabilities, is calculated by discounting using a market rate of interest for a similar risk and matching maturity. For reasons of materiality, the fair value of current balance sheet items is deemed to be their carrying amount.

RECONCILIATION OF BALANCE SHEET ITEMS TO CLASSES OF FINANCIAL INSTRUMENTS AS OF DECEMBER 31, 2011

€ million	MEASURED AT FAIR VALUE	MEASURED AT AMORTIZED COST		NOT WITHIN SCOPE OF IFRS 7	BALANCE SHEET ITEM AT DEC. 31, 2011
	Carrying amount	Carrying amount	Fair value	Carrying amount	
Noncurrent assets					
Equity-accounted investments	—	—	—	10,249	10,249
Other equity investments	2,033	1,015	1,015	—	3,049
Financial services receivables	—	42,450	43,735	—	42,450
Other financial assets	9,737	3,085	3,116	—	12,823
Current assets					
Trade receivables	—	10,479	10,479	—	10,479
Financial services receivables	—	33,754	33,754	—	33,754
Other financial assets	789	3,464	3,464	—	4,253
Marketable securities	6,146	—	—	—	6,146
Cash, cash equivalents and time deposits	—	18,291	18,291	—	18,291
Noncurrent liabilities					
Noncurrent financial liabilities*	—	44,442	45,572	—	44,442
Other noncurrent financial liabilities	2,247	299	298	—	2,547
Current liabilities					
Current financial liabilities	—	49,090	49,090	—	49,090
Trade payables	—	16,325	16,325	—	16,325
Other current financial liabilities	1,727	3,161	3,161	—	4,888

* Prior-period figures adjusted because of the updated purchase price allocation for MAN.

RECONCILIATION OF BALANCE SHEET ITEMS TO CLASSES OF FINANCIAL INSTRUMENTS AS OF DECEMBER 31, 2012

€ million	MEASURED AT FAIR VALUE	MEASURED AT AMORTIZED COST		NOT WITHIN SCOPE OF IFRS 7	BALANCE SHEET ITEM AT DEC. 31, 2012
	Carrying amount	Carrying amount	Fair value	Carrying amount	
Noncurrent assets					
Equity-accounted investments	—	—	—	7,309	7,309
Other equity investments	2,606	1,265	1,265	—	3,870
Financial services receivables	—	49,785	50,491	—	49,785
Other financial assets	2,226	4,206	4,279	—	6,431
Current assets					
Trade receivables	—	10,099	10,099	—	10,099
Financial services receivables	—	36,911	36,911	—	36,911
Other financial assets	832	5,041	5,041	—	5,872
Marketable securities	7,433	—	—	—	7,433
Cash, cash equivalents and time deposits	—	18,488	18,488	—	18,488
Noncurrent liabilities					
Noncurrent financial liabilities	—	63,603	66,183	—	63,603
Other noncurrent financial liabilities	1,587	810	816	—	2,397
Current liabilities					
Current financial liabilities	—	54,060	54,060	—	54,060
Trade payables	—	17,268	17,268	—	17,268
Other current financial liabilities	1,230	3,195	3,195	—	4,425

BALANCE SHEET ITEMS MEASURED AT FAIR VALUE

€ million	Dec. 31, 2011	Level 1	Level 2	Level 3
Financial assets at fair value through profit or loss				
Derivatives	10,526	—	1,942	8,584
Available-for-sale financial assets				
Other equity investments	2,033	2,033	—	—
Marketable securities	6,146	6,122	24	—
Financial assets measured at fair value	**18,706**	**8,156**	**1,966**	**8,584**
Financial liabilities at fair value through profit or loss				
Derivatives	3,974	—	3,379	595
Financial liabilities measured at fair value	**3,974**	**—**	**3,379**	**595**

€ million	Dec. 31, 2012	Level 1	Level 2	Level 3
Financial assets at fair value through profit or loss				
Derivatives	3,057	—	2,939	119
Available-for-sale financial assets				
Other equity investments	2,606	2,606	—	—
Marketable securities	7,433	7,419	14	—
Financial assets measured at fair value	**13,096**	**10,025**	**2,953**	**119**
Financial liabilities at fair value through profit or loss				
Derivatives	2,818	—	2,757	60
Financial liabilities measured at fair value	**2,818**	**—**	**2,757**	**60**

The allocation of fair values to the three levels in the fair value hierarchy is based on the availability of observable market prices in an active market. Level 1 is used to report the fair value of financial instruments for which a quoted price is available. Examples include marketable securities and other equity investments measured at fair value. Fair values in Level 2, e.g. of derivatives, are measured on the basis of market inputs such as exchange rates or yield curves using market-based valuation techniques. Level 3 fair values are calculated using valuation techniques that incorporate inputs that are not directly observable in active markets. In the Volkswagen Group, Level 3 fair values comprise long-term commodity futures because the prices available on the market must be extrapolated for measurement purposes. Options on equity instruments and residual value protection models are also reported in Level 3. This mainly relates to the options on the outstanding shares of Porsche Holding Stuttgart until July 31, 2012.

CHANGES IN BALANCE SHEET ITEMS MEASURED AT FAIR VALUE BASED ON LEVEL 3

€ million	Financial assets measured at fair value	Financial liabilities measured at fair value
Balance at Jan. 1, 2011	**2,118**	**396**
Foreign exchange differences	0	0
Total comprehensive income	6,565	−298
recognized in profit or loss	6,541	−216
recognized in other comprehensive income	23	−81
Additions (purchases)	—	—
Sales and settlements	—	83
Transfers into Level 2	−98	−15
Balance at Dec. 31, 2011	**8,584**	**595**
Total gains or losses recognized in profit or loss	**6,541**	**−216**
Net other operating expense/income	90	−116
of which attributable to assets/liabilities held at the reporting date	90	−116
Financial result	6,452	−100
of which attributable to assets/liabilities held at the reporting date	6,414	17

€ million	Financial assets measured at fair value	Financial liabilities measured at fair value
Balance at Jan. 1, 2012	**8,584**	**595**
Foreign exchange differences	0	0
Total comprehensive income	1,784	486
recognized in profit or loss	1,785	423
recognized in other comprehensive income	−1	63
Additions (purchases)	—	—
Sales and settlements	−10,199	21
Transfers into Level 2	−51	−28
Balance at Dec. 31, 2012	**119**	**60**
Total gains or losses recognized in profit or loss	**1,785**	**423**
Net other operating expense/income	9	−3
of which attributable to assets/liabilities held at the reporting date	−13	24
Financial result	1,776	426
of which attributable to assets/liabilities held at the reporting date	3	−228

The transfers out of Level 3 into Level 2 comprise commodity futures for which observable quoted prices are now available again for measurement purposes due to the decline in their remaining maturities; consequently, no extrapolation is required.

Commodity prices are the key risk variable for the fair value of commodity futures. Sensitivity analyses are used to present the effect of changes in commodity prices on profit after tax and equity.

If commodity prices for commodity futures classified as Level 3 had been 10% higher (lower) as of December 31, 2012, profit would have been €4 million (previous year: €34 million) higher (lower) and equity would have been €18 million (previous year: €38 million) higher (lower).

The key risk variable for measuring options on equity instruments held by the Company is the relevant enterprise value. Sensitivity analyses are used to present the effect of changes in risk variables on profit.

If the assumed enterprise values had been 10% higher, profit would have been €14 million (previous year: €1,322 million) higher. If the assumed enterprise values had been 10% lower, profit would have been €25 million (previous year: €1,324 million) lower.

Residual value risks result from hedging agreements with dealers under which earnings effects caused by market-related fluctuations in residual values that arise from buy-back obligations under leases are borne in part by the Volkswagen Group.

The key risk variable influencing the fair value of the options relating to residual value risks is used car prices. Sensitivity analyses are used to quantify the effects of changes in used car prices on earnings after tax.

If the prices for the used cars covered by the residual value protection model had been 10% higher as of December 31, 2012, profit after tax would have been €162 million higher. If the prices for the used cars covered by the residual value protection model had been 10% lower as of December 31, 2012, profit after tax would have been €162 million lower.

CHANGES IN CREDIT RISK VALUATION ALLOWANCES ON FINANCIAL ASSETS

€ million	Specific valuation allowances	Portfolio-based valuation allowances	2012	Specific valuation allowances	Portfolio-based valuation allowances	2011
Balance at Jan.1	**1,983**	**1,050**	**3,033**	**1,951**	**685**	**2,636**
Exchange rate and other changes	−20	−13	−34	−24	−6	−31
Changes in consolidated Group	46	13	59	38	19	57
Additions	901	383	1,284	834	484	1,318
Utilization	399	—	399	382	—	382
Reversals	416	203	619	442	124	566
Reclassification	−23	23	0	8	−8	—
Balance at Dec. 31	**2,072**	**1,253**	**3,325**	**1,983**	**1,050**	**3,033**

The valuation allowances mainly relate to the credit risks associated with the financial services business.

The receivables from customer financing and trade receivables include transferred receivables in the total amount of €570 million and €8 million respectively that were not derecognized in their entirety because the credit risk remains with the Volkswagen Group. The total purchase price received of €553 million and €8 million, respectively, is reported in financial liabilities. The fair values of the receivables and liabilities are not materially different to their carrying amounts.

Other Disclosures

32 Cash flow statement

Cash flows are presented in the cash flow statement classified into cash flows from operating activities, investing activities and financing activities, irrespective of the format of the balance sheet.

Cash flows from operating activities are derived indirectly from profit before tax. Profit before tax is adjusted to eliminate noncash expenditures (mainly depreciation and amortization) and income. Other noncash income and expenses include in particular income from the remea-surement of the Porsche call option amounting to €1,875 million (previous year: €6,554 million). This results in cash flows from operating activities after accounting for changes in working capital, which also include changes in leasing and rental assets and in financial services receivables.

Investing activities include additions to property, plant and equipment and equity investments, additions to capitalized development costs and investments in securities and loans.

Financing activities include outflows of funds from dividend payments and redemption of bonds, inflows from the capital increase and issuance of bonds, and changes in other financial liabilities. Please refer to note 24 for information on the inflows from the issuance of a mandatory convertible note (€2,048 million) contained in the capital contributions.

The changes in balance sheet items that are presented in the cash flow statement cannot be derived directly from the balance sheet, as the effects of currency translation and changes in the consolidated Group are noncash transactions and are therefore eliminated.

In 2012, cash flows from operating activities include interest received amounting to €5,740 million (previous year: €7,202 million) and interest paid amounting to €3,915 million (previous year: €4,796 million). In addition, the share of profits and losses of equity-accounted investments (note 7) includes dividends amounting to €3,925 million (previous year: €1,487 million).

Dividends amounting to €1,406 million (previous year: €1,034 million) were paid to Volkswagen AG shareholders.

€ million	Dec. 31, 2012	Dec. 31, 2011
Cash, cash equivalents and time deposits as reported in the balance sheet	18,488	18,291
Time deposits and restricted cash	–694	–1,796
Cash and cash equivalents as reported in the cash flow statement	17,794	16,495

Time deposits and restricted cash are not classified as cash equivalents. Time deposits have a contractual maturity of more than three months. Restricted cash at the reporting date amounted to €128 million (previous year: €– million). The maximum default risk corresponds to its carrying amount.

33 Financial risk management and financial instruments

1. HEDGING GUIDELINES AND FINANCIAL RISK MANAGEMENT PRINCIPLES

The principles and responsibilities for managing and controlling the risks that could arise from financial instruments are defined by the Board of Management and monitored by the Supervisory Board. General rules apply to the Group-wide risk policy; these are oriented on the statutory requirements and the ''Minimum Requirements for Risk Management by Credit Institutions''.

Group Treasury is responsible for operational risk management and control. At present, the Scania and MAN subgroups are not centrally coordinated by Group Treasury due to reasons of time or legal restrictions related to stock exchange law. Additionally, the integration process for both Porsche Holding Stuttgart and Porsche Holding GmbH, Salzburg (Porsche Holding Salzburg) has not yet been fully completed. All of these companies have their own, well-established risk management structures. The Executive Committee for Liquidity and Foreign Currency is regularly informed about current financial risks. In addition, the Group Board of Management and the Supervisory Board are regularly updated on the current risk situation.

For more information, please see the following excerpt from the management report.

Strategies for hedging financial risks

In the course of our business activities, financial risks may arise from changes in interest rates, exchange rates, raw materials prices, or share and fund prices. Management of financial and liquidity risks is the responsibility of the central Group Treasury department, which minimizes these risks using nonderivative and derivative financial instruments. The Board of Management is informed of the current risk situation at regular intervals.

We hedge interest rate risk, where appropriate in combination with currency risk, and risks arising from fluctuations in the value of financial instruments by means of interest rate swaps, cross-currency swaps and other interest rate contracts with matching amounts and maturity dates. This also applies to financing arrangements within the Volkswagen Group.

Foreign currency risk is reduced in particular through natural hedging, i.e. by flexibly adapting our production capacity at our locations around the world, establishing new production facilities in the most important currency regions and also procuring a large percentage of components locally, currently for instance in India, Russia, the USA, China and Mexico. We hedge the residual foreign currency risk using hedging instruments. These include currency forwards, currency options and cross-currency swaps. We use these transactions to limit the currency risk associated with forecasted cash flows from operating activities and intragroup financing in currencies other than the respective functional currency. The currency forwards and currency options can have a term of up to six years. We use them to hedge our principal foreign currency risks associated with forecasted cash flows, mostly against the euro and primarily in US dollars, sterling, Chinese renminbi, Russian rubles, Swedish kronor, Mexican pesos, Australian dollars and Korean won.

In purchasing raw materials, risks arise relating to the availability of raw materials and price trends. We limit these risks mainly by entering into forward transactions and swaps. We have used appropriate contracts to hedge some of our requirements for commodities such as aluminum, copper, lead, platinum, rhodium, palladium and coal over a period of up to seven years. Similar transactions have been entered into for the purpose of supplementing and improving allocations of CO_2 emission certificates.

We ensure that the Company remains solvent at all times by holding sufficient liquidity reserves, through confirmed credit lines and through our tried-and-tested money market and capital market programs. We cover the capital requirements of the growing financial services business mainly through borrowings at matching maturities raised in the national and international financial markets as well as through customer deposits from the direct banking business. Financing conditions in the reporting period were almost unchanged compared with 2011. For this reason and thanks to the broadly diversified structure of our refinancing sources, we were always able to raise sufficient liquidity in the various markets.

Credit lines from banks are generally only ever used within the Group to cover short-term working capital requirements. Projects are financed by, among other things, loans provided at favorable interest rates by development banks such as the European Investment Bank (EIB), the International Finance Corporation (IFC) and the European Bank for Reconstruction and Development (EBRD), or by national development banks such as Kreditanstalt für Wiederaufbau (KfW) and Banco Nacional de Desenvolvimento Econômico e Social (BNDES). This extensive range of options means that the liquidity risk to the Volkswagen Group is extremely low.

The notes on pages F-238 to F-247 explain our hedging policy, the hedging rules and the default and liquidity risks, and quantify the hedging transactions mentioned. Additionally, we outline the market risk within the meaning of IFRS 7.

Risks arising from financial instruments

Channeling excess liquidity into investments gives rise to counterparty risk. Partial or complete failure by a counterparty to perform its obligation to pay interest and repay principal would have a negative impact on the Volkswagen Group's earnings and liquidity. We counter this risk through our counterparty risk management, which we describe in more detail in the section entitled "Principles and Goals of Financial Management." In addition to counterparty risk, the financial instruments held for hedging purposes hedge balance sheet risks, which we limit by applying hedge accounting.

By diversifying when we invest excess liquidity and by entering into financial instruments for hedging purposes, we ensure that the Volkswagen Group remains solvent at all times, even in the event of a default by individual counterparties.

Risks arising from trade receivables and from financial services are explained in the notes from page F-238.

Principles and goals of financial management

Financial management at the Volkswagen Group covers liquidity management, currency, interest rate and commodity risk management, as well as credit and country risk management. It is performed centrally for all Group companies by Group Treasury, based on internal directives and risk parameters. The Scania and MAN subgroups are not coordinated centrally for reasons of timing and legal restrictions related to stock exchange law. The integration process for Porsche AG and Porsche Holding Salzburg has not yet been fully completed.

With regard to liquidity, the goals of financial management are to ensure that the Volkswagen Group remains solvent at all times and to achieve an adequate return from the investment of surplus funds. Currency, interest rate and commodity risk management is designed to hedge the prices on which investment, production and sales plans are based using derivative financial instruments. Credit and country risk management aims to use diversification to avoid exposing the Volkswagen Group to the risk of loss or default. To achieve this, internal limits are defined for the volume of business per counterparty when entering into financial transactions. Various rating criteria are taken into account when setting these limits, including the ratings awarded by independent agencies and the capital resources of potential counterparties. The relevant risk limits and the authorized financial instruments, hedging methods and hedging horizons are approved by the Executive Committee for Liquidity and Foreign Currency.

2. CREDIT AND DEFAULT RISK

The credit and default risk arising from financial assets involves the risk of default by counterparties, and therefore comprises at a maximum the amount of the claims under carrying amounts receivable from them and the irrevocable credit commitments. The maximum potential credit and default risk is reduced by collateral held and other credit enhancements in the amount of €65,267 million (previous year: €59,237 million). The collateral held relates solely to financial assets carried at amortized cost and mainly serves to secure financial services receivables and trade receivables. Collateral comprises vehicles and assets transferred as security, as well as guarantees and real property liens. The risk arising from nonderivative financial instruments is also accounted for by recognizing bad debt losses. Significant cash and capital investments, as well as derivatives, are only entered into with prime-rated national and international counterparties. Risk is additionally limited by a limit system based primarily on credit assessments by the international rating agencies and on the equity base of the counterparties concerned.

There were no material concentrations of risk at individual counterparties or counterparty groups in the past fiscal year due to the global allocation of the Group's business activities and the resulting diversification. By contrast, a significant portion of the Group-wide cash and capital investments, as well as derivatives, was attributable to the German public banking sector as a whole.

CREDIT AND DEFAULT RISK RELATING TO FINANCIAL ASSETS BY GROSS CARRYING AMOUNT

€ million	Neither past due nor impaired	Past due and not impaired	Impaired	Dec. 31, 2012	Neither past due nor impaired	Past due and not impaired	Impaired	Dec. 31, 2011
Measured at amortized cost								
Financial services receivables	83,104	2,767	3,333	89,204	73,332	2,356	2,825	78,513
Trade receivables	7,055	3,111	378	10,544	7,674	2,688	343	10,706
Other receivables	8,832	73	512	9,417	6,460	69	523	7,052
	98,991	**5,951**	**4,223**	**109,165**	**87,467**	**5,113**	**3,691**	**96,271**

There are no past due financial instruments measured at fair value in the Volkswagen Group. In fiscal year 2012, marketable securities measured at fair value with a cost of €85 million (previous year: €73 million) were individually impaired.

CREDIT RATING OF THE GROSS CARRYING AMOUNTS OF FINANCIAL ASSETS THAT ARE NEITHER PAST DUE NOR IMPAIRED

€ million	Risk class 1	Risk class 2	Dec. 31, 2012	Risk class 1	Risk class 2	Dec. 31, 2011
Measured at amortized cost						
Financial services receivables	67,630	15,475	83,104	62,252	11,080	73,332
Trade receivables	7,054	1	7,055	7,674	0	7,674
Other receivables	8,796	36	8,832	6,427	33	6,460
Measured at fair value	10,108	—	10,108	16,387	—	16,387
	93,587	**15,512**	**109,099**	**92,740**	**11,114**	**103,854**

The Volkswagen Group performs a credit assessment of borrowers in all loan and lease agreements, using scoring systems for the high-volume business and rating systems for corporate customers and receivables from dealer financing. Receivables rated as good are contained in risk class 1. Receivables from customers whose credit rating is not good but have not yet defaulted are contained in risk class 2.

MATURITY ANALYSIS OF THE GROSS CARRYING AMOUNTS OF FINANCIAL ASSETS THAT ARE PAST DUE AND NOT IMPAIRED

	PAST DUE BY			GROSS CARRYING AMOUNT
€ million	up to 30 days	30 to 90 days	more than 90 days	Dec. 31, 2011
Measured at amortized cost				
Financial services receivables	1,743	591	22	2,356
Trade receivables	1,626	561	502	2,688
Other receivables	36	10	23	69
Measured at fair value	—	—	—	—
	3,404	**1,162**	**546**	**5,113**

€ million	PAST DUE BY up to 30 days	30 to 90 days	more than 90 days	GROSS CARRYING AMOUNT Dec. 31, 2012
Measured at amortized cost				
Financial services receivables	2,206	536	24	2,767
Trade receivables	1,677	868	566	3,111
Other receivables	37	7	29	73
Measured at fair value	—	—	—	—
	3,920	**1,411**	**620**	**5,951**

Collateral that was accepted for financial assets in the current fiscal year was recognized in the balance sheet in the amount of €129 million (previous year: €86 million). This mainly relates to vehicles.

3. LIQUIDITY RISK

The solvency and liquidity of the Volkswagen Group are ensured at all times by rolling liquidity planning, a liquidity reserve in the form of cash, confirmed credit lines and globally available debt issuance programs. There were no significant risk concentrations in the past fiscal year.

The following overview shows the contractual undiscounted cash flows from financial instruments.

MATURITY ANALYSIS OF UNDISCOUNTED CASH FLOWS FROM FINANCIAL INSTRUMENTS

€ million	REMAINING CONTRACTUAL MATURITIES under one year	within one to five years	over five years	2012	REMAINING CONTRACTUAL MATURITIES under one year	within one to five years	over five years	2011
Financial liabilities	56,609	61,032	6,273	123,914	50,978	43,375	5,009	99,363
Trade payables	17,264	4	—	17,269	16,323	3	—	16,326
Other financial liabilities	3,196	729	96	4,021	3,313	273	104	3,690
Derivatives	51,425	56,029	78	107,532	46,699	51,150	156	98,005
	128,494	**117,794**	**6,447**	**252,736**	**117,313**	**94,801**	**5,269**	**217,383**

Derivatives comprise both cash flows from derivative financial instruments with negative fair values and cash flows from derivatives with positive fair values for which gross settlement has been agreed. The cash outflows from derivatives for which gross settlement has been agreed are matched in part by cash inflows. These cash inflows are not reported in the maturity analysis. If these cash inflows were also recognized, the cash outflows presented would be substantially lower.

The cash outflows from irrevocable credit commitments are presented in note 37, classified by contractual maturities.

The maximum potential liability under financial guarantees amounted to €846 million as of December 31, 2012 (previous year: €542 million). Financial guarantees are assumed to be due immediately in all cases. They relate primarily to guarantees. The year-on-year increase is primarily due to the initial consolidation of the newly acquired companies in the reporting period.

4. MARKET RISK

4.1 HEDGING POLICY AND FINANCIAL DERIVATIVES

During the course of its general business activities, the Volkswagen Group is exposed to foreign currency, interest rate, commodity price, equity price and fund price risk. Corporate policy is to limit or eliminate such risk by means of hedging. All necessary hedging transactions with the exception of the Scania, MAN, Porsche Holding Stuttgart and Porsche Holding Salzburg subgroups are executed or coordinated centrally by Group Treasury. There were no significant risk concentrations in the past fiscal year.

The following table shows the gains and losses on hedges:

€ million	2012	2011
Hedging instruments used in fair value hedges	12	206
Hedged items used in fair value hedges	–119	–220
Ineffective portion of cash flow hedges	0	–7

The ineffective portion of cash flow hedges represents the income and expenses from changes in the fair value of hedging instruments that exceed the changes in the fair value of the hedged items but that are shown to be within the permitted range of 80% to 125% overall when measuring effectiveness. Such income or expenses are recognized directly in the financial result.

In 2012, €958 million (previous year: €–71 million) from the cash flow hedge reserve was transferred to the other operating result, reducing earnings, while €14 million (previous year: €29 million) was transferred to the financial result, reducing earnings, and €–21 million (previous year: €–24 million) was included in the cost of sales, increasing earnings.

The Volkswagen Group uses two different methods to present market risk from nonderivative and derivative financial instruments in accordance with IFRS 7. A value-at-risk model is used to measure foreign currency and interest rate risk in the Volkswagen Financial Services subgroup, while market risk in the other Group companies is determined using a sensitivity analysis. The value-at-risk calculation entails determining potential changes in financial instruments in the event of variations in interest and exchange rates using a historical simulation based on the last 1,000 trading days. Other calculation parameters are a holding period of 40 days and a confidence level of 99%. The sensitivity analysis calculates the effect on equity and profit or loss by modifying risk variables within the respective market risks.

4.2 MARKET RISK IN THE VOLKSWAGEN GROUP (EXCLUDING VOLKSWAGEN FINANCIAL SERVICES)

4.2.1 Foreign currency risk

Foreign currency risk in the Volkswagen Group (excluding Volkswagen Financial Services) is attributable to investments, financing measures and operating activities. Currency forwards, currency options, currency swaps and cross-currency swaps are used to limit foreign currency risk. These transactions relate to the exchange rate hedging of all material payments covering general business activities that are not made in the functional currency of the respective Group companies. The principle of matching currencies applies to the Group's financing activities.

Hedging transactions performed in 2012 as part of foreign currency risk management related primarily to the US dollar, sterling, the Chinese renminbi, the Russian ruble, the Swedish krona, the Mexican peso, the Australian dollar and the Korean won.

All nonfunctional currencies in which the Volkswagen Group enters into financial instruments are included as relevant risk variables in the sensitivity analysis in accordance with IFRS 7.

If the functional currencies concerned had appreciated or depreciated by 10% against the other currencies, the exchange rates shown below would have resulted in the following effects on the hedging reserve in equity and on profit after tax. It is not appropriate to add together the individual figures, since the results of the various functional currencies concerned are based on different scenarios.

€ million	DEC. 31, 2012 +10%	DEC. 31, 2012 – 10%	DEC. 31, 2011 +10%	DEC. 31, 2011 – 10%
Exchange rate				
EUR/USD				
Hedging reserve	2,000	– 1,863	1,519	– 1,471
Profit after tax	– 367	266	– 207	185
EUR/GBP				
Hedging reserve	1,200	– 1,200	897	– 897
Profit after tax	– 53	53	3	– 3
EUR/CNY				
Hedging reserve	716	– 660	271	– 271
Profit after tax	4	– 34	– 76	76
EUR/CHF				
Hedging reserve	385	– 380	354	– 354
Profit after tax	– 8	5	– 6	6
EUR/JPY				
Hedging reserve	207	– 200	189	– 189
Profit after tax	– 17	11	9	– 9
EUR/SEK				
Hedging reserve	148	– 148	125	– 125
Profit after tax	– 49	49	– 26	26
EUR/CAD				
Hedging reserve	115	– 113	92	– 92
Profit after tax	– 19	15	0	0
EUR/AUD				
Hedging reserve	108	– 108	97	– 97
Profit after tax	– 7	7	– 23	23
CZK/GBP				
Hedging reserve	104	– 104	88	– 88
Profit after tax	0	0	0	0
EUR/CZK				
Hedging reserve	52	– 52	73	– 73
Profit after tax	– 39	39	– 36	36
CZK/USD				
Hedging reserve	81	– 81	62	– 62
Profit after tax	– 2	2	– 2	2
EUR/RUB				
Hedging reserve	29	– 29	9	– 9
Profit after tax	– 40	40	– 49	49
EUR/HUF				
Hedging reserve	– 58	58	– 58	58
Profit after tax	2	– 2	3	– 3

4.2.2 Interest rate risk

Interest rate risk in the Volkswagen Group (excluding Volkswagen Financial Services) results from changes in market interest rates, primarily for medium- and long-term variable interest receivables and liabilities. Interest rate swaps, cross-currency swaps and other types of interest rate contracts are entered into to hedge against this risk primarily under fair value or cash flow hedges, and depending on market conditions. Intragroup financing arrangements are mainly structured to match the maturities of their refinancing.

Interest rate risk within the meaning of IFRS 7 is calculated for these companies using sensitivity analyses. The effects of the risk-variable market rates of interest on the financial result and on equity are presented, net of tax.

If market interest rates had been 100 bps higher as of December 31, 2012, equity would have been €126 million (previous year: €60 million) lower. If market interest rates had been 100 bps lower as of December 31, 2012, equity would have been €103 million (previous year: €58 million) higher.

If market interest rates had been 100 bps higher as of December 31, 2012, profit after tax would have been €81 million (previous year: €120 million) higher. If market interest rates had been 100 bps lower as of December 31, 2012, profit after tax would have been €67 million (previous year: €124 million) lower.

4.2.3 Commodity price risk

Commodity price risk in the Volkswagen Group (excluding Volkswagen Financial Services) primarily results from price fluctuations and the availability of nonferrous metals and precious metals, as well as of coal, CO_2 certificates and rubber. Forward transactions and swaps are entered into to limit these risks.

Hedge accounting in accordance with IAS 39 was applied in some cases to the hedging of commodity risk associated with aluminum, copper and coal.

Commodity price risk within the meaning of IFRS 7 is presented using sensitivity analyses. These show the effect on profit after tax and equity of changes in risk variables in the form of commodity prices.

If the commodity prices of the hedged metals, coal and rubber had been 10% higher (lower) as of December 31, 2012, profit after tax would have been €114 million (previous year: €169 million) higher (lower).

If the commodity prices of the hedging transactions accounted for using hedge accounting had been 10% higher (lower) as of December 31, 2012, equity would have been €65 million (previous year: €84 million) higher (lower).

4.2.4 Equity and bond price risk

The Spezialfonds (special funds) launched using surplus liquidity and the equity interests measured at fair value are subject in particular to equity price and bond price risk, which can arise from fluctuations in quoted market prices, stock exchange indices and market rates of interest. The changes in bond prices resulting from variations in the market rates of interest are quantified in sections 4.2.1 and 4.2.2, as are the measurement of foreign currency and other interest rate risks arising from the special funds and the equity interests measured at fair value. As a rule, we counter the risks arising from the special funds by ensuring a broad diversification of products, issuers and regional markets when investing funds, as stipulated by our Investment Guidelines. In addition, we use exchange rate hedges in the form of futures contracts when market conditions are appropriate.

As part of the presentation of market risk, IFRS 7 requires disclosures on how hypothetical changes in risk variables affect the price of financial instruments. Potential risk variables here are in particular quoted market prices or indices, as well as interest rate changes as bond price parameters.

If share prices had been 10% higher as of December 31, 2012, equity would have been €222 million (previous year: €159 million) higher. If share prices had been 10% lower as of December 31, 2012, equity would have been €233 million (previous year: €159 million) lower.

4.3 MARKET RISK AT VOLKSWAGEN FINANCIAL SERVICES

Exchange rate risk in the Volkswagen Financial Services subgroup is mainly attributable to assets that are not denominated in the functional currency and from refinancing within operating activities. Interest rate risk relates to refinancing without matching maturities and the varying interest rate elasticity of individual asset and liability items. The risks are limited by the use of currency and interest rate hedges.

Microhedges and portfolio hedges are used for interest rate hedging. Fixed-rate assets and liabilities included in the hedging strategy are recognized at fair value, as opposed to their original subsequent measurement at amortized cost. The resulting effects in the income statement are offset by the corresponding gains and losses on the interest rate hedging instruments (swaps). Currency hedges (currency forwards and cross-currency swaps) are used to mitigate foreign currency risk. All cash flows in foreign currency are hedged.

As of December 31, 2012, the value at risk was €87 million (previous year: €167 million) for interest rate risk and €144 million (previous year: €168 million) for foreign currency risk.

The entire value at risk for interest rate and foreign currency risk at the Volkswagen Financial Services subgroup was €155 million (previous year: €196 million).

5. METHODS FOR MONITORING HEDGE EFFECTIVENESS

In the Volkswagen Group, hedge effectiveness is assessed prospectively using the critical terms match method and using statistical methods in the form of a regression analysis. Retrospective analysis of effectiveness uses effectiveness tests in the form of the dollar offset method or a regression analysis.

Under the dollar offset method, the changes in value of the hedged item expressed in monetary units are compared with the changes in value of the hedging instrument expressed in monetary units.

Where regression analysis is used, the change in value of the hedged item is presented as an independent variable, and that of the hedging instrument as a dependent variable. Hedge relationships are classified as effective if they have sufficient coefficients of determination and slope factors.

NOTIONAL AMOUNT OF DERIVATIVES

	REMAINING TERM			TOTAL NOTIONAL AMOUNT	TOTAL NOTIONAL AMOUNT
€ million	**under one year**	**within one to five years**	**over five years**	**Dec. 31, 2012**	**Dec. 31, 2011**
Notional amount of hedging instruments used in cash flow hedges:					
Interest rate swaps	1,232	4,735	—	5,967	8,954
Currency forwards	36,838	45,454	—	82,293	73,118
Currency options	4,284	8,696	—	12,980	812
Currency swaps	410	501	—	912	647
Cross-currency swaps	432	1,088	17	1,538	1,586
Commodity futures contracts	284	599	—	884	1,133
Notional amount of other derivatives:					
Interest rate swaps	18,109	41,638	1,895	61,642	51,832
Interest rate option contracts	—	—	40	40	63
Currency forwards	6,392	1,001	1	7,394	7,175
Other currency options	254	30	7	290	175
Currency swaps	5,680	121	—	5,800	4,768
Cross-currency swaps	2,363	6,557	7	8,928	7,560
Commodity futures contracts	965	758	—	1,723	2,771

In addition to the derivatives used for hedging foreign currency, interest rate and price risk, the Group held options and other derivatives on equity instruments at the reporting date whose remaining maturity is under one year with a notional amount of €1.5 billion (previous year: €1.5 billion), and options on equity instruments whose remaining maturity is more than one year with a notional amount of € — billion (previous year: €7.8 billion). In the previous year, this mainly related to options on the outstanding shares of Porsche Holding Stuttgart.

Existing cash flow hedges in the notional amount of €76 million were discontinued because of a reduction in the projections. €3 million was transferred from the cash flow hedge reserve to the other financial result, increasing earnings.

Items hedged under cash flow hedges are expected to be realized in accordance with the maturity buckets of the hedges reported in the table.

The fair values of the derivatives are estimated using market data at the balance sheet date as well as by appropriate valuation techniques. The following term structures were used for the calculation:

as %	EUR	USD	GBP	CNY	RUB	SEK	MXN	AUD	KRW
Interest rate for six months	0.3200	0.5083	0.6669	4.1000	7.6600	1.7275	4.3700	3.3700	2.9300
Interest rate for one year	0.5420	0.8435	1.0138	4.4002	7.3900	1.9425	4.5300	3.6820	2.9600
Interest rate for five years	0.7650	0.8215	1.0179	4.2100	7.4500	1.5230	5.1100	3.2900	2.8950
Interest rate for ten years	1.5650	1.7425	1.8630	4.2500	7.9700	2.0350	5.3450	3.8250	3.1225

34 Capital management

The goal of capital management is to ensure that the Group can effectively achieve its goals and strategies in the interests of shareholders, employees and other stakeholders. In particular, management focuses on generating the minimum return on invested assets in the Automotive Division that is required by the capital markets, and on increasing the return on equity in the Financial Services Division. In addition, the goals of the Financial Services Division are to meet the banking supervisory authorities' regulatory capital requirements, to support its external rating by ensuring capital adequacy and to procure equity for the growth planned in the next fiscal years. In the process, it aims overall to achieve the highest possible growth in the value of the Group and its divisions for the benefit of all the Company's stakeholder groups.

The Volkswagen Group's financial target system focuses systematically on continuously and sustainably increasing the value of the Company. In order to maximize the use of resources in the Automotive Division and to measure the success of this, we have been using value contribution, a control variable linked to the cost of capital, for a number of years.

The concept of value contribution not only allows overall performance to be measured in the Automotive Division, but also in the individual business units, projects and products. In addition, business units and product-specific investment projects can be managed operationally and strategically using the value contribution.

Equity and financial liabilities are compared in the following table:

€ million	Dec. 31, 2012	Dec. 31, 2011
Equity	**81,825**	**63,354**
Proportion of total equity and liabilities as %	26.4	25.0
Noncurrent financial liabilities*	63,603	44,442
Current financial liabilities	54,060	49,090
Total financial liabilities*	**117,663**	**93,532**
Proportion of total equity and liabilities as %	38.0	36.9
Total equity and liabilities*	**309,644**	**253,769**

* Prior-period figures adjusted because of the updated purchase price allocation for MAN.

35 Contingent liabilities

€ million	Dec. 31, 2012	Dec. 31, 2011
Liabilities under guarantees	846	542
Liabilities under warranty contracts	96	89
Pledges on company assets as security for third-party liabilities	1,487	1,449
Other contingent liabilities	2,188	1,997
	4,617	**4,077**

The trust assets and liabilities of the savings and trust entities belonging to the South American subsidiaries not included in the consolidated balance sheet amount to €511 million (previous year: €449 million).

In the case of liabilities from guarantees (financial guarantee contracts), the Group is required to make specific payments if the debtors fail to meet their financial obligations.

Liabilities arising from the pledge of company assets as security for third-party liabilities primarily include the pledge of claims under certificates of deposit with Bankhaus Metzler in the amount of €1.5 billion to secure a loan granted to Fleet Investments B.V. by Bankhaus Metzler (please see the information on the basis of consolidation and joint ventures).

The other contingent liabilities are attributable primarily to potential liabilities arising from matters relating to taxes and customs duties, as well as to litigation and proceedings relating to suppliers, dealers, customers and employees.

36 Litigation

The investigation launched in fiscal year 2010 by the UK Office of Fair Trading (OFT) into Volkswagen subsidiaries Scania and MAN SE was discontinued in fiscal year 2011 and forwarded to the European Commission. The investigations by the European Commission into MAN Truck & Bus AG and MAN Diesel & Turbo SE launched in fiscal year 2011 due to a suspected possible antitrust violation in the engines business were discontinued in fiscal year 2012. The investigation into Scania and MAN launched by the European Commission in fiscal year 2011 concerning alleged inappropriate exchange of information is continuing. Additionally, in fiscal years 2011/2012, the South Korean antitrust authorities conducted investigations at MAN Truck & Bus (Korea) Limited, Seoul/South Korea, and at the Scania-owned import company in South Korea. Such investigations normally take several years. It is still too early to judge whether these investigations pose any risk to Scania or MAN.

Based on indications of irregularities in the course of the handover of four-stroke marine diesel engines by MAN Diesel & Turbo SE, MAN SE's Executive Board launched an investigation by MAN SE's

Compliance department and external advisers. This investigation has shown that it was possible to externally manipulate the technically calculated fuel consumption figures of four-stroke marine diesel engines on test beds operated by MAN Diesel & Turbo SE (formerly: MAN Diesel SE) such that the figures displayed differed from the actual test results. MAN informed the Munich Public Prosecution Office I about the investigation. The matter was transferred to the Augsburg Public Prosecution Office at the end of 2011 and is still ongoing.

In the course of their operating activities, Volkswagen AG and the companies in which it is directly or indirectly invested also become involved in legal disputes and official proceedings in Germany and internationally. In particular, such proceedings may occur in relation to suppliers, dealers, customers, employees, or investors.

For the companies involved, these may result in payment or other obligations. Particularly in cases where US customers assert claims for vehicle defects individually or by way of a class action, highly cost-intensive measures may have to be taken and substantial compensation or punitive damages paid. Corresponding risks also result from US patent infringement proceedings.

Where transparent and economically viable, adequate insurance cover is taken out for these risks and appropriate provisions recognized for the remaining identifiable risks. The Company does not believe, therefore, that these risks will have a sustained effect on the economic position of the Group.

However, as some risks cannot be assessed or can only be assessed to a limited extent, the possibility of loss or damage not being covered by the insured amounts and provisions cannot be ruled out.

37 Other financial obligations

€ million	PAYABLE 2012	PAYABLE 2013 – 2016	PAYABLE from 2017	TOTAL Dec. 31, 2011
Purchase commitments in respect of				
property, plant and equipment	5,126	775	—	5,901
intangible assets	216	43	—	259
investment property	0	—	—	0
Obligations from				
loan commitments to unconsolidated subsidiaries	161	—	—	161
irrevocable credit commitments to customers	3,420	128	—	3,548
long-term leasing and rental contracts	644	1,616	2,193	4,453
Miscellaneous other financial obligations	3,943	707	77	4,727

€ million	PAYABLE 2013	PAYABLE 2014 – 2017	PAYABLE from 2018	TOTAL Dec. 31, 2012
Purchase commitments in respect of				
property, plant and equipment	6,755	1,170	—	7,925
intangible assets	428	98	—	525
investment property	1	—	—	1
Obligations from				
loan commitments to unconsolidated subsidiaries	95	—	—	95
irrevocable credit commitments to customers	2,747	151	284	3,183
long-term leasing and rental contracts	805	1,996	2,163	4,963
Miscellaneous other financial obligations	4,121	1,215	76	5,412

Other financial obligations from long-term leasing and rental contracts are partly offset by expected income from subleases of €626 million (previous year: €680 million).

The miscellaneous other financial obligations contain obligations under an irrevocable credit commitment in the amount of €1.3 billion to LeasePlan Corporation N.V., Amsterdam, the Netherlands, a Volkswagen Group joint venture, with a term until December 2015. The loan has not been drawn down to date.

38 Total audit fees of the Group auditors

Under the provisions of the Handelsgesetzbuch (HGB — German Commercial Code), Volkswagen AG is obliged to disclose the total audit fee of the Group auditors in Germany.

€ million	2012	2011
Financial statement audit services	12	17
Other assurance services	4	3
Tax advisory services	0	0
Other services	4	10
	20	**31**

39 Total expense for the period

€ million	2012	2011
Cost of materials		
Cost of raw materials, consumables and supplies, purchased merchandise and services	**122,450**	**104,648**
Personnel expenses		
Wages and salaries	24,050	19,360
Social security, post-employment and other employee benefit costs	5,453	4,494
	29,503	**23,854**

40 Average number of employees during the year

	2012	2011
Performance-related wage-earners	222,487	196,666
Salaried staff	247,010	203,404
	469,497	**400,070**
of which in the passive phase of partial retirement	(6,386)	(4,276)
Vocational trainees	14,803	11,706
	484,300	**411,776**
Chinese manufacturing joint ventures	49,169	42,249
	533,469	**454,025**

41 Events after the balance sheet date

There were no significant events after the end of fiscal year 2012.

42 Related party disclosures in accordance with IAS 24

Related parties as defined by IAS 24 are natural persons and entities that Volkswagen AG has the ability to control or on which it can exercise significant influence, or natural persons and entities that have the ability to control or exercise significant influence on Volkswagen AG, or that are influenced by another related party of Volkswagen AG.

At 50.73%, Porsche SE held the majority of the voting rights in Volkswagen AG as of the reporting date. The creation of rights of appointment for the State of Lower Saxony was resolved at the Extraordinary General Meeting of Volkswagen AG on December 3, 2009. As a result, Porsche SE can no longer appoint the majority of the members of Volkswagen AG's Supervisory Board for as long as the State of Lower Saxony holds at least 15% of Volkswagen AG's ordinary shares. However, Porsche SE has the power to participate in the operating policy decisions of the Volkswagen Group.

Porsche SE contributed its holding company operating business to Volkswagen AG by way of singular succession on August 1, 2012. A more detailed description of the transaction, including the treatment of the options on the outstanding shares of Porsche Holding Stuttgart that existed until that date, is contained in the section entitled ''Basis of consolidation — Consolidated subsidiaries''.

In addition, the contribution of Porsche SE's holding company operating business to Volkswagen AG has the following effects on the agreements between Porsche SE, Volkswagen AG and companies of the Porsche Holding Stuttgart Group that existed prior to the contribution and were entered into on the basis of the Comprehensive Agreement and its related implementation agreements:

– Porsche SE had already issued an undertaking to Volkswagen AG, Porsche Holding Stuttgart and Porsche AG under an implementation agreement relating to the Comprehensive Agreement to indemnify those companies in relation to obligations arising from certain legal disputes, tax liabilities (including interest in accordance with section 233a of the Abgabenordnung (AO — German Tax Code)) and certain major losses. Unless otherwise described in the following, these indemnifications ceased to apply effective August 1, 2012 because of the contribution of Porsche SE's holding company operating business to Volkswagen AG.

– Moreover, Porsche SE had issued various guarantees relating to Porsche Holding Stuttgart and Porsche AG to Volkswagen AG under an implementation agreement relating to the Comprehensive Agreement. Among other things, these related to the proper issuance of and full payment for shares and capital contributions, to the ownership of the shares of Porsche Holding Stuttgart and Porsche AG, and to the existence of the approvals, permissions and industrial property rights required to operate the business activities of Porsche AG. Unless otherwise described in the following, these indemnifications ceased to apply effective August 1, 2012 because of the contribution of Porsche SE's holding company operating business to Volkswagen AG.

– Volkswagen AG continues to indemnify Porsche SE against certain financial guarantees issued by Porsche SE to creditors of the companies belonging to the Porsche Holding Stuttgart Group up to the amount of its share in the capital of Porsche Holding Stuttgart, which amounts to 100% since the contribution as of August 1, 2012. Porsche Holding Finance plc, Dublin, Ireland, was contributed to the Volkswagen Group in the course of the transfer of Porsche SE's holding company operating business. Since August 1, 2012, the indemnification therefore includes financial guarantees issued by Porsche SE to creditors of Porsche Holding Finance plc in relation to interest payments on and the repayment of bonds in the aggregate amount of €310 million. As part of the contribution of Porsche SE's holding company operating business to Volkswagen AG, Volkswagen AG undertook to assume standard market liability compensation effective August 1, 2012 for guarantees issued to external creditors, whereby it is indemnified internally.

– Until the date of the contribution, Volkswagen AG guaranteed loans made by Porsche Holding Stuttgart or Porsche AG to Porsche SE in the case that these loans fell due and could not be recovered because of the insolvency of Porsche Holding Stuttgart or Porsche AG, to the extent that these obligations could have been settled if the companies had not been insolvent on the due date by offsetting them against counterclaims against Porsche SE. As a result of the contribution of the holding company operating business, these loan liabilities were transferred to the Volkswagen Group with the effect of discharging the liability, such that Volkswagen AG can no longer have any guarantee obligations to Porsche SE.

- Volkswagen AG continues to indemnify Porsche SE internally against claims by the Einlagensicherungsfonds (German deposit protection fund) after Porsche SE submitted an indemnification agreement required by the Bundesverband Deutscher Banken (Association of German Banks) to the Einlagensicherungsfonds in August 2009. Volkswagen AG has also undertaken to indemnify the Einlagensicherungsfonds against any losses caused by measures taken by the latter in favor of a bank in which Volkswagen AG holds a majority interest.
- Under certain conditions, Porsche SE continues to indemnify Porsche Holding Stuttgart, Porsche AG and their legal predecessors against tax liabilities that exceed the obligations recognized in the financial statements of those companies relating to periods up to and including July 31, 2009. In return, Volkswagen AG has undertaken to pay to Porsche SE any tax benefits or tax refunds of Porsche Holding Stuttgart, Porsche AG and their legal predecessors and subsidiaries for tax assessment periods up to July 31, 2009.

Under the terms of the Comprehensive Agreement, Porsche SE and Volkswagen AG had granted each other put and call options with regard to the remaining 50.1% interest in Porsche Holding Stuttgart held by Porsche SE until the contribution of its holding company operating business to Volkswagen AG. The strike price for the two options amounted to €3,883 million and was subject to certain adjustments (see the disclosures on the basis of consolidation). In the course of the contribution, the legal position of Porsche SE under the put and call options was transferred to Volkswagen AG in each case such that the options were extinguished due to confusion of rights.

Both Volkswagen AG (if it had exercised its call option) and Porsche SE (if it had exercised its put option) had undertaken to bear the tax burden resulting from the exercise of the options and any subsequent activities in relation to the equity investment in Porsche Holding Stuttgart (e.g. from recapture taxation on the spin-off in 2007 and/or 2009). If tax benefits had accrued to Volkswagen AG, Porsche Holding Stuttgart, Porsche AG, or their respective subsidiaries as a result of recapture taxation on the spin-off in 2007 and/or 2009, the purchase price to be paid by Volkswagen AG for the transfer of the outstanding 50.1% equity investment in Porsche Holding Stuttgart if the put option had been exercised by Porsche SE would have been increased by the present value of the tax benefit. This arrangement was taken over under the terms of the contribution agreement to the effect that Porsche SE has a claim against Volkswagen AG for payment in the amount of the present value of the realizable tax benefits from any recapture taxation of the spin-off in 2007 as a result of the contribution. It was also agreed under the terms of the contribution that Porsche SE will indemnify Volkswagen AG, Porsche Holding Stuttgart and their subsidiaries against taxes if measures taken by or not taken by Porsche SE result in recapture taxation for 2012 at these companies in the course of or following implementation of the contribution. In this case, too, Porsche SE is entitled to assert a claim for payment against Volkswagen AG in the amount of the present value of the realizable tax benefits that arise at the level of Volkswagen AG or one of its subsidiaries as a result of such a transaction.

To secure any potential remaining claims by Volkswagen AG under the agreement between Porsche SE and Volkswagen AG on the acquisition by Volkswagen AG of an interest in Porsche Holding Stuttgart, a purchase price retention mechanism had been agreed in favor of Volks-wagen AG for the case that the put or call options were exercised. The corresponding agreements were extinguished in the course of the contribution of Porsche SE's holding company operating business to Volkswagen AG.

Further agreements were entered into and declarations were issued in connection with the contribution of Porsche SE's holding company operating business to Volkswagen AG, in particular:

- Porsche SE issued various guarantees to Volkswagen AG in the course of the contribution relating to Porsche Holding Stuttgart, Porsche AG and its other transferred investees. Among other things, these relate to the proper issuance of and full payment for shares and capital contributions, and/or to the ownership of the shares of Porsche Holding Stuttgart and Porsche AG.

– Under the terms of the contribution of its holding company operating business, Porsche SE also issued guarantees to Volkswagen AG for other assets transferred and liabilities assumed. In doing so, Porsche SE guarantees that these have not been assigned and are, in principle, free from third-party rights up to the date of completion of the contribution.

– As a general principle, Porsche SE's liabilities for these guarantees are restricted to the consideration paid by Volkswagen AG.

– Porsche SE indemnifies its contributed subsidiaries, Porsche Holding Stuttgart, Porsche AG and their subsidiaries against liabilities to Porsche SE that relate to the period up to and including December 31, 2011 and that exceed the obligations recognized in the financial statements of those companies for that period.

– Porsche SE indemnifies Porsche Holding Stuttgart and Porsche AG against obligations arising from certain legal disputes; this includes the costs of an appropriate legal defense.

– Moreover, Porsche SE indemnifies Volkswagen AG, Porsche Holding Stuttgart, Porsche AG and their subsidiaries against half of the taxes (other than taxes on income) arising at those companies in conjunction with the contribution that would not have been incurred in the event of the exercise of the call option on the shares of Porsche Holding Stuttgart that continued to be held by Porsche SE until the contribution. Volkswagen AG therefore indemnifies Porsche SE against half of such taxes that it incurs. In addition, Porsche Holding Stuttgart is indemnified against half of the land transfer tax and other costs triggered by the merger.

– Additionally, Porsche SE and Porsche AG agreed to allocate any subsequent VAT receivables or liabilities from transactions in the period up to December 31, 2009 to the company entitled to the receivable or incurring the liability.

– A range of information, conduct and cooperation obligations were agreed by Porsche SE and the Volkswagen Group.

According to a notification dated January 9, 2013, the State of Lower Saxony and Hannoversche Beteiligungsgesellschaft mbH, Hanover, held 20.00% of the voting rights of Volkswagen AG on December 31, 2012. As mentioned above, the General Meeting of Volkswagen AG on December 3, 2009 also resolved that the State of Lower Saxony may appoint two members of the Supervisory Board (right of appointment).

Members of the Board of Management and Supervisory Board of Volkswagen AG are members of supervisory and management boards or shareholders of other companies with which Volkswagen AG has relations in the normal course of business. All transactions with related parties are conducted on an arm's length basis.

The following tables present the amounts of supplies and services transacted, as well as outstanding receivables and liabilities, between consolidated companies of the Volkswagen Group and related parties.

RELATED PARTIES

€ million	SUPPLIES AND SERVICES RENDERED 2012	SUPPLIES AND SERVICES RENDERED 2011	SUPPLIES AND SERVICES RECEIVED 2012	SUPPLIES AND SERVICES RECEIVED 2011
Porsche SE	5	1	3	0
Supervisory Board members	2	1	4	0
Board of Management members	0	0	1	0
Unconsolidated subsidiaries	1,084	1,207	771	766
Joint ventures and their majority interests(1)	14,195	12,699	1,853	1,526
Associates and their majority interests(2)	354	335	436	496
Pension plans	2	2	0	0
Other related parties	0	3	0	16
Porsche Holding Salzburg, its majority interests and joint ventures(3)	—	744	—	27
State of Lower Saxony, its majority interests and joint ventures	9	9	2	0

(1) Porsche Holding Stuttgart and its majority interests until July 31, 2012.

(2) Suzuki Motor Corporation until September 13, 2011 and MAN SE until November 9, 2011.

(3) Until February 28, 2011.

€ million	RECEIVABLES FROM Dec. 31, 2012	RECEIVABLES FROM Dec. 31, 2011	OBLIGATIONS TO Dec. 31, 2012	OBLIGATIONS TO Dec. 31, 2011
Porsche SE	862	0	896	—
Supervisory Board members	0	0	215	162
Board of Management members	0	0	51	63
Unconsolidated subsidiaries	950	652	456	374
Joint ventures and their majority interests*	4,958	3,886	1,752	2,330
Associates and their majority interests	40	65	72	53
Pension plans	1	1	8	—
Other related parties	—	—	16	—
State of Lower Saxony, its majority interests and joint ventures	0	4	0	0

* Prior-period figures adjusted.

The table above does not contain the dividend payments of €3,925 million (previous year: €1,487 million) received from the joint ventures and dividends of €449 million (previous year: €329 million) paid to Porsche SE, nor does it contain the cash payment of €4,495 million made in connection with the contribution of Porsche SE's holding company operating business.

The supplies and services received from Porsche SE relate mainly to standard market liability compensation for guarantees assumed. The supplies and services rendered to Porsche SE relate mainly to interest income on loans granted.

The receivables from Porsche SE comprise a claim for payment of a corporation tax refund and a receivable under a loan agreement. The obligations to Porsche SE consist mainly of term deposits.

Obligations to joint ventures contain miscellaneous other financial obligations under an irrevocable credit commitment in the amount of €1.3 billion to LeasePlan Corporation N.V., Amsterdam, the Netherlands, a Volkswagen Group joint venture, with a term until December 2015.

As in the previous year, obligations to members of the Supervisory Board amounting to €215 million (previous year: €162 million) relate primarily to interest-bearing bank balances of Supervisory Board members that were invested at standard market terms and conditions at Volkswagen Group companies.

Outstanding balances for bonuses payable to Board of Management members existed in the amount of €46,520,000 at the end of the fiscal year (previous year: €61,075,000).

In addition to the amounts shown above, the following benefits and remuneration were recognized for the members of the Board of Management and Supervisory Board of the Volkswagen Group in the course of their activities as members of these bodies:

€	2012	2011
Short-term benefits	65,134,654	78,005,219
Post-employment benefits	4,253,401	4,818,087
	69,388,055	**82,823,306**

The employee representatives on the Supervisory Board are also entitled to a regular salary as set out in their employment contracts. This is based on the provisions of the Betriebsverfassungsgesetz (BetrVG — German Works Constitution Act) and represents an appropriate remuneration for their functions and activities in the Company. The same also applies to the representative of the senior executives on the Supervisory Board.

The post-employment benefits relate to additions to pension provisions for current members of the Board of Management (see note 45). The expenses shown above do not correspond to the definition of remuneration of members of the Board of Management and the Supervisory Board in accordance with the German Corporate Governance Code. Disclosures on pension provisions for members of the Board of Management can be found in note 45.

43 Notices and disclosure of changes regarding the ownership of voting rights in Volkswagen AG in accordance with the Wertpapierhandelsgesetz (WpHG — German Securities Trading Act)

PORSCHE

1) Porsche Automobil Holding SE, Stuttgart, Germany has notified us in accordance with section 21(1) of the WpHG that its share of the voting rights in Volkswagen Aktiengesellschaft, Wolfsburg, Germany, exceeded the threshold of 50% on January 5, 2009 and amounted to 50.76% (149,696,680 voting rights) at this date.

2) The following persons notified us in accordance with section 21(1) of the WpHG that their share of the voting rights in Volkswagen Aktiengesellschaft in each case exceeded the threshold of 50% on January 5, 2009 and in each case amounted to 50.76% (149,696,680 voting rights) at this date. All of the above-mentioned 149,696,680 voting rights are attributable to each of the persons making the notification in accordance with section 22(1) sentence 1 no. 1 of the WpHG. The voting rights attributed to the persons making the notifications are held via subsidiaries within the meaning of section 22(3) of the WpHG, whose attributed share of the voting rights amounts to 3% or more and whose names are given in brackets:

Mag. Josef Ahorner, Austria
(Ferdinand Porsche Privatstiftung, Salzburg/Austria; Ferdinand Porsche Holding GmbH, Salzburg/Austria; Louise Daxer-Piëch GmbH, Salzburg/Austria; Louise Daxer-Piëch GmbH, Grünwald/Germany; Prof. Ferdinand Alexander Porsche GmbH, Salzburg/Austria; Ferdinand Alexander Porsche GmbH, Grünwald/

Germany; Gerhard Anton Porsche GmbH, Salzburg/ Austria; Gerhard Porsche GmbH, Grünwald/ Germany; Familien Porsche-Daxer-Piëch Beteiligung GmbH, Grünwald/Germany; Porsche Automobil Holding SE, Stuttgart/Germany),

Mag. Louise Kiesling, Austria
(Ferdinand Porsche Privatstiftung, Salzburg/Austria; Ferdinand Porsche Holding GmbH, Salzburg/Austria; Louise Daxer-Piëch GmbH, Salzburg/Austria; Louise Daxer-Piëch GmbH, Grünwald/Germany; Prof. Ferdinand Alexander Porsche GmbH, Salzburg/Austria; Ferdinand Alexander Porsche GmbH, Grünwald/ Germany; Gerhard Anton Porsche GmbH, Salzburg/Austria; Gerhard Porsche GmbH, Grünwald/ Germany; Familien Porsche-Daxer-Piëch Beteiligung GmbH, Grünwald/Germany; Porsche Automobil Holding SE, Stuttgart/Germany),

Prof. Ferdinand Alexander Porsche, Austria
(Ferdinand Porsche Privatstiftung, Salzburg/Austria; Ferdinand Porsche Holding GmbH, Salzburg/Austria; Louise Daxer-Piëch GmbH, Salzburg/Austria; Louise Daxer-Piëch GmbH, Grünwald/Germany; Prof. Ferdinand Alexander Porsche GmbH, Salzburg/Austria; Ferdinand Alexander Porsche GmbH, Grünwald/ Germany; Gerhard Anton Porsche GmbH, Salzburg/Austria; Gerhard Porsche GmbH, Grünwald/ Germany; Familien Porsche-Daxer-Piëch Beteiligung GmbH, Grünwald/Germany; Porsche Automobil Holding SE, Stuttgart/Germany),

Dr. Oliver Porsche, Austria
(Ferdinand Porsche Privatstiftung, Salzburg/Austria; Ferdinand Porsche Holding GmbH, Salzburg/Austria; Louise Daxer-Piëch GmbH, Salzburg/Austria; Louise Daxer-Piëch GmbH, Grünwald/Germany; Prof. Ferdinand Alexander Porsche GmbH, Salzburg/Austria; Ferdinand Alexander Porsche GmbH, Grünwald/ Germany; Gerhard Anton Porsche GmbH, Salzburg/Austria; Gerhard Porsche GmbH, Grünwald/ Germany; Familien Porsche-Daxer-Piëch Beteiligung GmbH, Grünwald/Germany; Porsche Automobil Holding SE, Stuttgart/Germany),

Kai Alexander Porsche, Austria
(Ferdinand Porsche Privatstiftung, Salzburg/Austria; Ferdinand Porsche Holding GmbH, Salzburg/Austria; Louise Daxer-Piëch GmbH, Salzburg/Austria; Louise Daxer-Piëch GmbH, Grünwald/Germany; Prof. Ferdinand Alexander Porsche GmbH, Salzburg/Austria; Ferdinand Alexander Porsche GmbH, Grünwald/ Germany; Gerhard Anton Porsche GmbH, Salzburg/Austria; Gerhard Porsche GmbH, Grünwald/ Germany; Familien Porsche-Daxer-Piëch Beteiligung GmbH, Grünwald/Germany; Porsche Automobil Holding SE, Stuttgart/Germany),

Mark Philipp Porsche, Austria
(Ferdinand Porsche Privatstiftung, Salzburg/Austria; Ferdinand Porsche Holding GmbH, Salzburg/Austria; Louise Daxer-Piëch GmbH, Salzburg/Austria; Louise Daxer-Piëch GmbH, Grünwald/Germany; Prof. Ferdinand Alexander Porsche GmbH, Salzburg/Austria; Ferdinand Alexander Porsche GmbH, Grünwald/ Germany; Gerhard Anton Porsche GmbH, Salzburg/Austria; Gerhard Porsche GmbH, Grünwald/ Germany; Familien Porsche-Daxer-Piëch Beteiligung GmbH, Grünwald/Germany; Porsche Automobil Holding SE, Stuttgart/Germany),

Gerhard Anton Porsche, Austria
(Ferdinand Porsche Privatstiftung, Salzburg/Austria; Ferdinand Porsche Holding GmbH, Salzburg/Austria; Louise Daxer-Piëch GmbH, Salzburg/Austria; Louise Daxer-Piëch GmbH, Grünwald/Germany; Prof. Ferdinand Alexander Porsche GmbH, Salzburg/Austria; Ferdinand Alexander Porsche GmbH, Grünwald/ Germany; Gerhard Anton Porsche GmbH, Salzburg/Austria; Gerhard Porsche GmbH, Grünwald/ Germany; Familien Porsche-Daxer-Piëch Beteiligung GmbH, Grünwald/Germany; Porsche Automobil Holding SE, Stuttgart/Germany),

Ing. Hans-Peter Porsche, Austria
(Familie Porsche Privatstiftung, Salzburg/Austria; Familie Porsche Holding GmbH, Salzburg/Austria; Ing. Hans-Peter Porsche GmbH, Salzburg/Austria; Hans-Peter Porsche GmbH, Grünwald/Germany; Familie Porsche Beteiligung GmbH, Grünwald/Germany; Porsche Automobil Holding SE, Stuttgart/Germany),

Peter Daniel Porsche, Austria
(Familie Porsche Privatstiftung, Salzburg/Austria; Familie Porsche Holding GmbH, Salzburg/Austria; Ing. Hans-Peter Porsche GmbH, Salzburg/Austria; Hans-Peter Porsche GmbH, Grünwald/Germany; Familie Porsche Beteiligung GmbH, Grünwald/Germany; Porsche Automobil Holding SE, Stuttgart/Germany),

Dr. Wolfgang Porsche, Germany
(Familie Porsche Privatstiftung, Salzburg/Austria; Familie Porsche Holding GmbH, Salzburg/Austria; Ing. Hans-Peter Porsche GmbH, Salzburg/Austria; Hans-Peter Porsche GmbH, Grünwald/Germany; Wolfgang Porsche GmbH, Grünwald/Germany; Familie Porsche Beteiligung GmbH, Grünwald/Germany; Porsche Automobil Holding SE, Stuttgart/Germany),

Ferdinand Porsche Privatstiftung, Salzburg/Austria
(Ferdinand Porsche Holding GmbH, Salzburg/Austria; Louise Daxer-Piëch GmbH, Salzburg/Austria; Louise Daxer-Piëch GmbH, Grünwald/Germany; Prof. Ferdinand Alexander Porsche GmbH, Salzburg/Austria; Ferdinand Alexander Porsche GmbH, Grünwald/Germany; Gerhard Anton Porsche GmbH, Salzburg/Austria; Gerhard Porsche GmbH, Grünwald/Germany; Familien Porsche-Daxer-Piëch Beteiligung GmbH, Grünwald/Germany; Porsche Automobil Holding SE, Stuttgart/Germany),

Familie Porsche Privatstiftung, Salzburg/Austria
(Familie Porsche Holding GmbH, Salzburg/Austria; Ing. Hans-Peter Porsche GmbH, Salzburg/Austria; Hans-Peter Porsche GmbH, Grünwald/Germany; Familie Porsche Beteiligung GmbH, Grünwald/Germany; Porsche Automobil Holding SE, Stuttgart/Germany),

Ferdinand Porsche Holding GmbH, Salzburg/Austria
(Louise Daxer-Piëch GmbH, Salzburg/Austria; Louise Daxer-Piëch GmbH, Grünwald/Germany; Prof. Ferdinand Alexander Porsche GmbH, Salzburg/Austria; Ferdinand Alexander Porsche GmbH, Grünwald/Germany; Gerhard Anton Porsche GmbH, Salzburg/Austria; Gerhard Porsche GmbH, Grünwald/Germany; Familien Porsche-Daxer-Piëch Beteiligung GmbH, Grünwald/Germany; Porsche Automobil Holding SE, Stuttgart/Germany),

Familie Porsche Holding GmbH, Salzburg/Austria
(Ing. Hans-Peter Porsche GmbH, Salzburg/Austria; Hans-Peter Porsche GmbH, Grünwald/Germany; Familie Porsche Beteiligung GmbH, Grünwald/Germany; Porsche Automobil Holding SE, Stuttgart/Germany),

Louise Daxer-Piëch GmbH, Salzburg/Austria
(Louise Daxer-Piëch GmbH, Grünwald/Germany; Porsche Automobil Holding SE, Stuttgart/Germany; Familien Porsche-Daxer-Piëch Beteiligung GmbH, Grünwald/Germany),

Prof. Ferdinand Alexander Porsche GmbH, Salzburg/Austria
(Ferdinand Alexander Porsche GmbH, Grünwald/Germany; Familien Porsche-Daxer-Piëch Beteiligung GmbH, Grünwald/Germany; Porsche Automobil Holding SE, Stuttgart/Germany),

Gerhard Anton Porsche GmbH, Salzburg/Austria
(Gerhard Porsche GmbH, Grünwald/Germany; Familien Porsche-Daxer-Piëch Beteiligung GmbH, Grünwald/Germany; Porsche Automobil Holding SE, Stuttgart/Germany),

Louise Daxer-Piëch GmbH, Grünwald/Germany
(Familien Porsche-Daxer-Piëch Beteiligung GmbH, Grünwald/Germany; Porsche Automobil Holding SE, Stuttgart/Germany),

Ferdinand Alexander Porsche GmbH, Grünwald/Germany

(Familien Porsche-Daxer-Piëch Beteiligung GmbH, Grünwald/Germany; Porsche Automobil Holding SE, Stuttgart/Germany),

Gerhard Porsche GmbH, Grünwald/Germany
(Familien Porsche-Daxer-Piëch Beteiligung GmbH, Grünwald/Germany; Porsche Automobil Holding SE, Stuttgart/Germany),

Ing. Hans-Peter Porsche GmbH, Salzburg/Austria
(Hans-Peter Porsche GmbH, Grünwald/Germany; Familie Porsche Beteiligung GmbH, Grünwald/Germany; Porsche Automobil Holding SE, Stuttgart/Germany),

Hans-Peter Porsche GmbH, Grünwald/Germany
(Familie Porsche Beteiligung GmbH, Grünwald/Germany; Porsche Automobil Holding SE, Stuttgart/Germany),

Wolfgang Porsche GmbH, Grünwald/Germany
(Familie Porsche Beteiligung GmbH, Grünwald/Germany; Porsche Automobil Holding SE, Stuttgart/Germany),

Familien Porsche-Daxer-Piëch Beteiligung GmbH, Grünwald/Germany
(Porsche Automobil Holding SE, Stuttgart/Germany),

Familie Porsche Beteiligung GmbH, Grünwald/Germany
(Porsche Automobil Holding SE, Stuttgart/Germany),

Porsche GmbH, Stuttgart/Germany
(Porsche Automobil Holding SE, Stuttgart/Germany),

Dr. Hans Michel Piëch, Austria
(Porsche Automobil Holding SE, Stuttgart/Germany; Hans Michel Piëch GmbH, Grünwald/Germany; Dr. Hans Michel Piëch GmbH, Salzburg/Austria),

Dr. Hans Michel Piëch GmbH, Salzburg/Austria
(Porsche Automobil Holding SE, Stuttgart/Germany; Hans Michel Piëch GmbH, Grünwald/Germany),

Hans Michel Piëch GmbH, Grünwald/Germany
(Porsche Automobil Holding SE, Stuttgart/Germany),

Dipl.-Ing. Dr. h.c. Ferdinand Piëch, Austria
(Porsche Automobil Holding SE, Stuttgart/Germany; Ferdinand Piëch GmbH, Grünwald/Germany; Dipl.-Ing. Dr. h.c. Ferdinand Piëch GmbH, Salzburg/Austria; Ferdinand Karl Alpha Privatstiftung, Vienna/Austria),

Ferdinand Karl Alpha Privatstiftung, Vienna/Austria
(Porsche Automobil Holding SE, Stuttgart/Germany; Ferdinand Piëch GmbH, Grünwald/Germany; Dipl.-Ing. Dr. h.c. Ferdinand Piëch GmbH, Salzburg/Austria),

Dipl.-Ing. Dr. h.c. Ferdinand Piëch GmbH, Salzburg/Austria
(Porsche Automobil Holding SE, Stuttgart/Germany; Ferdinand Piëch GmbH, Grünwald/Germany),

Ferdinand Piëch GmbH, Grünwald/Germany
(Porsche Automobil Holding SE, Stuttgart/Germany).

3) Porsche Holding Gesellschaft m.b.H., Salzburg/Austria, and Porsche GmbH, Salzburg/Austria, notified us in accordance with section 21(1) of the WpHG that their share of the voting rights in Volkswagen Aktiengesellschaft in each case exceeded the threshold of 50% on January 5, 2009 and in each case amounted to 53.13% (156,702,015 voting rights) at this date.

All the above-mentioned 156,702,015 voting rights are attributable to Porsche Holding Gesellschaft m.b.H. in accordance with section 22(1) sentence 1 no. 1 of the WpHG. The companies via which the voting rights are actually held and whose attributed share of the voting rights amounts to 3% or more are:

– Porsche GmbH, Salzburg/Austria;

– Porsche GmbH, Stuttgart/Germany;

– Porsche Automobil Holding SE, Stuttgart/Germany.

Of the above-mentioned 156,702,015 voting rights, 50.76% of the voting rights (149,696,753 voting rights) are attributable to Porsche GmbH, Salzburg/Austria, in accordance with section 22(1) sentence 1 no. 1 of the WpHG. The companies via which the voting rights are actually held and whose attributed share of the voting rights amounts to 3% or more are:

– Porsche GmbH, Stuttgart/Germany;

– Porsche Automobil Holding SE, Stuttgart/Germany.

4) Porsche Wolfgang 1. Beteiligungs GmbH & Co. KG, Stuttgart, Germany has notified us in accordance with section 21(1) of the WpHG that its (indirect) share of the voting rights in Volkswagen Aktiengesellschaft, Wolfsburg, Germany, exceeded the thresholds of 3%, 5%, 10%, 15%, 20%, 25%, 30% and 50% of the voting rights on September 29, 2010 and amounted to 50.74% of the voting rights (149,696,680 voting rights) at this date.

Of this figure, 50.74% of the voting rights (149,696,680 voting rights) are attributable to Porsche Wolfgang 1. Beteiligungs GmbH & Co. KG in accordance with section 22(1) sentence 1 no. 1 of the WpHG.

The voting rights attributed to Porsche Wolfgang 1. Beteiligungs GmbH & Co. KG are held via the following enterprises controlled by it, whose share of the voting rights in Volkswagen Aktiengesellschaft amounts to 3% or more in each case: Wolfgang Porsche GmbH, Grünwald, Familie Porsche Beteiligung GmbH, Grünwald, Porsche Automobil Holding SE, Stuttgart.

QATAR

We have received the following notification:

(1) Pursuant to section 21 (1) WpHG we hereby notify for and on behalf of the State of Qatar, acting by and through the Qatar Investment Authority, Doha, Qatar, that its indirect voting rights in Volkswagen Aktiengesellschaft

(a) exceeded the threshold of 10% on December 17, 2009 and amounted to 13.71% of the voting rights of Volkswagen Aktiengesellschaft (40,440,274 voting rights) as per this date

(i) 6.93% (20,429,274 voting rights) of which have been obtained by the exercise by Qatar Holding LLC of financial instruments within the meaning of section 25 (1) sentence 1 WpHG on that date granting the right to acquire shares in Volkswagen Aktiengesellschaft, and

(ii) all of which are attributed to the State of Qatar pursuant to section 22 (1) sentence 1 no. 1 WpHG.

(b) exceeded the threshold of 15% on December 18, 2009 and amounted to 17.00% of the voting rights of Volkswagen Aktiengesellschaft (50,149,012 voting rights) as per this date

(i) 3.29% (9,708,738 voting rights) of which have been obtained by the exercise by Qatar Holding LLC of financial instruments within the meaning of section 25 (1) sentence 1 WpHG on that date granting the right to acquire shares in Volkswagen Aktiengesellschaft, and

(ii) all of which are attributed to the State of Qatar pursuant to section 22 (1) sentence 1 no. 1 WpHG.

Voting rights that are attributed to the State of Qatar pursuant to lit. (a) and (b) above are held via the following entities which are controlled by it and whose attributed proportion of voting rights in Volkswagen Aktiengesellschaft amount to 3% each or more:

(aa) Qatar Investment Authority, Doha, Qatar;

(bb) Qatar Holding LLC, Doha, Qatar;

(cc) Qatar Holding Luxembourg II S.à.r.l., Luxembourg; Luxembourg;

(dd) Qatar Holding Netherlands B.V., Amsterdam, The Netherlands.

(2) Pursuant to section 21 (1) WpHG we hereby notify for and on behalf of the Qatar Investment Authority, Doha, Qatar, that its indirect voting rights in Volkswagen Aktiengesellschaft

(a) exceeded the threshold of 10% on December 17, 2009 and amounted to 13.71% of the voting rights of Volkswagen Aktiengesellschaft (40,440,274 voting rights) as per this date

(i) 6.93% (20,429,274 voting rights) of which have been obtained by the exercise by Qatar Holding LLC of financial instruments within the meaning of section 25 (1) sentence 1 WpHG on that date granting the right to acquire shares in Volkswagen Aktiengesellschaft, and

(ii) all of which are attributed to the Qatar Investment Authority pursuant to section 22 (1) sentence 1 no. 1 WpHG.

(b) exceeded the threshold of 15% on December 18, 2009 and amounted to 17.00% of the voting rights of Volkswagen Aktiengesellschaft (50,149,012 voting rights) as per this date

(i) 3.29% (9,708,738 voting rights) of which have been obtained by the exercise by Qatar Holding LLC of financial instruments within the meaning of section 25 (1) sentence 1 WpHG on that date granting the right to acquire shares in Volkswagen Aktiengesellschaft, and

(ii) all of which are attributed to the Qatar Investment Authority pursuant to section 22 (1) sentence 1 no. 1 WpHG.

Voting rights that are attributed to the Qatar Investment Authority pursuant to lit. (a) and (b) above are held via the entities as set forth in (1) (bb) through (dd) which are controlled by it and whose attributed proportion of voting rights in Volkswagen Aktiengesellschaft amount to 3% each or more.

(3) Pursuant to section 21 (1) WpHG we hereby notify for and behalf of Qatar Holding LLC, Doha, Qatar, that its direct and indirect voting rights in Volkswagen Aktiengesellschaft

(a) exceeded the threshold of 10% on December 17, 2009 and amounted to 13.71% of the voting rights of Volkswagen Aktiengesellschaft (40,440,274 voting rights) as per this date

(i) 6.93% (20,429,274 voting rights) of which have been obtained by the exercise of financial instruments within the meaning of section 25 (1) sentence 1 WpHG on that date granting the right to acquire shares in Volkswagen Aktiengesellschaft, and

(ii) 6.78% (20,011,000 voting rights) of which are attributed to Qatar Holding LLC pursuant to section 22 (1) sentence 1 no. 1 WpHG.

(b) exceeded the threshold of 15% on December 18, 2009 and amounted to 17.00% of the voting rights of Volkswagen Aktiengesellschaft (50,149,012 voting rights) as per this date

(i) 3.29% (9,708,738 voting rights) of which have been obtained by the exercise of financial instruments within the meaning of section 25 (1) sentence 1 WpHG on that date granting the right to acquire shares in Volkswagen Aktiengesellschaft, and

(ii) 6.78% (20,011,000 voting rights) of which are attributed to Qatar Holding LLC pursuant to section 22 (1) sentence 1 no. 1 WpHG.

Voting rights that are attributed to Qatar Holding LLC pursuant to lit. (a) and (b) above are held via the entities as set forth in (1) (cc) through (dd) which are controlled by it and whose attributed proportion of voting rights in Volkswagen Aktiengesellschaft amount to 3% each or more.

We have received the following notification:

(1) Pursuant to section 21 (1) WpHG we hereby notify for and on behalf of Qatar Holding Luxembourg II S.à.r.l., Luxembourg, Luxembourg, that its indirect voting rights in Volkswagen Aktiengesellschaft exceeded the thresholds of 10% and 15% on December 18, 2009 and amounted to 17.00% of the voting rights of Volkswagen Aktiengesellschaft (50,149,012 voting rights) as per this date, all of which are attributed to Qatar Holding Luxembourg II S.à.r.l. pursuant to section 22 (1) sentence 1 no.1 WpHG.

   Voting rights that are attributed to Qatar Holding Luxembourg II S.à.r.l. are held via the following entities which are controlled by it and whose attributed proportion of voting rights in Volkswagen Aktiengesellschaft amount to 3% each or more:

   (a) Qatar Holding Netherlands B.V., Amsterdam, The Netherlands;

   (b) Qatar Holding Germany GmbH, Frankfurt am Main, Germany.

(2) Pursuant to section 21 (1) WpHG we hereby notify for and on behalf of Qatar Holding Netherlands B.V., Amsterdam, The Netherlands, that its indirect voting rights in Volkswagen Aktiengesellschaft exceeded the thresholds of 10% and 15% on December 18, 2009 and amounted to 17.00% of the voting rights of Volkswagen Aktiengesellschaft (50,149,012 voting rights) as per this date, all of which are attributed to Qatar Holding Luxembourg II S.à.r.l. pursuant to section 22 (1) sentence 1 no. 1 WpHG.

   Voting rights that are attributed to Qatar Holding Netherlands B.V. are held via the entity as set forth in (1) (b) which is controlled by it and whose attributed proportion of voting rights in Volkswagen Aktiengesellschaft amounts to 3% or more.

(3) Pursuant to section 21 (1) WpHG we hereby notify for and on behalf of Qatar Holding Germany GmbH, Frankfurt am Main, Germany, that its direct voting rights in Volkswagen Aktiengesellschaft exceeded the thresholds of 3%, 5%, 10% and 15% on December 18, 2009 and amounted to 17.00% of the voting rights of Volkswagen Aktiengesellschaft (50,149,012 voting rights) as per this date.

STATE OF LOWER SAXONY

The State of Lower Saxony notified us on January 9, 2013 that it held a total of 59,022,310 ordinary shares as of December 31, 2012. It held 440 VW ordinary shares directly and 59,021,870 ordinary shares indirectly via Hannoversche Beteiligungsgesellschaft mbH (HanBG), which is owned by the State of Lower Saxony.

44 German Corporate Governance Code

On November 23, 2012, the Board of Management and Supervisory Board of Volkswagen AG issued their declaration of conformity with the German Corporate Governance Code as required by section 161 of the Aktiengesetz (AktG — German Stock Corporation Act) and made it permanently available to the shareholders of Volkswagen AG on the Company's website at www.volkswagenag.com/ir.

On November 29, 2012, the Board of Management and Supervisory Board of AUDI AG likewise issued their declaration of conformity with the German Corporate Governance Code and made it permanently available to the shareholders at www.audi.com/cgk-declaration.

In December 2012, the Executive Board and Supervisory Board of MAN SE issued their declaration of conformity with the German Corporate Governance Code as required by section 161 of the AktG and made it permanently available to the shareholders at www.man.eu.

The Executive and Supervisory Boards of Renk AG issued a declaration of conformity on December 14, 2012 and made it permanently available to the shareholders at www.renk.biz.

45 Remuneration of the Board of Management and the Supervisory Board

€	2012	2011
Board of Management remuneration		
Non-performance-related remuneration	9,506,343	9,031,491
Performance-related remuneration	47,000,000	61,555,000
Supervisory Board remuneration		
Fixed remuneration components	651,625	380,521
Variable remuneration components	8,125,886	6,995,630
Loans to Supervisory Board members	25,000	12,500

The fixed remuneration of the Board of Management also includes differing levels of remuneration for appointments assumed at Group companies as well as the cost or cash equivalent of noncash and other benefits, such as the use of company cars and the payment of insurance premiums. Taxes due on the noncash benefits were mainly borne by Volkswagen AG. The variable remuneration paid to each member of the Board of Management comprises a bonus, which relates to business performance over the preceding two years, and, since 2010, a Long-Term Incentive (LTI) plan, which is based on the previous four fiscal years, subject to an introductory phase.

On December 31, 2012, the pension provisions for members of the Board of Management amounted to €103,535,287 (previous year: €78,627,844). Current pensions are index-linked in accordance with the index-linking of the highest collectively agreed salary insofar as the application of section 16 of the Gesetz zur Verbesserung der betrieblichen Altersversorgung (BetrAVG — German Company Pension Act) does not lead to a larger increase. Members of the Board of Management with contracts entered into on or after January 1, 2010 are entitled to payment of their normal remuneration for twelve months in the event of illness. Contracts entered into before that date grant remuneration for six months. In the event of disability, they are entitled to the retirement pension. Surviving dependents receive a widow's pension of 66⅔% and a 20% orphan's pension per child based on the pension of the former member of the Board of Management.

Retired members of the Board of Management and their surviving dependents received €8,797,230 (previous year: €8,618,915). Provisions for pensions for this group of people were recognized in the amount of €146,501,307 (previous year: €109,452,277).

Interest-free advances in the total amount of €480,000 (previous year: €480,000) have been granted to members of the Board of Management. The advances will be set off against performance-related remuneration in the following year. Loans in the total amount of €25,000 (repayments in 2012: €1,667) have been granted to members of the Supervisory Board. The loans generally bear interest at a rate of 4% and have an agreed term of up to 15 years.

The individual remuneration of the members of the Board of Management and the Supervisory Board is explained in the remuneration report in the management report. A comprehensive assessment of the individual bonus components of the LTI is also to be found there.

Remuneration Report
(Part of the Management Report)

The Remuneration Report details the individualized remuneration of the Board of Management and the Supervisory Board of Volkswagen AG, broken down into components, as well as individualized pension provision disclosures for the members of the Board of Management. In addition, we explain in this chapter the main elements of the variable remuneration system for the Board of Management.

PRINCIPLES OF AND CHANGES TO BOARD OF MANAGEMENT REMUNERATION

The full Supervisory Board resolves on the remuneration system and the total remuneration for each individual member of the Board of Management on the basis of the Executive Committee's recommendations. The remuneration of current members of the Board of Management complies with the requirements of the Aktiengesetz (AktG — German Stock Corporation Act) and, subject to any retroactive effect for 2012, the recommendations of the German Corporate Governance Code. In particular, the remuneration structure is focused on ensuring sustainable business growth in accordance with the Gesetz zur Angemessenheit der Vorstandsvergütung (VorstAG — German Act on the Appropriateness of Executive Board Remuneration) (section 87(1) of the AktG).

The remuneration system of the members of the Board of Management applicable to date was approved by the 50th Annual General Meeting on April 22, 2010 by 99.44% of the votes cast. At the same time, the Volkswagen Group's positive business performance over the past two years in particular made it necessary to modify and realign Board of Management remuneration and the comparative parameters on which it is based. The remuneration of the Board of Management was modified with the assistance of a remuneration consultant, whose independence was assured by the Board of Management and by the Company.

Material changes to the remuneration system relate to the bonus, the calculation of which will be realigned to reflect business development. It now also explicitly takes into account the individual performance of members of the Board of Management.

The retroactive adjustment of the comparative parameters for the bonus requires a departure from the recommendation in article 4.2.3(3) sentence 3 of the German Corporate Governance Code, which precludes the retroactive adjustment of performance targets or comparative parameters. This recommendation will be complied with again in the future.

The level of Board of Management remuneration should be appropriate and attractive in the context of the Company's national and international peer group. Criteria include the tasks of the individual Board of Management member, their personal performance, the economic situation, the performance of and outlook for the Company, as well as how customary the remuneration is when measured against its peer group and the remuneration structure that applies to other areas of Volkswagen. In this context, comparative studies on remuneration are conducted on a regular basis.

COMPONENTS OF BOARD OF MANAGEMENT REMUNERATION

The remuneration of the Board of Management comprises fixed and variable components. The fixed components of the package ensure firstly a basic level of remuneration enabling the individual members of the Board of Management to perform their duties in the interests of the Company and to fulfill their obligation to act with proper business prudence without needing to focus on merely short-term performance targets. On the other hand, variable components, dependent among other criteria on the financial performance of the Company, serve to ensure the long-term impact of behavioral incentives.

FIXED REMUNERATION

In fiscal year 2012, the members of the Board of Management received fixed remuneration totaling €9,506,343 (previous year: €9,031,491). The fixed remuneration also includes differing levels of remuneration for appointments assumed at Group companies as well as the cost or cash equivalent of noncash and other benefits, such as the use of company cars and the payment of insurance premiums. Taxes due on the noncash benefits were mainly borne by Volkswagen AG.

The basic remuneration is reviewed regularly and adjusted if necessary.

VARIABLE REMUNERATION

The variable remuneration comprises a bonus, which relates to business performance over the preceding two years, and, since 2010, a Long-Term Incentive (LTI) plan, which is based on the previous four fiscal years, subject to an introductory phase. Both components of variable remuneration are therefore calculated on a multiyear basis and reflect both positive and negative developments.

Bonus

The bonus rewards the positive business development of the Volkswagen Group. The basis for calculating the bonus is adjusted to reflect the positive business development in recent years in connection with the changes to Board of Management remuneration. The bonus is calculated on the basis of the average operating profit, including the share of the operating profit in China, over a period of two years. A significant change was the introduction of a calculation floor below which no bonus will be paid. This floor was set at €5.0 billion for 2012 and 2013. In addition, a cap for extraordinary developments is explicitly provided for by limiting the maximum theoretical bonus. The theoretical cap for 2012 and 2013 is €6.75 million for the Chairman of the Board of Management and €2.5 million for the other members of the Board of Management. The system and the cap are regularly reviewed by the Supervisory Board to establish whether any adjustments are necessary.

REMUNERATION OF THE MEMBERS OF THE BOARD OF MANAGEMENT IN 2012 (PRIOR-YEAR FIGURES IN BRACKETS) *

		BONUS					
€	Fixed remuneration	Special remuneration		Individual performance-related bonus	LTI	LTI additional payment 2010	Total
Martin Winterkorn	1,916,276	5,770,000		2,885,000	3,940,000	—	**14,511,276**
	(1,886,206)		(11,040,000)		(3,670,000)	(860,000)	**(17,456,206)**
Francisco Javier Garcia Sanz	1,102,278	2,150,000		860,000	1,750,000	—	**5,862,278**
	(1,093,154)		(4,600,000)		(1,630,000)	(380,000)	**(7,703,154)**
Jochem Heizmann	1,100,204	2,150,000		645,000	1,750,000	—	**5,645,204**
	(1,101,878)		(4,100,000)		(1,630,000)	(380,000)	**(7,211,878)**
Christian Klingler	999,756	2,150,000		860,000	1,750,000	—	**5,759,756**
	(964,336)		(4,600,000)		(1,630,000)	(380,000)	**(7,574,336)**
Michael Macht	995,277	2,150,000		430,000	1,750,000	—	**5,325,277**
	(958,878)		(4,600,000)		(1,630,000)	(95,000)	**(7,283,878)**
Horst Neumann	1,062,771	2,150,000		860,000	1,750,000	—	**5,822,771**
	(1,042,151)		(4,600,000)		(1,630,000)	(380,000)	**(7,652,151)**
Leif Östling	319,952	716,667		215,000	583,333	—	**1,834,952**
	—		—		—	—	**—**
Hans Dieter Pötsch	1,025,047	2,150,000		1,075,000	1,750,000	—	**6,000,047**
	(1,015,613)		(5,100,000)		(1,630,000)	(380,000)	**(8,125,613)**
Rupert Stadler	984,782	2,150,000		860,000	1,750,000	—	**5,744,782**
	(969,273)		(4,600,000)		(1,630,000)	(380,000)	**(7,579,273)**
Total	**9,506,343**	**21,536,667**		**8,690,000**	**16,773,333**	**—**	**56,506,343**
	(9,031,491)		**(43,240,000)**		**(15,080,000)**	**(3,235,000)**	**(70,586,491)**

* All figures shown are rounded, so minor discrepancies may arise from addition of these amounts.

Another material change relates to the Supervisory Board's ability to increase the theoretical bonus, which is calculated on the basis of average operating profit, by up to 50% by applying individual adjustment factors that are not linked to the theoretical cap so as to reward members of the Board of Management for extraordinary individual performance. This can be adjusted by the Supervisory Board in the event of extraordinary individual performance by a member of the Board of Management that strengthens the Company's long-term growth. This may take into account extraordinary performance in the area of integration, or the successful implementation of special projects, for example.

Long-Term Incentive (LTI)

The existing Long-Term Incentive plan, which is still in the introductory phase, was not adjusted in connection with changes to the Board of Management remuneration. The amount of the LTI depends on the achievement of the targets laid down in the Strategy 2018. The target areas are:

> Top customer satisfaction, measured using the Customer Satisfaction Index,

> Top employer, measured using the Employee Index,

> Unit sales growth, measured using the Growth Index and

> Increase in the return on sales, measured using the Return Index.

The Customer Satisfaction Index is calculated using indicators that quantify the overall satisfaction of our customers with the delivering dealers, new vehicles and the service operations based on the previous workshop visit.

The Employee Index is determined using the ''employment'' and ''productivity'' indicators as well as the participation rate and results of employee surveys (''opinion surveys'', see also the Employees section on page 215 of this report[1]).

The Growth Index is calculated using the ''deliveries to customers'' and ''market share'' indicators.

The Return Index is derived from the return on sales and the dividend per ordinary share.

The indices on customer satisfaction, employees and unit sales are aggregated and the result is multiplied by the Return Index. This method ensures that the LTI is only paid out if the Group is also financially successful. If the 1.5% threshold for the return on sales is not exceeded, the Return Index is zero. This would mean that the overall index for the fiscal year concerned is also zero.

Each fiscal year, the Supervisory Board can set a new LTI target on the basis of the four-year average of the overall indices. During the reporting period, the LTI target was €2.25 million for the Chairman of the Board of Management and €1.0 million for each of the other members of the Board of Management. The maximum amounts payable to the Chairman of the Board of Management and the other members are €4.5 million and €2.0 million each respectively.

The LTI was calculated and paid to the Board of Management for the first time in 2011 for fiscal year 2010 using an introductory scenario and on the basis of the likely performance for 2011. The performance for fiscal years 2010 and 2011 was reflected in the calculation in 2012, and the performance for 2010 to 2012 will be reflected in the calculation in 2013. From 2014 onwards, the previous four years will be used as a basis for analysis.

The Supervisory Board may cap the total of variable remuneration components in the event of extraordinary business developments.

Members of the Board of Management with contracts entered into on or after January 1, 2010 are entitled to payment of their normal remuneration for twelve months in the event of illness. Contracts entered into before that date grant remuneration for six months. In the event of disability, they are entitled to the retirement pension. Surviving dependents receive a widows' pension of 66⅔% and orphans' benefits of 20% of the former member of the Board of Management's pension.

There were no changes to existing contracts in fiscal year 2012.

[1] The Employees section does not form part of the notes to consolidated financial statements

POST-EMPLOYMENT BENEFITS

In the event of regular termination of their service on the Board of Management, the members of the Board of Management are entitled to a pension, including a surviving dependents' pension as well as the use of company cars for the period in which they receive their pension. The agreed benefits are paid or made available on reaching the age of 63.

The retirement pension is calculated as a percentage of the fixed basic salary, which accounts for most of the fixed individual remuneration of the Board of Management shown in the table on page F-264. Starting at 50%, the individual percentage increases by two percentage points for each year of service. In specific cases, credit is given for previous employment periods and retirement pensions earned. The Executive Committee of the Supervisory Board has defined a maximum of 70%. These benefits are not broken down any further into performance-related components and long-term incentive components. Mr. Winterkorn, Mr. Garcia Sanz, Mr. Heizmann, Mr. Macht, Mr. Neumann and Mr. Pötsch have a retirement pension entitlement of 70%, and Mr. Klingler and Mr. Stadler of 56% of their fixed basic salaries as of the end of 2012.

Mr. Östling has a pension entitlement based on the deferred compensation regulations administered by Volkswagen Pension Trust e.V. The benefits include a retirement pension on reaching the age of 70 and a surviving dependents' pension. Volkswagen AG provides an annual remuneration-linked company contribution for Mr. Östling, which goes toward a pension module at the end of each year.

On December 31, 2012 the pension obligations for members of the Board of Management in accordance with IAS 19 amounted to €103,535,287 (previous year: €78,627,844); €7,870,299 (previous year: €7,945,505) was added to the provision in the reporting period in accordance with IAS 19. Other benefits such as surviving dependents' pension and the use of company cars are also factored into the measurement of pension provisions. The pension obligations measured in accordance with German GAAP amounted to €75,445,501 (previous year: €71,818,192); €3,627,309 (previous year: €16,970,145) was added to the provision in the reporting period in accordance with German GAAP. Current pensions are index-linked in accordance with the index-linking of the highest collectively agreed salary insofar as the application of section 16 of the Gesetz zur Verbesserung der betrieblichen Altersversorgung (BetrAVG — German Company Pension Act) does not lead to a larger increase.

Retired members of the Board of Management and their surviving dependents received €8,797,230 in 2012 (previous year: €8,618,915). Obligations for pensions for this group of persons measured in accordance with IAS 19 amounted to €146,501,307 (previous year: €109,452,277), or €122,324,853 (previous year: €104,212,838) measured in accordance with German GAAP.

EARLY TERMINATION BENEFITS

If membership of the Board of Management is terminated for cause through no fault of the Board of Management member, the claims under Board of Management contracts entered into since November 20, 2009 are limited to a maximum of two years' remuneration, in accordance with the recommendation in article 4.2.3(4) of the German Corporate Governance Code (cap on severance payments). For Board of Management members who are commencing their third or later term of office, existing rights under contracts entered into before November 20, 2009 are grandfathered.

No severance payment is made if membership of the Board of Management is terminated for a reason for which the Board of Management member is responsible.

The members of the Board of Management are also entitled to a pension and to a surviving dependents' pension as well as the use of company cars for the period in which they receive their pension in the event of early termination of their service on the Board of Management.

The following rule applies to Board of Management contracts entered into for the first term of office before August 5, 2009: the retirement pension to be granted after leaving the Company is payable immediately if their membership of the Board of Management is terminated by the Company, and in other cases on reaching the age of 63. Any remuneration received from other sources until the age of 63 is deductible from the benefit entitlement up to a certain fixed amount.

The following rule applies to contracts for the first term of office of members of the Board of Management entered into after August 5, 2009: the retirement pension to be granted after leaving the Company is payable on reaching the age of 63.

PENSIONS OF THE MEMBERS OF THE BOARD OF MANAGEMENT IN 2012 (PRIOR-YEAR FIGURES IN BRACKETS)[1]

€	Additions to pension provisions	Present value at December 31[2]
Martin Winterkorn	904,811	22,835,450
	(875,002)	(19,669,807)
Francisco Javier Garcia Sanz	842,801	11,579,920
	(724,514)	(8,453,909)
Jochem Heizmann	1,303,902	12,637,000
	(1,130,354)	(9,515,593)
Christian Klingler	583,862	2,961,689
	(470,933)	(1,522,411)
Michael Macht	836,249	10,029,668
	(698,942)	(6,703,362)
Horst Neumann	694,357	18,244,557
	(2,040,977)	(15,094,711)
Leif Östling	353,925	354,065
	—	—
Hans Dieter Pötsch	1,699,477	14,775,553
	(1,460,569)	(10,831,395)
Rupert Stadler	650,915	10,117,385
	(544,214)	(6,836,656)
Total	**7,870,299**	**103,535,287**
	(7,945,505)	**(78,627,844)**

1 All figures shown are rounded, so minor discrepancies may arise from addition of these amounts.

2 The amount is reported in the total amount for defined benefit plans contained in the balance sheet (see note 29 to the consolidated financial statements).

SUPERVISORY BOARD REMUNERATION

Under Article 17 of Volkswagen AG's Articles of Association, the remuneration of Volkswagen AG's Supervisory Board is composed of a fixed component (plus attendance fees) and a variable component that depends on the amount of the dividend paid. The duties performed by the respective member on the Supervisory Board are also taken into account. Several members of the Supervisory Board are also members of the supervisory boards of subsidiaries. The remuneration received there is based on the provisions of the relevant Articles of Association and also comprises a fixed component and a variable component that is linked to the amount of the dividend paid. In fiscal year 2012, the members of the Supervisory Board received €8,777,511 (previous year: €7,376,151). €651,625 of this figure (previous year: €380,521) related to the fixed remuneration components (including attendance fees) and €8,125,886 (previous year: €6,995,630) to the variable remuneration components.

REMUNERATION OF THE MEMBERS OF THE SUPERVISORY BOARD[1]

€	FIXED	VARIABLE	TOTAL 2012	TOTAL 2011
Ferdinand K. Piëch	179,500	928,600	1,108,100	850,222
Berthold Huber[2]	36,000	647,133	683,133	589,000
Hussain Ali Al-Abdulla	9,000	279,167	288,167	248,500
Jassim Al Kuwari	10,000	279,167	289,167	163,642
Jörg Bode[3]	14,175	380,365	394,540	370,250
Annika Falkengren	14,096	376,681	390,777	163,642
Michael Frenzel (until April 19, 2012)	3,713	126,207	129,919	371,250
Uwe Fritsch (since April 19, 2012)[2]	8,192	195,029	203,221	—
Babette Fröhlich[2]	15,000	418,750	433,750	371,250
Peter Jacobs (until April 19, 2012)[2]	3,808	84,138	87,946	249,500
David McAllister[3]	15,000	418,750	433,750	371,250
Hartmut Meine[2]	12,000	279,167	291,167	249,500
Peter Mosch[2]	25,500	345,767	371,267	322,000
Bernd Osterloh[2]	15,000	418,750	433,750	371,250
Hans Michel Piëch	67,000	323,567	390,567	298,500
Ursula Piëch (since April 19, 2012)	8,192	195,029	203,221	—
Ferdinand Oliver Porsche	62,500	624,933	687,433	565,500
Wolfgang Porsche	100,775	447,240	548,015	369,250
Wolfgang Ritmeier	12,000	279,167	291,167	249,500
Jürgen Stumpf[2]	13,175	380,365	393,540	371,250
Bernd Wehlauer[2]	15,000	418,750	433,750	371,250
Thomas Zwiebler[2]	12,000	279,167	291,167	249,500
Supervisory Board members who retired in the prior year	—	—	—	210,144
Total	**651,625**	**8,125,886**	**8,777,511**	**7,376,151**

1 All figures shown are rounded, so minor discrepancies may arise from addition of these amounts.

2 These employee representatives have stated that they will transfer their Supervisory Board remuneration to the Hans Böckler Foundation in accordance with the guidelines issued by the German Confederation of Trade Unions (DGB).

3 Under section 5(3) of the Niedersächsisches Ministergesetz (Act Governing Ministers of the State of Lower Saxony), these members of the Supervisory Board are obliged to transfer their Supervisory Board remuneration to the State of Lower Saxony as soon as and to the extent that it exceeds €6,200 per annum. Remuneration is defined for this purpose as Supervisory Board remuneration and attendance fees exceeding the amount of €200.

Executive Bodies

(Part of the Notes to the Consolidated Financial Statements)

Members of the Board of Management and their Appointments

APPOINTMENTS: AS OF DECEMBER 31, 2012

PROF. DR. DR. H.C. MULT.
MARTIN WINTERKORN (65)
Chairman (since January 1, 2007),
Research and Development
July 1, 2000*
Chairman of the Executive Board
of Porsche Automobil Holding SE
November 25, 2009*
Appointments:
○ FC Bayern München AG, Munich
○ Salzgitter AG, Salzgitter

DR. RER. POL. H.C.
FRANCISCO JAVIER
GARCIA SANZ (55)
Procurement
July 1, 2001*
Appointments:
○ Hochtief AG, Essen
⊙ Criteria CaixaHolding S.A., Barcelona

PROF. DR. RER. POL. DR.-ING. E.H.
JOCHEM HEIZMANN (61)
China
January 11, 2007*
Appointments:
○ Lufthansa Technik AG, Hamburg
⊙ OBO Bettermann GmbH, Menden

CHRISTIAN KLINGLER (44)
Sales and Marketing
January 1, 2010*
Appointments:
⊙ Messe Frankfurt GmbH, Frankfurt am Main

DR.-ING. E.H. MICHAEL MACHT (52)
Production
October 1, 2010*

PROF. DR. RER. POL.
HORST NEUMANN (63)
Human Resources and Organization
December 1, 2005*
Appointments:
○ Wolfsburg AG, Wolfsburg

DR. H.C. LEIF ÖSTLING (67)
Commercial Vehicles
September 1, 2012*
Appointments:
⊙ AB SKF, Gothenburg
⊙ ISS A/S, Copenhagen

HANS DIETER PÖTSCH (61)
Finance and Controlling
January 1, 2003*
Chief Financial Officer of
Porsche Automobil Holding SE
November 25, 2009*
Appointments:
○ Bertelsmann SE & Co. KGaA, Gütersloh

PROF. RUPERT STADLER (49)
Chairman of the Board of
Management of AUDI AG
January 1, 2010*
Appointments:
○ FC Bayern München AG, Munich

As part of their duty to manage and supervise the Group's business, the members of the Board of Management hold other offices on the supervisory boards of consolidated Group companies and other significant investees.

○ Membership of statutory supervisory boards in Germany.
⊙ Comparable appointments in Germany and abroad.

* The date signifies the beginning or period of membership of the Board of Management.

Members of the Supervisory Board and their Appointments

APPOINTMENTS: AS OF DECEMBER 31, 2012

HON.-PROF. DR. TECHN. H.C.
DIPL.-ING. ETH
FERDINAND K. PIËCH (75)
Chairman
April 16, 2002*
Appointments:
○ AUDI AG, Ingolstadt
○ Dr. Ing. h. c. F. Porsche AG, Stuttgart
○ MAN SE, Munich (Chairman)
○ Porsche Automobil Holding SE, Stuttgart
⊙ Ducati Motor Holding S. p. A., Bologna
⊙ Porsche Gesellschaft m. b. H., Salzburg
⊙ Porsche Holding Gesellschaft m. b. H., Salzburg
⊙ Porsche Piech Holding GmbH, Salzburg
⊙ Scania AB, Södertälje
⊙ Scania CV AB, Södertälje

BERTHOLD HUBER (62)
Deputy Chairman
First Chairman of IG Metall
May 25, 2010*
Appointments:
○ AUDI AG, Ingolstadt (Deputy Chairman)
○ Porsche Automobil Holding SE, Stuttgart
○ Siemens AG, Munich (Deputy Chairman)

DR. JUR. KLAUS LIESEN (81)
July 2, 1987 – May 3, 2006*
Honorary Chairman of the Supervisory Board of Volkswagen AG (since May 3, 2006)

DR. HUSSAIN ALI AL-ABDULLA (56)
Vice Chairman of Qatar Holding LLC
April 22, 2010*
Appointments:
⊙ Gulf Investment Corporation, Safat/Kuwait
⊙ Masraf Al Rayan, Doha (Chairman)
⊙ Qatar Airways, Doha
⊙ Qatar Exchange, Doha (Chairman)
⊙ Qatar Holding, Doha (Deputy Chairman)
⊙ Qatar Investment Authority, Doha

KHALIFA JASSIM AL-KUWARI (36)
Adviser to the CEO of Qatar Holding LLC
May 3, 2011*
Appointments:
⊙ Islamic Bank of Britain, London (Chairman)
⊙ Katara Hospitality, Doha
⊙ Mowasalat (Karwa), Doha
⊙ Qatar Exchange, Doha
⊙ Songbird Estates plc, London

JÖRG BODE (42)
Minister of Economic Affairs, Labor and Transport for the Federal State of Lower Saxony
November 4, 2009*
Appointments:
○ Deutsche Messe AG, Hanover

JÜRGEN DORN (46)
Chairman of the Group Works Council of MAN SE
January 1, 2013*
Appointments (as of January 31, 2013):
○ MAN SE, Munich
○ MAN Truck & Bus AG, Munich (Deputy Chairman)

○ Membership of statutory supervisory boards in Germany.
● Group appointments to statutory supervisory boards.
⊙ Comparable appointments in Germany and abroad.

ANNIKA FALKENGREN (50)
President and Group Chief Executive of Skandinaviska Enskilda Banken AB
May 3, 2011*
Appointments:
○ Münchener Rückversicherungs-Gesellschaft AG, Munich
⊙ Securitas AB, Stockholm

DR. JUR. HANS-PETER FISCHER (53)
Chairman of the Board of Management of Volkswagen Management Association (since January 1, 2013)
January 1, 2013*
Appointments (as of January 31, 2013):
⊙ Volkswagen Pension Trust e. V., Wolfsburg

DR. JUR. MICHAEL FRENZEL (65)
June 7, 2001 – April 19, 2012*

UWE FRITSCH (56)
Chairman of the Works Council at the Volkswagen AG Braunschweig plant
April 19, 2012*
Appointments:
⊙ Eintracht Braunschweig GmbH & Co KGaA, Braunschweig
⊙ Eintracht Braunschweig Management GmbH, Braunschweig
⊙ Phantoms Basketball Braunschweig GmbH, Braunschweig
⊙ Volkswagen Coaching GmbH, Wolfsburg

* The date signifies the beginning or period of membership of the Supervisory Board.

BABETTE FRÖHLICH (47)
IG Metall,
Department head for coordination of Executive Board duties and planning
October 25, 2007*
Appointments:
○ MTU Aero Engines Holding AG, Munich

PETER JACOBS (55)
April 19, 2007 – April 19, 2012*

DAVID MCALLISTER (42)
Minister-President of the Federal State of Lower Saxony
July 1, 2010*

HARTMUT MEINE (60)
Director of the Lower Saxony and Saxony-Anhalt Regional Office of IG Metall
December 30, 2008*
Appointments:
○ Continental AG, Hanover
○ KME Germany GmbH & Co KG, Osnabrück

PETER MOSCH (41)
Chairman of the General Works Council of AUDI AG
January 18, 2006*
Appointments:
○ AUDI AG, Ingolstadt
○ Porsche Automobil Holding SE, Stuttgart

BERND OSTERLOH (56)
Chairman of the General and Group Works Councils of Volkswagen AG
January 1, 2005*
Appointments:
○ Autostadt GmbH, Wolfsburg
○ Porsche Automobil Holding SE, Stuttgart
○ Wolfsburg AG, Wolfsburg
⊙ Porsche Holding Gesellschaft m. b. H., Salzburg
⊙ Projekt Region Braunschweig GmbH, Braunschweig
⊙ VfL Wolfsburg-Fußball GmbH, Wolfsburg
⊙ Volkswagen Coaching GmbH, Wolfsburg

DR. JUR. HANS MICHEL PIËCH (71)
Lawyer in private practice
August 7, 2009*
Appointments:
○ AUDI AG, Ingolstadt
○ Dr. Ing. h. c. F. Porsche AG, Stuttgart
○ Porsche Automobil Holding SE, Stuttgart
⊙ Porsche Cars Great Britain Ltd., Reading
⊙ Porsche Cars North America Inc., Wilmington
⊙ Porsche Gesellschaft m. b. H., Salzburg (Chairman)
⊙ Porsche Holding Gesellschaft m. b. H., Salzburg
⊙ Porsche Ibérica S. A., Madrid
⊙ Porsche Italia S. p. A., Padua
⊙ Porsche Piech Holding GmbH, Salzburg (Chairman)
⊙ Schmittenhöhebahn AG, Zell am See
⊙ Volksoper Wien GmbH, Vienna

URSULA PIËCH (56)
Kindergarten teacher with additional qualifications in Business and Law
April 19, 2012*

DR. JUR. FERDINAND OLIVER PORSCHE (51)
Member of the Board of Management of Familie Porsche AG Beteiligungsgesellschaft
August 7, 2009*

Appointments:
○ AUDI AG, Ingolstadt
○ Dr. Ing. h. c. F. Porsche AG, Stuttgart
○ Porsche Automobil Holding SE, Stuttgart
⊙ PGA S. A., Paris
⊙ Porsche Holding Gesellschaft m. b. H., Salzburg
⊙ Porsche Lizenz- und Handelsgesellschaft mbH & Co. KG, Bietigheim-Bissingen
⊙ Voith GmbH, Heidenheim

DR. RER. COMM. WOLFGANG PORSCHE (69)
Chairman of the Supervisory Board of Porsche
Automobil Holding SE;
Chairman of the Supervisory Board of Dr. Ing. h. c. F. Porsche AG
April 24, 2008*
Appointments:
○ AUDI AG, Ingolstadt
○ Dr. Ing. h. c. F. Porsche AG, Stuttgart (Chairman)
○ Porsche Automobil Holding SE, Stuttgart (Chairman)
⊙ Familie Porsche AG Beteiligungsgesellschaft, Salzburg (Chairman)
⊙ Porsche Cars Great Britain Ltd., Reading
⊙ Porsche Cars North America Inc., Wilmington
⊙ Porsche Gesellschaft m. b. H., Salzburg (Deputy Chairman)
⊙ Porsche Holding Gesellschaft m. b. H., Salzburg
⊙ Porsche Ibérica S. A., Madrid
⊙ Porsche Italia S. p. A., Padua
⊙ Porsche Piech Holding GmbH, Salzburg (Deputy Chairman)
⊙ Schmittenhöhebahn AG, Zell am See

WOLFGANG RITMEIER (64)
Chairman of the Board of Management of Volkswagen Management Association (until December 31, 2012) April 19, 2007 – December 31, 2012*
Appointments:
⊙ Volkswagen Pension Trust e. V., Wolfsburg

JÜRGEN STUMPF (58)
Chairman of the Work Council at the Volkswagen AG Kassel plant (until November 14, 2012)
January 1, 2005 – December 31, 2012*

BERND WEHLAUER (58)
Deputy Chairman of the General and Group Works Councils of Volkswagen AG (until December 10, 2012)
September 1, 2005 – December 31, 2012*
Appointments:
○ Wolfsburg AG, Wolfsburg
⊙ Sitech Sitztechnik GmbH, Wolfsburg
⊙ Volkswagen Immobilien GmbH, Wolfsburg
⊙ Volkswagen Pension Trust e. V., Wolfsburg

STEPHAN WOLF (46)
Deputy Chairman of the General Works Council of Volkswagen AG (since December 10, 2012)
January 1, 2013*
Appointments (as of January 31, 2013):
○ Wolfsburg AG, Wolfsburg
⊙ Sitech Sitztechnik GmbH, Wolfsburg
⊙ Volkswagen Pension Trust e. V., Wolfsburg

THOMAS ZWIEBLER (47)
Chairman of the Works Council Volkswagen Commercial Vehicles
May 15, 2010*

COMMITTEES OF THE SUPERVISORY BOARD
As of December 31, 2012

Members of the Executive Committee
Hon.-Prof. Dr. techn. h. c. Dipl.-Ing. ETH Ferdinand K. Piëch (Chairman)
Berthold Huber (Deputy Chairman)
David McAllister
Bernd Osterloh
Dr. Wolfgang Porsche
Bernd Wehlauer (until December 31, 2012)
Stephan Wolf (since January 25, 2013)

Members of the Mediation Committee in accordance with section 27 (3) of the Mitbestimmungsgesetz (German Codetermination Act)
Hon.-Prof. Dr. techn. h. c. Dipl.-Ing. ETH Ferdinand K. Piëch (Chairman)
Berthold Huber (Deputy Chairman)
David McAllister
Bernd Osterloh

Members of the Audit Committee
Dr. Ferdinand Oliver Porsche (Chairman)
Bernd Wehlauer (Deputy Chairman, until December 31, 2012)
Babette Fröhlich
Dr. jur. Michael Frenzel (until April 19, 2012)
Annika Falkengren (since April 19, 2012)
Peter Mosch (Deputy Chairman, since January 25, 2013)

Members of the Nomination Committee
Hon.-Prof. Dr. techn. h. c. Dipl.-Ing. ETH Ferdinand K. Piëch (Chairman)
David McAllister
Dr. Wolfgang Porsche

Members of the Committee for Major Shareholder Business Relationships
(until September 21, 2012)
Hon.-Prof. Dr. techn. h. c. Dipl.-Ing. ETH Ferdinand K. Piëch (Chairman)
Berthold Huber (Deputy Chairman)
Jörg Bode
Dr. Michael Frenzel (until April 19, 2012)
Bernd Osterloh
Dr. Wolfgang Porsche
Jürgen Stumpf
Bernd Wehlauer

Members of the Integrated Automotive Group Committee
(until September 21, 2012)
Hon.-Prof. Dr. techn. h. c. Dipl.-Ing. ETH Ferdinand K. Piëch (Chairman)
Bernd Osterloh (Deputy Chairman)
David McAllister
Bernd Wehlauer

○ Membership of statutory supervisory boards in Germany.
● Group appointments to statutory supervisory boards.
⊙ Comparable appointments in Germany and abroad.

* The date signifies the beginning or period of membership of the Supervisory Board.

Name and domicile of company	Currency	Exchange rate (€1 =) Dec. 31, 2012	VW AG's interest in capital in % Direct	Indirect	Total	Equity in thousands, local currency	Profit/loss in thousands, local currency	Footnote	Year
I. PARENT COMPANY									
VOLKSWAGEN AG, Wolfsburg	EUR								
II. SUBSIDIARIES									
A. Consolidated companies									
1. Germany									
ADMOS-Gleitlager Produktions- und Vertriebsgesellschaft mbH, Berlin	EUR		—	100.00	100.00	1,342	−657	7)	2012
AUDI AG, Ingolstadt	EUR		99.55	—	99.55	5,042,399	—	1)	2011
Audi Akademie GmbH, Ingolstadt	EUR		—	100.00	100.00	4,280	—	1)	2012
Audi Berlin GmbH, Berlin	EUR		—	100.00	100.00	4,599	—	1) 14)	2011
Audi Frankfurt GmbH, Frankfurt am Main	EUR		—	100.00	100.00	8,477	—	1)	2011
Audi Hamburg GmbH, Hamburg	EUR		—	100.00	100.00	13,425	—	1)	2011
Audi Hannover GmbH, Hanover	EUR		—	100.00	100.00	12,799	998	1)	2011
Audi Leipzig GmbH, Leipzig	EUR		—	100.00	100.00	9,525	—	1)	2011
Audi Stuttgart GmbH, Stuttgart	EUR		—	100.00	100.00	6,677	—	1)	2011
Audi Vertriebsbetreuungsgesellschaft mbH, Ingolstadt	EUR		—	100.00	100.00	100	—	1)	2012
Auto & Service PIA GmbH, Munich	EUR		—	100.00	100.00	12,160	2,779		2011
Autohaus Leonrodstraße GmbH, Munich	EUR		—	100.00	100.00	270	—	1)	2012
Automobilmanufaktur Dresden GmbH, Dresden	EUR		100.00	—	100.00	80,090	—	1)	2012
Autostadt GmbH, Wolfsburg	EUR		100.00	—	100.00	50	—	1)	2011
AutoVision GmbH, Wolfsburg	EUR		100.00	—	100.00	33,630	—	1)	2011
B. + V. Grundstücks- und Verwertungs-GmbH & Co. KG, Koblenz	EUR		—	100.00	100.00	13,560	1,023		2011
B. + V. Grundstücks- Verwaltungs- und Verwertungs-GmbH, Koblenz	EUR		—	100.00	100.00	81	5		2011
Bugatti Engineering GmbH, Wolfsburg	EUR		—	100.00	100.00	25	—	1)	2011
Dr. Ing. h.c.F. Porsche AG, Stuttgart	EUR		—	100.00	100.00	5,876,457	—	1) 7) 14)	2012
Driver Eight GmbH, Frankfurt am Main	EUR		—	—	—	25	—	16)	2011
Driver Five GmbH, in liquidation, Frankfurt am Main	EUR		—	—	—	28	1	2) 16)	2011
Driver Four GmbH, in liquidation, Frankfurt am Main	EUR		—	—	—	25	—	2) 4) 16)	2011
Driver Nine GmbH, Frankfurt am Main	EUR		—	—	—	25	—	4) 16)	2011
Driver Seven GmbH, Frankfurt am Main	EUR		—	—	—	26	—	16)	2011
Driver Six GmbH, in liquidation, Frankfurt am Main	EUR		—	—	—	27	1	2) 16)	2011
Driver Ten GmbH, Frankfurt am Main	EUR		—	—	—	25	—	6) 16)	2012
Driver Three GmbH, Frankfurt am Main	EUR		—	—	—	25	—	16) 17)	2011
Driver Two GmbH, in liquidation, Frankfurt am Main	EUR		—	—	—	25	—	2) 16)	2011
Ducati Motor Deutschland GmbH, Cologne	EUR		—	100.00	100.00	5,648	1,819	7)	2012
Eberhardt Kraftfahrzeug GmbH & Co. KG, Ulm	EUR		—	98.59	98.59	512	1,672		2012
Eurocar Deutschland Verwaltungs GmbH, Munich	EUR		—	100.00	100.00	68,925	−17		2011
Eurocar Immobilien GmbH & Co. KG, Freilassing	EUR		—	100.00	100.00	8,247	−154		2011
EURO-Leasing GmbH, Sittensen	EUR		—	100.00	100.00	25,093	—	1) 10) 14)	2012
GETAS Verwaltung GmbH & Co. Objekt Augsburg KG, Pullach i. Isartal	EUR		—	100.00	100.00	2,039	−128		2012
GETAS Verwaltung GmbH & Co. Objekt Ausbildungszentrum KG, Pullach i. Isartal	EUR		—	100.00	100.00	26	372		2012
GETAS Verwaltung GmbH & Co. Objekt Heinrich-von-Buz-Straße KG, Pullach i. Isartal	EUR		—	100.00	100.00	10	−43		2012
GETAS Verwaltung GmbH & Co. Objekt Offenbach KG, Pullach i. Isartal	EUR		—	100.00	100.00	26	−60		2012
GETAS Verwaltung GmbH & Co. Objekt Verwaltung Nürnberg KG, Pullach i. Isartal	EUR		—	100.00	100.00	26	992		2012
Haberl Beteiligungs-GmbH, Munich	EUR		—	100.00	100.00	16,174	—	1)	2012
Held & Ströhle GmbH & Co. KG, Ulm	EUR		—	70.30	70.30	2,915	4,728		2012
Karosseriewerk Porsche GmbH & Co. KG, Stuttgart	EUR		—	100.00	100.00	1,534	86	7)	2012
Kosiga GmbH & Co. KG, Pullach i. Isartal	EUR		—	94.00	94.00	—	−2,605		2012
LOCATOR Grundstücks-Vermietungsgesellschaft mbH und Volkswagen AG in GbR, Pullach i. Isartal	EUR			—	—	—			2011
MAHAG Automobilhandel und Service GmbH & Co. oHG, Munich	EUR	—	—	100.00	100.00	23,351	8,172	—	2012

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MAHAG GmbH, Munich	EUR		—	100.00	100.00	78,338	—	1)	2011
MAHAG Holding GmbH & Co. oHG, Munich	EUR		—	100.00	100.00	8,201	1,749		2012
MAHAG Sportwagen Zentrum Albrechtstraße GmbH, Munich	EUR		—	100.00	100.00	100	—	1)	2012
MAHAG Sportwagen Zentrum München Süd GmbH, Munich	EUR		—	100.00	100.00	3,205	—	1)	2012
MAHAG Sportwagen-Zentrum GmbH, Munich	EUR		—	100.00	100.00	5,056	—	1)	2012
MAN Beteiligungs GmbH, Munich	EUR		—	100.00	100.00	265,974	—	1)	2012
MAN Diesel & Turbo SE, Augsburg	EUR		—	100.00	100.00	660,108	—	1)	2012
MAN Ferrostaal Beteiligungs GmbH, Munich	EUR		—	100.00	100.00	316,654	—	1)	2012
MAN Finance International GmbH, Munich	EUR		—	100.00	100.00	105,000	—	1)	2012
MAN Financial Services GmbH, Munich	EUR		—	100.00	100.00	48,508	—	1) 14)	2012
MAN GHH Immobilien GmbH, Oberhausen	EUR		—	100.00	100.00	144,350	—	1)	2012
MAN Grundstücksgesellschaft mbH & Co. Alpha KG, Munich	EUR		—	100.00	100.00	5,123	18,761		2012
MAN Grundstücksgesellschaft mbH & Co. Beta KG, Munich	EUR		—	100.00	100.00	47,756	– 15,838		2012
MAN Grundstücksgesellschaft mbH & Co. Werk Deggendorf DWE KG, Munich	EUR		—	100.00	100.00	16,810	955		2012
MAN HR Services GmbH, Munich	EUR		—	100.00	100.00	540	—	1)	2012
MAN Immobilien GmbH, Munich	EUR		—	100.00	100.00	26	—	1)	2012
MAN Leasing GmbH & Co. Epsilon KG, Munich	EUR		—	100.00	100.00	1,182	741		2012
MAN Logistik GmbH, Salzgitter	EUR		—	100.00	100.00	25	—	1)	2012
MAN SE, Munich	EUR		73.72	—	73.72	2,293,014	242,146		2012
MAN Service und Support GmbH, Munich	EUR		—	100.00	100.00	25	—	1)	2012
MAN Truck & Bus AG, Munich	EUR		—	100.00	100.00	563,448	—	1)	2012
MAN Truck & Bus Deutschland GmbH, Munich	EUR		—	100.00	100.00	130,934	—	1)	2012
MAN Truck & Bus Licence GmbH, Grünwald	EUR		—	100.00	100.00	17	– 8		2012
MAN Vermietungs GmbH, Munich	EUR		—	100.00	100.00	26	—	1)	2012
MAN Versicherungsvermittlung GmbH, Munich	EUR		—	100.00	100.00	312	—	1)	2012
MAN Verwaltungs-Gesellschaft mbH, Munich	EUR		—	100.00	100.00	1,039	—	1)	2012
Mieschke, Hofmann und Partner Gesellschaft für Management- und IT-Beratung mbH, Freiberg a.N.	EUR		—	81.80	81.80	16,842	16,224	7)	2012
NEOPLAN Bus GmbH, Plauen	EUR		—	100.00	100.00	1,039	—	1)	2012
POFIN Financial Services GmbH & Co. KG, Freilassing	EUR		—	100.00	100.00	90,144	– 2,088		2011
POFIN Financial Services Verwaltungs GmbH, Freilassing	EUR		—	100.00	100.00	86,977	80		2011
Porsche Consulting GmbH, Bietigheim-Bissingen	EUR		—	100.00	100.00	700	—	1) 7)	2012
Porsche Deutschland GmbH, Bietigheim-Bissingen	EUR		—	100.00	100.00	9,125	—	1) 7)	2012
Porsche Dienstleistungs GmbH, Stuttgart	EUR		—	100.00	100.00	43	—	1) 7)	2012
Porsche Engineering Group GmbH, Weissach	EUR		—	100.00	100.00	4,000	—	1) 7)	2012
Porsche Engineering Services GmbH, Bietigheim-Bissingen	EUR		—	100.00	100.00	1,604	—	1) 7)	2012
Porsche Financial Services GmbH & Co. KG, Bietigheim-Bissingen	EUR		—	100.00	100.00	—	31,215	7)	2012
Porsche Financial Services GmbH, Bietigheim-Bissingen	EUR		—	100.00	100.00	24,052	—	1) 7)	2012
Porsche Financial Services Verwaltungsgesellschaft mbH, Bietigheim-Bissingen	EUR		—	100.00	100.00	68	5	7)	2012
Porsche Holding Stuttgart GmbH, Stuttgart	EUR		100.00	—	100.00	19	– 5	3) 4) 14)	2011
Porsche Leipzig GmbH, Leipzig	EUR		—	100.00	100.00	2,500	—	1) 7)	2012
Porsche Lizenz- und Handelsgesellschaft mbH & Co. KG, Bietigheim-Bissingen	EUR		—	65.00	65.00	20,323	4,225	7)	2012
Porsche Logistik GmbH, Stuttgart	EUR		—	100.00	100.00	1,000	—	1) 7)	2012
Porsche Niederlassung Berlin GmbH, Berlin	EUR		—	100.00	100.00	2,500	—	1) 7)	2012
Porsche Niederlassung Berlin-Potsdam GmbH, Berlin	EUR		—	100.00	100.00	1,700	—	1) 7)	2012
Porsche Niederlassung Hamburg GmbH, Hamburg	EUR		—	100.00	100.00	2,000	—	1) 7)	2012
Porsche Niederlassung Leipzig GmbH, Leipzig	EUR		—	100.00	100.00	498	2	1) 7)	2012
Porsche Niederlassung Mannheim GmbH, Mannheim	EUR		—	100.00	100.00	2,433	—	1) 7)	2012
Porsche Niederlassung Stuttgart GmbH, Stuttgart	EUR		—	100.00	100.00	2,500	—	1) 7)	2012

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Porsche Nordamerika Holding GmbH, Ludwigsburg	EUR		—	100.00	100.00	58,311	—	1) 7)	2012
Porsche Siebte Vermögensverwaltung GmbH, Stuttgart	EUR		100.00	—	100.00	—	—	6)	2012
Porsche Verwaltungsgesellschaft mbH, Bietigheim-Bissingen	EUR		—	65.00	65.00	33	1	7)	2012
Porsche Vierte Vermögensverwaltung GmbH, Stuttgart	EUR		—	100.00	100.00	23	0	7)	2012
Porsche Zentrum Hoppegarten GmbH, Stuttgart	EUR		—	100.00	100.00	2,556	—	1) 7)	2012
Private Driver 2007 GmbH, in liquidation, Frankfurt am Main	EUR		—	—	—	26	1	2) 16)	2011
Private Driver 2008-1 GmbH, in liquidation, Frankfurt am Main	EUR		—	—	—	27	1	2) 16)	2011
Private Driver 2008-2 GmbH, in liquidation, Frankfurt am Main	EUR		—	—	—	26	—	2) 16)	2011
Private Driver 2008-3 GmbH, in liquidation, Frankfurt am Main	EUR		—	—	—	26	—	2) 16)	2011
Private Driver 2008-4 GmbH, in liquidation, Frankfurt am Main	EUR		—	—	—	26	—	2) 16)	2011
Private Driver 2010-1 fixed GmbH, Frankfurt am Main	EUR		—	—	—	25	—	16)	2011
Private Driver 2011-1 GmbH, Frankfurt am Main	EUR		—	—	—	25	—	4) 16)	2011
Private Driver 2011-2 GmbH, Frankfurt am Main	EUR		—	—	—	25	—	4) 16)	2011
Private Driver 2011-3 GmbH, Frankfurt am Main	EUR		—	—	—	25	—	4) 16)	2011
Private Driver 2012-1 GmbH, Frankfurt am Main	EUR		—	—	—	25	—	6) 16)	2012
Private Driver 2012-2 GmbH, Frankfurt am Main	EUR		—	—	—	25	—	6) 16)	2012
Private Driver 2012-3 GmbH, Frankfurt am Main	EUR		—	—	—	25	—	6) 16)	2012
PSW automotive engineering GmbH, Gaimersheim	EUR		—	91.00	91.00	14,437	6,298		2012
quattro GmbH, Neckarsulm	EUR		—	100.00	100.00	100	—	1)	2012
Raffay Versicherungsdienst GmbH, Hamburg	EUR		—	100.00	100.00	153	—	1)	2011
Renk Aktiengesellschaft, Augsburg	EUR		—	76.00	76.00	227,872	42,882		2012
RENK Test System GmbH, Augsburg	EUR		—	100.00	100.00	1,522	−3,797		2012
Rostock Diesel Service GmbH, Rostock	EUR		—	100.00	100.00	260	—	1)	2012
Scania CV Deutschland Holding GmbH, Koblenz	EUR		—	100.00	100.00	46,015	4,709		2011
Scania Danmark GmbH, Flensburg	EUR		—	100.00	100.00	254	16		2011
SCANIA DEUTSCHLAND GmbH, Koblenz	EUR		—	100.00	100.00	35,715	—	1)	2011
Scania Finance Deutschland GmbH, Koblenz	EUR		—	100.00	100.00	36,638	3,537		2011
Scania Flensburg GmbH, Flensburg	EUR		—	100.00	100.00	430	43		2011
Scania Versicherungsvermittlung GmbH, Koblenz	EUR		—	100.00	100.00	23	−2		2011
Scania Vertrieb und Service GmbH, Kerpen	EUR		—	100.00	100.00	6,151	486		2011
Scania Vertrieb und Service GmbH, Koblenz	EUR		—	100.00	100.00	5,476	—		2011
Schwaba GmbH, Augsburg	EUR		—	100.00	100.00	16,279	2,215		2011
Seat Deutschland GmbH, Weiterstadt	EUR		—	100.00	100.00	35,068	1,797		2011
SITECH Sitztechnik GmbH, Wolfsburg	EUR		—	100.00	100.00	78,702	22,019		2011
SKODA AUTO Deutschland GmbH, Weiterstadt	EUR		—	100.00	100.00	24,596	16,443		2011
Sportwagen am Olympiapark GmbH, Munich	EUR		—	100.00	100.00	4,146	—	1)	2012
Sportwagen GmbH Donautal, Ulm	EUR		—	100.00	100.00	2,605	—	1)	2012
VfL Wolfsburg-Fußball GmbH, Wolfsburg	EUR		—	100.00	100.00	30,973	—	1) 3)	2012
VGRD GmbH, Wolfsburg	EUR		100.00	—	100.00	135,234	—	1) 14)	2011
Volim Volkswagen Immobilien Vermietgesellschaft für VW-/Audi-Händlerbetriebe mbH, Braunschweig	EUR		—	100.00	100.00	26	—	1)	2012
Volkswagen Automobile Berlin GmbH, Berlin	EUR		—	100.00	100.00	11,427	—	1)	2011
Volkswagen Automobile Frankfurt GmbH, Frankfurt a.M.	EUR		—	100.00	100.00	2,979	—	1)	2011
Volkswagen Automobile Hamburg GmbH, Hamburg	EUR		—	100.00	100.00	35,371	—	1)	2011
Volkswagen Automobile Stuttgart GmbH, Stuttgart	EUR		—	100.00	100.00	4,407	—	1)	2011

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Volkswagen Bank GmbH, Braunschweig	EUR		—	100.00	100.00	3,939,684	—	1)	2012
VOLKSWAGEN FINANCIAL SERVICES AG, Braunschweig	EUR		100.00	—	100.00	5,251,495	—	1)	2012
Volkswagen Financial Services Beteiligungsgesellschaft mbH, Braunschweig	EUR		—	100.00	100.00	523,001	—	1)	2012
Volkswagen Gebrauchtfahrzeughandels und Service GmbH, Langenhagen	EUR		100.00	—	100.00	100	—	1) 11)	2011
Volkswagen Group Real Estate GmbH & Co. KG, Wolfsburg	EUR		—	100.00	100.00	224,735	9,780		2011
Volkswagen Immobilien GmbH, Wolfsburg	EUR		100.00	—	100.00	86,169	—	1)	2011
Volkswagen Leasing GmbH, Braunschweig	EUR		—	100.00	100.00	219,123	—	1)	2012
Volkswagen Logistics GmbH & Co. OHG, Wolfsburg	EUR		81.00	19.00	100.00	511	230,931		2011
Volkswagen Logistics GmbH, Wolfsburg	EUR		100.00	—	100.00	999	136		2011
Volkswagen Original Teile Logistik Beteiligungs-GmbH, Baunatal	EUR		49.00	3.80	52.80	29	1		2012
Volkswagen Original Teile Logistik GmbH & Co. KG, Baunatal	EUR		49.77	3.87	53.64	47,000	86,858		2012
Volkswagen Osnabrück GmbH, Osnabrück	EUR		100.00	—	100.00	10,511	381	1)	2011
Volkswagen R GmbH, Wolfsburg	EUR		—	100.00	100.00	7,900	—	1)	2011
Volkswagen Sachsen GmbH, Zwickau	EUR		100.00	—	100.00	592,412	—	1)	2012
Volkswagen Versicherung Aktiengesellschaft, Braunschweig	EUR		—	100.00	100.00	52,055	—	1)	2012
Volkswagen Versicherungsvermittlung GmbH, Braunschweig	EUR		—	100.00	100.00	49,529	—	1)	2012
Volkswagen Vertriebsbetreuungsgesellschaft mbH, Chemnitz	EUR		100.00	—	100.00	805	—	1)	2011
Volkswagen Zubehör GmbH, Dreieich	EUR		100.00	—	100.00	8,969	—	1)	2011
Volkswagen-Versicherungsdienst GmbH, Braunschweig	EUR		—	100.00	100.00	54,369	—	1)	2012
VW Kraftwerk GmbH, Wolfsburg	EUR		100.00	—	100.00	184,014	—	1)	2011
2. International									
AB Dure, Södertälje	SEK	8.5820	—	100.00	100.00	—	—	5)	2012
AB Folkvagn, Södertälje	SEK	8.5820	—	100.00	100.00	—	—	5)	2012
AB Scania-Vabis, Södertälje	SEK	8.5820	—	100.00	100.00	—	—	5)	2012
ABCIS Bretagne S.A.S., Morlaix	EUR		—	100.00	100.00	1,935	186		2011
ABCIS Centre S.A.S., Clermont-Ferrand	EUR		—	100.00	100.00	7,086	866		2011
ABCIS Picardie S.A.S., Saint Maximin	EUR		—	100.00	100.00	6,255	646		2011
ABCIS Pyrenees S.A.S., Billère	EUR		—	100.00	100.00	7,066	885		2011
Aconcagua Vehículos Comerciales S.A., Mendoza	ARS	6.4840	—	100.00	100.00	20,522	5,710		2011
Ainax AB, Stockholm	SEK	8.5820	—	100.00	100.00	—	—	5)	2012
Aktiebolaget Grundstenen 141601, Södertälje	SEK	8.5820	—	100.00	100.00	—	—	6)	2012
Aktiebolaget Grundstenen 141602, Södertälje	SEK	8.5820	—	100.00	100.00	—	—	6)	2012
Aktiebolaget Tönseth & Co, Södertälje	SEK	8.5820	—	100.00	100.00	8,951	359		2011
Allmobil Autohandels GmbH, Salzburg	EUR		—	100.00	100.00	7,442	2,244		2011
ARAC GmbH, Salzburg	EUR		—	100.00	100.00	2,977	310		2011
Astur Wagen, S.A., Gijón	EUR		—	100.00	100.00	2,958	−358		2011
Audi (China) Enterprise Management Co. Ltd., Beijing	CNY	8.2207	—	100.00	100.00	418,343	197,327		2012
Audi Australia Pty. Ltd., Zetland	AUD	1.2712	—	100.00	100.00	100,591	7,230		2012
AUDI AUSTRALIA RETAIL OPERATIONS PTY LTD., Zetland	AUD	1.2712	—	100.00	100.00	1,803	161		2012
Audi Brasil Distribuidora de Veículos Ltda., São Paulo	BRL	2.7036	—	100.00	100.00	109,949	51,201		2011
AUDI BRUSSELS PROPERTY S.A./N.V., Brussels	EUR		—	100.00	100.00	80,600	700		2012
AUDI BRUSSELS S.A./N.V., Brussels	EUR		—	100.00	100.00	451,200	21,200		2012
Audi Canada Inc., Ajax, Ontario	CAD	1.3137	—	—	—	33,543	13,287	16)	2012
AUDI HUNGARIA MOTOR Kft., Györ	EUR		—	100.00	100.00	3,299,856	334,374		2012
AUDI HUNGARIA SERVICES Zrt., Györ	EUR		—	100.00	100.00	8,987,738	7,377		2012
Audi Japan K.K., Tokyo	JPY	113.6100	—	100.00	100.00	7,221,293	15,680		2011
Audi Japan Sales K.K., Tokyo	JPY	113.6100	—	100.00	100.00	1,304,806	208,613		2011
Audi of America, LLC, Herndon, Virginia	USD	1.3194	—	—	—	283,761	72,399	16)	2012
Audi Retail Barcelona, S.A., Barcelona	EUR		—	100.00	100.00	204	−851		2011
Audi Retail Madrid, S.A., Madrid	EUR		—	100.00	100.00	2,222	−226		2011
AUDI SINGAPORE PTE. LTD., Singapore	SGD	1.6111	—	100.00	100.00	32,313	3,145		2012
AUDI TAIWAN CO., LTD., Taipei	TWD	38.3200	—	100.00	100.00	1,426,948	629,734		2012

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Audi Tooling Barcelona, S.L., Barcelona	EUR		—	100.00	100.00	14,474	3,189		2012
Audi Volkswagen Korea Ltd., Seoul	KRW	1,406.2300	—	100.00	100.00	108,455,715	43,569,862		2012
Audi Volkswagen Middle East FZE, Dubai	USD	1.3194	—	100.00	100.00	62,443	16,393		2012
Auto Doetinchem B.V., Doetinchem	EUR		—	100.00	100.00	72	0		2011
Auto Garage de l'Ouest S.A.S., Orvault	EUR		—	100.00	100.00	3,191	270		2011
Autohaus Robert Stipschitz GmbH, Salzburg	EUR		—	100.00	100.00	5,187	625		2011
Automobili Lamborghini America, LLC, Wilmington, Delaware	USD	1.3194	—	—	—	954	134	16)	2012
Automobili Lamborghini S.p.A., Sant' Agata Bolognese	EUR		—	100.00	100.00	869,858	8,966	14)	2011
Automotores del Atlantico S.A., Mar del Plata	ARS	6.4840	—	100.00	100.00	24,014	7,017		2011
Automotores Pesados S.A., Tucumán	ARS	6.4840	—	100.00	100.00	43,184	11,257		2011
Auto-Z Autozubehörhandels GmbH, Salzburg	EUR		—	100.00	100.00	6,175	2,984		2011
B.B.M. 77 S.A.S., Saint-Thibault-des-Vignes	EUR		—	100.00	100.00	1,617	243		2011
Banco Volkswagen S.A., São Paulo	BRL	2.7036	—	100.00	100.00	1,987,202	191,019		2011
Basa S.A.S., Niort	EUR		—	100.00	100.00	3,823	466		2011
Bayern Aix S.A.S., Aix-en-Provence	EUR		—	100.00	100.00	2,283	243	14)	2011
Bayern Automobiles S.A.S., Mérignac	EUR		—	100.00	100.00	1,949	327		2011
Bayern Landes Pays Basque S.A.S. (Garage Durruty), Bayonne	EUR		—	100.00	100.00	962	−827		2011
Bayern Motors S.A.S., Paris	EUR		—	100.00	100.00	7,731	−32		2011
Beauciel Automobiles S.A.S., La Chaussée-Saint-Victor	EUR		—	100.00	100.00	2,871	284		2011
Beers Deutschland B.V., Breda	EUR		—	100.00	100.00	—	—	5)	2012
Beers N.V., Breda	EUR		—	100.00	100.00	108,669	6,736		2011
Beijing Jun Bao Jie Automobile Repair and Maintenance Co., Ltd., Beijing	CNY	8.2207	—	100.00	100.00	103,869	2,122		2011
Beijing Jun Bao Jie Automobile Sales and Service Co., Ltd., Beijing	CNY	8.2207	—	100.00	100.00	8,348	518		2011
Bentley Motor Cars Export Ltd., Crewe	GBP	0.8161	—	100.00	100.00	—	—	5)	2011
Bentley Motors Canada Ltd./Ltee., Montreal	CAD	1.3137	—	100.00	100.00	2,118	301	12)	2011
Bentley Motors Ltd., Crewe	GBP	0.8161	—	100.00	100.00	—	−27,100		2011
Bentley Motors, Inc., Boston	USD	1.3194	—	100.00	100.00	—	—	11)	2011
Bil-Forum AB, Södertälje	SEK	8.5820	—	100.00	100.00	—	—	5)	2012
Blitz B.V., Utrecht	EUR		—	100.00	100.00	401	0		2011
Blitz Motors S.A.S., Paris	EUR		—	100.00	100.00	2,638	162		2011
Bugatti Automobiles S.A.S., Molsheim	EUR		—	100.00	100.00	22,128	187		2012
Bugatti International S.A., Luxembourg	EUR		100.00	—	100.00	5,744	747		2011
C.C.A. Holding S.A.S., Saint Doulchard	EUR		—	100.00	100.00	4,477	147		2011
Centro Porsche Padova S.r.L., Padua	EUR		—	100.00	100.00	71	3	7)	2012
Centro Técnico de SEAT, S.A., Martorell	EUR		—	100.00	100.00	131,174	2,199		2011
Centurion Truck & Bus (Pty) Ltd t/a, Centurion	ZAR	11.1727	—	70.00	70.00	—	—	11)	2012
Codema Comercial e Importadora Ltda., Guarulhos	BRL	2.7036	—	99.99	99.99	135,057	28,851		2011
Compagnie Fonciere Raison – Cofora S.A.S., Paris	EUR		—	100.00	100.00	25,469	5,648		2011
Consórcio Nacional Volkswagen – Administradora de Consórcio Ltda., São Paulo	BRL	2.7036	—	100.00	100.00	70,170	−8,534		2011
Corre Automobile S.A., Villemandeur	EUR		—	100.00	100.00	1,654	87		2011
Crewe Genuine Ltd., Crewe	GBP	0.8161	—	100.00	100.00	—	—	5)	2011
de Bois B.V., Velp	EUR		—	100.00	100.00	3,328	968		2011
de Witte Holding B.V., Den Bosch	EUR		—	100.00	100.00	—	0		2011
Dearborn Motors S.A.S., Paris	EUR		—	100.00	100.00	5,266	−1		2011
Diffusion Automobile de Charente S.A.S., Champniers	EUR		—	100.00	100.00	2,299	426		2011
Diffusion Automobile du Nord (Dianor) S.A.S., Roncq	EUR		—	100.00	100.00	2,398	593		2011
Diffusion Automobile Girondine S.A., Mérignac	EUR		—	100.00	100.00	292	42		2011
Din Bil Fastigheter Malmö AB, Malmö	SEK	8.5820	—	100.00	100.00	625	9		2011
Din Bil Helsingborg AB, Helsingborg	SEK	8.5820	—	100.00	100.00	13,327	201		2011
Din Bil Stockholm Norr AB, Kista	SEK	8.5820	—	100.00	100.00	11,653	167	5)	2011
Din Bil Stockholm Söder AB, Stockholm	SEK	8.5820	—	100.00	100.00	25,538	368	5)	2011
Din Bil Sverige AB, Stockholm	SEK	8.5820	—	100.00	100.00	454,254	157,009		2011
Distribution Automobiles Bethunoise S.A.S., Fouquières-lès-Béthune	EUR		—	100.00	100.00	2,093	247		2011
Driver Brasil Banco Volkswagen Fundo de Investimento em Direitos Creditórios Financiamento de Veículos, Rio de Janeiro	BRL	2.7036	—	—	—	—	—	6) 16)	2012
Driver UK Master S.A., Luxembourg	GBP	0.8161	—	—	—	29	—	3) 16)	2011

Name and domicile of company	Currency	Exchange rate (€1 =) Dec. 31, 2012	VW AG's interest in capital in % Direct	Indirect	Total	Equity in thousands, local currency	Profit/loss in thousands, local currency	Footnote	Year
DRIVER UK ONE PLC, London	GBP	0.8161	—	—	—	50	5,088	16)	2010
Ducati (Schweiz) AG, Wollerau	CHF	1.2072	—	100.00	100.00	703	959	7)	2012
Ducati Japan K.K., Tokyo	JPY	113.6100	—	100.00	100.00	196,601	242,487	7)	2012
Ducati Motor (Thailand) Co. Ltd., Amphur Pluakdaeng	THB	40.3470	—	100.00	100.00	12,641	54,418	7)	2012
DUCATI MOTOR HOLDING S.P.A., Bologna	EUR		—	100.00	100.00	228,552	24,478	7)	2012
DUCATI NORTH AMERICA, INC., Cupertino	USD	1.3194	—	100.00	100.00	34,607	6,308	7)	2012
Ducati North Europe B.V., The Hague	EUR		—	100.00	100.00	2,706	395	7)	2012
DUCATI U.K. LIMITED, Towcester	GBP	0.8161	—	100.00	100.00	527	268	7)	2012
DUCATI WEST EUROPE S.A.S., Colombes	EUR		—	100.00	100.00	4,048	710	7)	2012
DUCMOTOCICLETA S DE RL DE CV, Mexico City	MXN	17.1845	—	100.00	100.00	—	−2,237	7)	2012
Duverney Automobiles S.A.S., Saint-Jean-de-Maurienne	EUR		—	100.00	100.00	1,954	226		2011
Duverney Savoie Automobiles S.A.S., Saint-Alban-Leysse	EUR		—	100.00	100.00	6,046	909		2011
Duverney Val Savoie Automobiles S.A.S., Saint-Alban-Leysse	EUR		—	100.00	100.00	3,169	372		2011
Dynamate AB, Södertälje	SEK	8.5820	—	100.00	100.00	35,588	7,324		2011
Dynamate Industrial Services AB, Södertälje	SEK	8.5820	—	100.00	100.00	8,687	−33,720		2011
DynaMate IntraLog AB, Södertälje	SEK	8.5820	—	100.00	100.00	10,842	−10,168		2011
Dynamic Automobiles S.A.S., Annemasse	EUR		—	100.00	100.00	1,321	66		2011
EKRIS Holding B.V., Veenendaal	EUR		—	100.00	100.00	12,259	−978		2011
Ekris Motorsport B.V., Veenendaal	EUR		—	100.00	100.00	—	1		2011
Ekris Retail B.V., Veenendaal	EUR		—	100.00	100.00	14,251	2,656		2011
Elgersma B.V., Ijsselstein	EUR		—	100.00	100.00	1,404	638		2011
ERF Limited, Middlewich	GBP	0.8161	—	100.00	100.00	—	0		2012
Etablissement Duverney & Cie S.A.S., Saint-Alban-Leysse	EUR		—	100.00	100.00	10,965	1,687		2011
Etablissements A. Gardin S.A.S., Terville	EUR		—	100.00	100.00	2,481	74		2011
EuRent Autovermietung Kft., Budapest	HUF	292.3000	—	100.00	100.00	946,365	145,660		2011
Eurent Slovakia s.r.o., Bratislava	EUR		—	100.00	100.00	1,515	43		2011
EURO Select Quality Parts Inc., Wilmington/Delaware	USD	1.3194	—	100.00	100.00	—	0	7)	2012
Eurocar Immobili Italia s.r.l., Udine	EUR		—	100.00	100.00	9,762	236		2011
Eurocar Italia s.r.l., Udine	EUR		—	100.00	100.00	9,958	428		2011
Euro-Leasing A/S, Padborg	DKK	7.4610	—	100.00	100.00	—	—	11)	2012
EURO-Leasing Hellas E.P.E., Thessaloniki	EUR		—	100.00	100.00	—	—	11)	2012
EURO-LEASING Sp. z o. o., Szczecin	PLN	4.0740	—	100.00	100.00	—	—	11)	2012
Europeisk Biluthyrning AB, Stockholm	SEK	8.5820	—	100.00	100.00	24,743	−22,671		2011
ExB LLC, Wilmington/Delaware	USD	1.3194	—	100.00	100.00	8,278	−1,683	6)	2012
Exclusive Cars Vertriebs GmbH, Salzburg	EUR		—	100.00	100.00	1,809	143		2011
Fastighets AB Katalysatorn, Södertälje	SEK	8.5820	—	100.00	100.00	—	—	5)	2012
Fastighetsaktiebolaget Flygmotorn, Södertälje	SEK	8.5820	—	100.00	100.00	18,821	1,402		2011
Fastighetsaktiebolaget Hjulnavet, Södertälje	SEK	8.5820	—	100.00	100.00	53,932	4,393		2011
Fastighetsaktiebolaget Motorblocket, Södertälje	SEK	8.5820	—	100.00	100.00	100	−41		2011
Fastighetsaktiebolaget Vindbron, Södertälje	SEK	8.5820	—	100.00	100.00	19,067	2,622		2011
Ferruform AB, Luleå	SEK	8.5820	—	100.00	100.00	575,188	−36,249		2011
FMF Fahrzeug Miet und Finanz AG, Seuzach	CHF	1.2072	—	100.00	100.00	394	117		2011
Futurauto S.A.S., Poitiers	EUR		—	100.00	100.00	684	65		2011
FWAU Holding S.A.S., Paris	EUR		—	100.00	100.00	44,674	7		2011
Garage André Floc S.A.S., Cesson-Sévigné	EUR		—	100.00	100.00	3,761	584		2011
Garage de Witte B.V., Veenendaal	EUR		—	100.00	100.00	60	−11		2011
Garage Robert Bel S.A.S., Annemasse	EUR		—	100.00	100.00	1,491	208		2011
Garage Vetterli AG, Seuzach	CHF	1.2072	—	100.00	100.00	3,903	0		2011
GB&M Garage et Carrosserie SA, Geneva	CHF	1.2072	—	100.00	100.00	4,596	130		2011
Gearbox del Prat, S.A., El Prat de Llobregat	EUR		—	100.00	100.00	136,786	13,301		2011
Glider Air Ltd., George Town, Cayman Islands	USD	1.3194	—	100.00	100.00	—	—	15)	2011
Global Automotive C.V., Amsterdam	EUR		99.99	0.01	100.00	4,163,233	111		2011
Global Automotive Finance C.V., Amsterdam	EUR		—	100.00	100.00	510,564	−136		2011
Global VW Automotive B.V., Amsterdam	EUR		100.00	—	100.00	105,360	4,399		2011
Grands Garages de Provence SNC, Aix-en-Provence	EUR		—	100.00	100.00	8,434	641		2011
Grands Garages de Touraine SNC, Saint-Cyr-sur-Loire	EUR		—	100.00	100.00	6,703	536		2011
Grands Garages du Berry S.A.S., Saint-Maur	EUR		—	100.00	100.00	1,505	141		2011
Grands Garages du Biterrois S.A.S., Ruffec	EUR		—	100.00	100.00	4,339	343		2011
Griffin Automotive Ltd., Road Town, British Virgin Islands	TWD	38.3200	—	100.00	100.00	134,091	115,474		2011

Name and domicile of company	Currency	Exchange rate (€1 =) Dec. 31, 2012	VW AG's interest in capital in % Direct	Indirect	Total	Equity in thousands, local currency	Profit/loss in thousands, local currency	Footnote	Year
Gulf Turbo Services LLC, Doha	QAR	4.8021	—	55.00	55.00	19,639	11,375		2012
Hamlin Services LLC, Herndon, Virginia	USD	1.3194	—	100.00	100.00	—	—	11)	2011
Hangzhou Jun Bao Hang Automobile Sales & Services Co., Ltd., Hangzhou	CNY	8.2207	—	100.00	100.00	184,135	43,853		2011
Houdstermaatschappij Plesman I B.V., Veenendaal	EUR		—	100.00	100.00	15,277	0		2011
Houdstermaatschappij Plesman II B.V., Veenendaal	EUR		—	100.00	100.00	3,588	0		2011
IMMOSADA SARL, Dunkirk	EUR		—	100.00	100.00	—	43		2011
Intercar Austria GmbH, Salzburg	EUR		—	100.00	100.00	12,667	5,326		2011
IPECAS-Gestao de Imoveis S.A., Algés (Lisbon)	EUR		—	100.00	100.00	0	−2,204		2012
Italdesign Giugiaro S.p.A., Turin	EUR		—	90.10	90.10	120,366	−911		2011
Italscania S.p.A., Trento	EUR		—	100.00	100.00	51,586	16,563		2011
J.M.C. Autos S.A.S., Charmeil	EUR		—	100.00	100.00	1,178	144		2011
Jacques Duverney Annemasse S.A.S., Annemasse	EUR		—	100.00	100.00	2,790	236		2011
Jacques Duverney S.A.S., Thonon-les-Bains	EUR		—	100.00	100.00	2,790	480		2011
James Young Ltd., Crewe	GBP	0.8161	—	100.00	100.00	—	—	5)	2011
Javel Motors S.A.S., Paris	EUR		—	100.00	100.00	6,615	923		2011
Jiaxing Jun Bao Hang Automobile Sales and Service Co., Ltd., Jiaxing	CNY	8.2207	—	100.00	100.00	73,431	20,584		2011
Jinhua Jiejun Automobile Sales and Service Co., Ltd., Jinhua City	CNY	8.2207	—	100.00	100.00	128,827	76,433		2011
Jinhua Jun Bao Hang Automobile Sales and Service Co., Ltd., Jinhua	CNY	8.2207	—	100.00	100.00	110,936	28,273		2011
La Difference Automobile S.A.S., La Teste-de-Buch	EUR		—	100.00	100.00	1,138	184		2011
La Fonciere Marjolin SCI, Paris	EUR		—	100.00	100.00	850	390		2011
Lark Air Ltd., George Town, Cayman Islands	USD	1.3194	—	100.00	100.00	—	—	11)	2011
Lauken S.A., Montevideo	UYU	25.2970	—	100.00	100.00	—	—	5)	2012
Le Grand Garage Piscenois S.A.R.L., Pézenas	EUR		—	100.00	100.00	1,606	337		2011
Leioa Wagen, S.A., Leioa (Biscay)	EUR		—	100.00	100.00	3,943	645		2011
Levante Wagen, S.A., Valencia	EUR		—	100.00	100.00	4,828	1,076		2011
Lion Air Services, Inc., George Town, Cayman Islands	USD	1.3194	—	100.00	100.00	—	—	11)	2011
Málaga Wagen, S.A., Málaga	EUR		—	100.00	100.00	1,285	72		2011
Mälardalens Teknikgymnasium AB, Södertälje	SEK	8.5820	—	80.00	80.00	—	—	8)	2012
MAN Accounting Center Sp. z o.o., Poznań	PLN	4.0740	—	100.00	100.00	1,033	−1,682		2012
MAN Automotive (South Africa) (Pty.) Ltd., Johannesburg	ZAR	11.1727	—	100.00	100.00	494,242	57,488	10)	2012
MAN Bus & Coach (Pty.) Ltd., Olifantsfontein	ZAR	11.1727	—	100.00	100.00	—	—	11)	2012
MAN Bus Sp. z o.o., Tarnowo Podgórne	EUR		—	100.00	100.00	82,119	23,130		2012
MAN Camions & Bus SAS, Evry Cedex	EUR		—	100.00	100.00	34,645	−9,000		2012
MAN Capital Corporation, New Jersey	USD	1.3194	—	100.00	100.00	179,993	2,560		2012
MAN Credit società finanziaria S.r.l., Dossobuono di Villafranca VR	EUR		—	100.00	100.00	2,238	−1,389		2012
MAN Diesel & Turbo Australia Pty. Ltd., North Ryde	AUD	1.2712	—	100.00	100.00	17,760	2,812		2012
MAN Diesel & Turbo Benelux B.V., Schiedam	EUR		—	100.00	100.00	6,031	1,883		2012
MAN Diesel & Turbo Benelux N.V., Antwerp	EUR		—	100.00	100.00	9,404	1,506		2012
MAN Diesel & Turbo Brasil Ltda., Rio de Janeiro	BRL	2.7036	—	100.00	100.00	11,246	−7,561	14)	2012
MAN Diesel & Turbo Canada Ltd., Oakville, Ontario	CAD	1.3137	—	100.00	100.00	6,959	2,946		2012
MAN Diesel & Turbo China Production Co. Ltd., Changzhou	CNY	8.2207	—	100.00	100.00	48,693	−20,621		2012
MAN Diesel & Turbo España S.A.U., Madrid	EUR		—	100.00	100.00	1,249	468		2012
MAN Diesel & Turbo France SAS, Villepinte	EUR		—	100.00	100.00	76,916	17,001		2012
MAN Diesel & Turbo Hellas Ltd., Piraeus	EUR		—	100.00	100.00	2,893	1,295		2012
MAN Diesel & Turbo Hong Kong Ltd., Hong Kong	HKD	10.2260	—	100.00	100.00	68,180	23,257		2012
MAN Diesel & Turbo India Ltd., Aurangabad	INR	72.5600	—	93.44	93.44	652,263	88,380		2012
MAN Diesel & Turbo Korea Ltd., Busan	KRW	1,406.2300	—	100.00	100.00	16,576,186	3,856,689		2012
MAN Diesel & Turbo Middle East (LLC), Dubai	AED	4.8443	—	100.00	100.00	38,502	15,172		2012
MAN Diesel & Turbo North America Inc., Woodbridge	USD	1.3194	—	100.00	100.00	21,067	6,733		2012
MAN Diesel & Turbo Operations Pakistan (Private) Ltd., Lahore	PKR	128.2900	—	100.00	100.00	135,505	43,955		2012

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MAN Diesel & Turbo Pakistan (Private) Limited, Lahore	PKR	128.2900	—	100.00	100.00	143,786	119,803		2012
MAN Diesel & Turbo Saudi Arabia LLC, Jeddah	SAR	4.9465	—	100.00	100.00	2,328	160		2012
MAN Diesel & Turbo Schweiz AG, Zurich	CHF	1.2072	—	100.00	100.00	193,793	19,892		2012
MAN Diesel & Turbo Shanghai Co., Ltd., Shanghai	CNY	8.2207	—	100.00	100.00	118,633	42,645		2012
MAN Diesel & Turbo Singapore Pte. Ltd., Singapore	SGD	1.6111	—	100.00	100.00	36,832	17,596		2012
MAN Diesel & Turbo South Africa (Pty) Ltd., Elandsfontein	ZAR	11.1727	—	100.00	100.00	247,458	56,620	14)	2012
MAN Diesel & Turbo UK Ltd., Stockport	GBP	0.8161	—	100.00	100.00	36,315	12,161		2012
MAN Diesel Shanghai Co. Ltd., Shanghai	CNY	8.2207	—	100.00	100.00	73,104	−6,569		2012
MAN Engines & Components Inc., Pompano Beach	USD	1.3194	—	100.00	100.00	34,375	4,201		2012
MAN ERF Ireland Properties Limited, Dublin	EUR		—	100.00	100.00	—	57		2012
MAN Finance and Holding S.à r.l., Luxembourg	EUR		—	100.00	100.00	1,545,619	−148,709		2012
MAN Financial Services España S.L., Coslada (Madrid)	EUR		—	100.00	100.00	—	−11,762		2012
MAN Financial Services GesmbH, Eugendorf	EUR		—	100.00	100.00	8,739	2,126		2012
MAN Financial Services plc., Swindon (Wiltshire)	GBP	0.8161	—	100.00	100.00	44,257	7,371	10)	2012
MAN Financial Services Poland Sp. z o.o., Nadarzyn	PLN	4.0740	—	100.00	100.00	14,715	6,409		2012
MAN Financial Services Portugal, Unipessoal, Lda, Lisbon	EUR		—	100.00	100.00	543	−733		2012
MAN Financial Services SAS, Evry Cedex	EUR		—	100.00	100.00	22,911	3,807		2012
MAN Financial Services SpA, Dossobuono di Villafranca	EUR		—	100.00	100.00	11,447	−3,960		2012
MAN Financial Services Tüketici Finansmani A.S., Ankara	EUR		—	99.99	99.99	9,393	4,551		2012
MAN Hellas Truck & Bus S.A., Peristeri-Athens	EUR		—	100.00	100.00	—	−1,139		2012
MAN Iberia S.A.U., Coslada (Madrid)	EUR		—	100.00	100.00	1,512	48		2012
MAN Kamion és Busz Kereskedelmi Kft., Dunaharaszti	HUF	292.3000	—	100.00	100.00	4,635,277	32,434		2012
MAN Kamyon ve Otobüs Ticaret A.S., Ankara	EUR		—	100.00	100.00	20,049	−1,062		2012
MAN Latin America Indústria e Comércio de Veículos Ltda., São Paulo	BRL	2.7036	—	100.00	100.00	4,090,110	239,622		2012
MAN Location & Services S.A.S., Evry Cedex	EUR		—	100.00	100.00	—	−6,794		2012
MAN Nutzfahrzeuge Immobilien GesmbH, Vienna	EUR		—	100.00	100.00	23,934	1,758		2012
MAN Truck & Bus (Korea) Limited, Seoul	KRW	1,406.2300	—	100.00	100.00	—	3,482,729		2012
MAN Truck & Bus (S.A.) (Pty.) Ltd., Johannesburg	ZAR	11.1727	—	100.00	100.00	—	—	11)	2012
MAN Truck & Bus Asia Pacific Co., Ltd., Bangkok	THB	40.3470	—	99.99	99.99	76,980	11,605		2012
MAN Truck & Bus Czech Republic s.r.o., Cestlice	CZK	25.1510	—	100.00	100.00	1,001,815	68,180		2012
MAN Truck & Bus Danmark A/S, Glostrup	DKK	7.4610	—	100.00	100.00	79,640	2,686		2012
MAN Truck & Bus Iberia S.A.U., Coslada (Madrid)	EUR		—	100.00	100.00	6,801	−5,448		2012
MAN Truck & Bus Italia S.p.A., Verona	EUR		—	100.00	100.00	7,067	−2,871		2012
MAN Truck & Bus Kazakhstan LLP, Almaty	KZT	198.4200	—	100.00	100.00	—	−113,988		2012
MAN Truck & Bus Mexico S.A. de C.V., El Marques	MXN	17.1845	—	100.00	100.00	—	−84,173		2012
MAN Truck & Bus Middle East and Africa FZE, Dubai	AED	4.8443	—	100.00	100.00	52,977	39,320		2012
MAN Truck & Bus N.V., Kobbegem (Brussels)	EUR		—	100.00	100.00	17,962	2,437		2012
MAN Truck & Bus Norge A/S, Lorenskog	NOK	7.3483	—	100.00	100.00	33,784	5,290		2012
MAN Truck & Bus Österreich AG, Steyr	EUR		—	99.99	99.99	577,466	525,132	14)	2012
MAN Truck & Bus Polska Sp. z o.o., Nadarzyn	PLN		—	100.00	100.00	55,481	−17,905		2012
MAN Truck & Bus Portugal S.U. Lda., Algés (Lisbon)	EUR		—	100.00	100.00	1,521	1,841		2012
MAN Truck & Bus Schweiz AG, Otelfingen	CHF	1.2072	—	100.00	100.00	19,552	1,582		2012
MAN Truck & Bus Slovakia s.r.o., Bratislava	EUR		—	100.00	100.00	9,471	477		2012
MAN Truck & Bus Slovenija d.o.o., Ljubljana	EUR		—	100.00	100.00	6,822	416		2012
MAN Truck & Bus Sverige AB, Kungens Kurva	SEK	8.5820	—	100.00	100.00	5,287	−7,967		2012
MAN Truck & Bus Trading (China) Co., Ltd., Beijing	CNY	8.2207	—	100.00	100.00	61,061	4,756		2012
MAN Truck & Bus UK Limited, Swindon (Wiltshire)	GBP	0.8161	—	100.00	100.00	90,129	922		2012

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MAN Truck & Bus Vertrieb Österreich AG, Vienna	EUR		—	100.00	100.00	168,021	35,337		2012
MAN TRUCKS India Pvt. Ltd., Akurdi	INR	72.5600	—	100.00	100.00	4,300,394	−370,666		2012
MAN Trucks Sp. z o.o., Niepolomice	EUR	4.0740	—	100.00	100.00	142,282	18,468		2012
MAN Turbo India Pvt. Ltd., Baroda (Vadodara)	INR	72.5600	—	100.00	100.00	608,167	100,701		2012
MAN Türkiye A.S., Akyurt Ankara	EUR		—	99.99	99.99	80,218	15,812		2012
MAN West-Vlaanderen N.V., Kobbegem	EUR		—	100.00	100.00	949	−10		2012
MANTAB Assets Limited, London	GBP	0.8161	—	—	—	—	—	11) 16)	2011
MANTAB Funding Limited, London	GBP	0.8161	—	—	—	—	—	11) 16)	2011
MANTAB Holdings Limited, London	GBP	0.8161	—	—	—	—	—	11) 16)	2011
MANTAB Trucks Limited, London	GBP	0.8161	—	—	—	—	—	11) 16)	2011
MCA S.A.S., Champniers	EUR		—	100.00	100.00	1,339	140		2011
MECOS AG, Winterthur	CHF	1.2072	—	100.00	100.00	4,665	616	7)	2012
Meridional Auto S.A.S., Nîmes	EUR		—	100.00	100.00	1,649	345		2011
Mieschke Hofmann & Partner Americas Inc., Atlanta/Georgia	USD	1.3194	—	100.00	100.00	103	−122	7)	2012
Mieschke Hofmann und Partner (Schweiz) AG, Regensdorf	CHF	1.2072	—	100.00	100.00	743	554	7)	2012
MKB Lease B.V., Amersfoort	EUR		—	100.00	100.00	10,225	1,450		2011
Motorcam S.A., Buenos Aires	ARS	6.4840	—	100.00	100.00	62,639	17,546		2011
Nefkens Brabant Zuidoost B.V., Eindhoven	EUR		—	100.00	100.00	2,300	706		2011
Nefkens Gooi-en Eemland B.V., Hilversum	EUR		—	100.00	100.00	1,602	551		2011
Nefkens Leeuw B.V., Utrecht	EUR		—	100.00	100.00	9,532	2,956		2011
Nefkens Midden-Brabant b.v., Tilburg	EUR		—	100.00	100.00	—	—	7)	2012
Nefkens Noord B.V., Groningen	EUR		—	100.00	100.00	2,542	812		2011
Nefkens Oost B.V., Apeldoorn	EUR		—	100.00	100.00	1,572	441		2011
Nefkens Utrecht B.V., Utrecht	EUR		—	100.00	100.00	2,333	583		2011
Nefkens Vastgoed B.V., Utrecht	EUR		—	100.00	100.00	11	1,087		2011
Neoman France Eurl, Noisy-le-Grand	EUR		—	100.00	100.00	—	−56		2012
Neoplan France SARL, Evry Cedex	EUR		—	100.00	100.00	1,215	166		2012
Ningbo Jiejun Automobile Sales and Service Co., Ltd., Ningbo	CNY	8.2207	—	100.00	100.00	159,190	68,392		2011
Niort Automobiles S.A.S., Niort	EUR		—	100.00	100.00	1,948	277		2011
Norsk Scania AS, Oslo	NOK	7.3483	—	100.00	100.00	216,595	153,556		2011
Norsk Scania Eiedom AS, Oslo	NOK	7.3483	—	100.00	100.00	33,680	1,159		2011
Nouveaux Garages Lensois S.A.S., Loison-sous-Lens	EUR		—	100.00	100.00	1,899	155		2011
NSAA S.A.S., Chasseneuil-du-Poitou	EUR		—	100.00	100.00	1,423	11		2011
Ocean Automobile S.A.S., Orvault	EUR		—	100.00	100.00	2,620	443		2011
Oerstad Investments LLP, London	USD	0.8161	—	100.00	100.00	14,711	−285,114		2011
Officine del Futuro S.p.A., Sant' Agata Bolognese	EUR		—	100.00	100.00	2,865	455		2011
OOO Autobusnaya Leasingovaya Compania Scania, Moscow	RUB	40.3295	—	100.00	100.00	79,320	66,151		2011
OOO MAN Financial Services, Moscow	RUB	40.3295	—	100.00	100.00	501,254	−236,661		2012
OOO MAN Truck & Bus Production RUS, Saint Petersburg	RUB	40.3295	—	99.00	99.00	405,216	−43,552		2012
OOO MAN Truck & Bus RUS, Moscow	RUB	40.3295	—	100.00	100.00	3,001,077	529,415		2012
OOO Petroscan, Saint Petersburg	RUB	40.3295	—	100.00	100.00	—	66,303		2011
OOO Porsche Center Moscow, Moscow	RUB	40.3295	—	100.00	100.00	565,002	207,667	7)	2012
OOO Porsche Financial Services Russland, Moscow	RUB	40.3295	—	100.00	100.00	22,174	6,501	7)	2012
OOO Porsche Russland, Moscow	RUB	40.3295	—	100.00	100.00	1,417,503	257,741	7)	2012
OOO Scania Leasing, Moscow	RUB	40.3295	—	100.00	100.00	688,915	280,878		2011
OOO Scania Peter, Saint Petersburg	RUB	40.3295	—	100.00	100.00	188,347	−3,484		2011
OOO Scania Service, Golitsyno	RUB	40.3295	—	100.00	100.00	791,511	85,378		2011
OOO Scania-Rus, Moscow	RUB	40.3295	—	100.00	100.00	2,483,092	952,966		2011
OOO VOLKSWAGEN Group Rus, Kaluga	RUB	40.3295	28.06	65.72	93.78	16,893	2,060,723		2011
Oreda S.A.S., La Chapelle-Saint-Mesmin	EUR		—	100.00	100.00	1,195	133		2011
Paris Est Evolution S.A.S., Saint-Thibault-des-Vignes	EUR		—	100.00	100.00	3,386	119		2011
PBO S.A.S., Chasseneuil-du-Poitou	EUR		—	100.00	100.00	324	109		2011
PBS Turbo s.r.o., Velká Bítes	CZK	25.1510	—	100.00	100.00	391,616	121,330		2012
PCars LLC, Wilmington/Delaware	USD	1.3194	—	100.00	100.00	8,401	−2,566	7)	2012
PCREST LTD., Halifax/Nova Scotia	CAD	1.3137	—	100.00	100.00	3	0	7)	2012
PCTX LLC, Wilmington/Delaware	USD	1.3194	—	100.00	100.00	493	−4	7)	2012
PGA Group S.A.S., Paris	EUR		—	100.00	100.00	124,805	−993		2011
PGA Motors B.V., Utrecht	EUR		—	100.00	100.00	13,109	−257		2011
PGA Motors S.A.S., Paris	EUR		—	100.00	100.00	171,396	12,678		2011
PGA Nederland N.V., Utrecht	EUR		—	100.00	100.00	44,507	7,319		2011

Name and domicile of company	Currency	Exchange rate (€1 =) Dec. 31, 2012	VW AG's interest in capital in % Direct	Indirect	Total	Equity in thousands, local currency	Profit/loss in thousands, local currency	Footnote	Year
PGA S.A., Paris	EUR		—	99.99	99.99	76,069	735		2011
PGA Trésorerie S.A.S., Paris	EUR		—	100.00	100.00	1,261	980		2011
Plesman Valet Parking B.V., Veenendaal	EUR		—	100.00	100.00	613	59		2011
Porsacentre S.L., Barcelona	EUR		—	100.00	100.00	—	−709	7)	2012
Porsamadrid S.L., Madrid	EUR		—	100.00	100.00	1,379	−1,098	7)	2012
Porsche (China) Motors Limited, Shanghai	CNY	8.2207	—	100.00	100.00	265,058	948,808	7)	2012
Porsche (Shanghai) Commercial Services Company Ltd., Shanghai	CNY	8.2207	—	100.00	100.00	1,392	−1,069	4) 6)	2012
Porsche Albania Sh.p.k., Tirana	ALL	139.8100	—	100.00	100.00	694,814	41,848		2011
Porsche Asia Pacific Pte. Ltd., Singapore	SGD	1.6111	—	100.00	100.00	7,649	5,269	7)	2012
Porsche Austria Gesellschaft m.b.H. & Co. OG, Salzburg	EUR		—	100.00	100.00	2,316	32,021		2011
Porsche Auto Funding LLC, Wilmington/Delaware	USD	1.3194	—	100.00	100.00	68,993	−7	7)	2012
Porsche Automotive Investment GmbH, Salzburg	EUR		—	100.00	100.00	51,460	5,665		2011
Porsche Aviation Products, Inc., Wilmington/Delaware	USD	1.3194	—	100.00	100.00	622	2	7)	2012
Porsche Bank AG, Salzburg	EUR		—	100.00	100.00	274,678	24,615		2011
Porsche Bank Hungaria Zrt., Budapest	HUF	292.3000	—	100.00	100.00	8,172,809	737,570		2011
Porsche Bank Romania S.A., Voluntari	RON	4.4445	—	100.00	100.00	52,873	5,813		2011
Porsche BG EOOD, Sofia	BGN	1.9558	—	100.00	100.00	29,791	5,856		2011
Porsche Broker de Asigurare S.R.L., Voluntari	RON	4.4445	—	100.00	100.00	35,909	28,508		2011
Porsche Business Services, Inc., Wilmington/Delaware	USD	1.3194	—	100.00	100.00	1,286	262	7)	2012
Porsche Canadian Funding Limited Partnership, Mississauga/Ontario	CAD	1.3137	—	100.00	100.00	48,684	7,600	7)	2012
Porsche Canadian Investment ULC, Halifax/Nova Scotia	CAD	1.3137	—	100.00	100.00	734	−7	7)	2012
Porsche Cars Australia Pty. Ltd., Collingwood	AUD	1.2712	—	100.00	100.00	25,636	5,030	7)	2012
Porsche Cars Canada Ltd., Toronto/Ontario	CAD	1.3137	—	100.00	100.00	29,105	11,840	7)	2012
Porsche Cars Great Britain Ltd., Reading	GBP	0.8161	—	100.00	100.00	45,271	44,488	7)	2012
Porsche Cars North America, Inc., Wilmington/Delaware	USD	1.3194	—	100.00	100.00	365,435	127,353	7)	2012
Porsche Center Pudong Ltd., Shanghai	CNY	8.2207	—	100.00	100.00	100,242	70,712	7)	2012
Porsche Central Eastern Europe s.r.o., Prague	CZK	25.1510	—	100.00	100.00	25,250	5,573	7)	2012
Porsche Ceská republika s.r.o., Prague	CZK	25.1510	—	100.00	100.00	530,238	109,591		2011
Porsche Clearing Gesellschaft m.b.H., Salzburg	EUR		—	100.00	100.00	4,149	1,821		2011
Porsche Consulting Brasil Ltda., São Paulo	BRL	2.7036	—	100.00	100.00	—	−2,511	7)	2012
Porsche Consulting Italia S.r.L., Milan	EUR		—	100.00	100.00	2,780	1,177	7)	2012
Porsche Consulting Ltd., Shanghai	CNY	8.2207	—	100.00	100.00	7,116	59	6) 4) 12)	2012
Porsche Consulting, Inc., Wilmington/Delaware	USD	1.3194	—	100.00	100.00	317	1	7)	2012
Porsche Corporate Finance GmbH, Salzburg	EUR		—	100.00	100.00	816,359	2,843		2011
Porsche Design GmbH, Zell am See	EUR		—	100.00	100.00	5,531	−39	7)	2012
Porsche Design Great Britain Limited, London	GBP	0.8161	—	100.00	100.00	1,543	1,876	7)	2012
Porsche Design Group Asia Singapore PTE. LTD., Singapore	SGD	1.6111	—	100.00	100.00	718	550	7)	2012
Porsche Design Italia S.r.L., Padua	EUR		—	100.00	100.00	61	−2	7)	2012
Porsche Design of America, Inc., Wilmington/Delaware	USD	1.3194	—	100.00	100.00	—	214	7)	2012
Porsche Design of France SARL, Serris	EUR		—	100.00	100.00	447	42	7)	2012
Porsche Design Studio North America, Inc., Los Angeles/California	USD	1.3194	—	100.00	100.00	48	0	7)	2012
Porsche Distribution S.A.S., Levallois-Perret	EUR		—	100.00	100.00	19,281	4,679	7)	2012
Porsche Engineering Services s.r.o., Prague	CZK	25.1510	—	100.00	100.00	39,201	14,868	7)	2012
Porsche Enterprises, Inc., Wilmington/Delaware	USD	1.3194	—	100.00	100.00	148,215	−1,585	7)	2012
Porsche Financial Auto Securitization Trust 201 1-1, Wilmington/Delaware	USD	1.3194	—	100.00	100.00	19,498	3,806	7)	2012
Porsche Financial Management Services Ltd., Dublin	EUR		—	100.00	100.00	498	74	7)	2012
Porsche Financial Services Australia, Pty. Ltd., Collingwood	AUD	1.2712	—	100.00	100.00	640	−13	7)	2012
Porsche Financial Services Canada G.P., Mississauga/Ontario	CAD	1.3137	—	100.00	100.00	16,931	−50	7)	2012
Porsche Financial Services France S.A., Boulogne-Billancourt	EUR		—	100.00	100.00	11,665	2,174	7)	2012
Porsche Financial Services Great Britain Ltd., Reading	GBP	0.8161	—	100.00	100.00	69,647	4,598	7)	2012

Name and domicile of company	Currency	Exchange rate (€1 =) Dec. 31, 2012	VW AG's interest in capital in % Direct	Indirect	Total	Equity in thousands, local currency	Profit/loss in thousands, local currency	Footnote	Year
Porsche Financial Services Inc., Wilmington/ Delaware	USD	1.3194	—	100.00	100.00	40,639	2,851	7)	2012
Porsche Financial Services Italia S.p.A., Padua .	EUR		—	100.00	100.00	23,922	2,376	7)	2012
Porsche Financial Services Japan K.K., Tokyo .	JPY	113.6100	—	100.00	100.00	3,419,063	188,979	7)	2012
Porsche Financial Services Schweiz AG, Zug/ Steinhausen	CHF	1.2072	—	100.00	100.00	4,388	3,101	7)	2012
Porsche France S.A., Boulogne-Billancourt . . .	EUR		—	100.00	100.00	68,831	6,600	7)	2012
Porsche Funding Ltd. Partnership, Wilmington/ Delaware	USD	1.3194	—	100.00	100.00	298,101	13,693	7)	2012
Porsche Geld LLC, Wilmington/Delaware . . .	USD	1.3194	—	100.00	100.00	4,835	– 5,086	6)	2012
Porsche Haus S.r.L., Milan	EUR		—	100.00	100.00	—	– 645	7)	2012
Porsche Holding Finance plc., Dublin	EUR		—	100.00	100.00	—	—	7)	2012
Porsche Holding Gesellschaft m.b.H., Salzburg	EUR		—	100.00	100.00	3,354,497	– 22,720	14)	2011
Porsche Hong Kong Limited, Hong Kong . . .	HKD	10.2260	—	75.00	75.00	256,163	1,724,405	7)	2012
Porsche Hungaria Kereskedelmi Kft., Budapest	HUF	292.3000	—	100.00	100.00	16,799,087	2,586,380		2011
Porsche Ibérica S.A., Madrid	EUR		—	100.00	100.00	61,459	– 4,069	7)	2012
Porsche Immobilien BG EOOD, Sofia	BGN	1.9558	—	100.00	100.00	21,452	516		2011
Porsche Immobilien CZ spol. s.r.o., Prague . .	CZK	25.1510	—	100.00	100.00	566,218	1,439		2011
Porsche Immobilien GmbH & Co. KG, Salzburg	EUR		—	100.00	100.00	21,925	255		2011
Porsche Immobilien GmbH, Salzburg	EUR		—	100.00	100.00	874,997	525		2011
Porsche Immobilien S.R.L., Voluntari	RON	4.4445	—	100.00	100.00	327,638	386		2011
Porsche Immobilien Slovakia spol s.r.o., Bratislava	EUR		—	100.00	100.00	13,836	– 115		2011
Porsche Immobilienverwaltungs Kft., Budapest	HUF	292.3000	—	100.00	100.00	5,024,748	– 400,017		2011
Porsche Informatik GmbH, Salzburg	EUR		—	100.00	100.00	6,369	1,363		2011
Porsche Innovative Lease Owner Trust 2011-1, Wilmington/Delaware	USD	1.3194	—	100.00	100.00	46,202	18,824	7)	2012
Porsche Innovative Lease Owner Trust 2012-1, Wilmington/Delaware	USD	1.3194	—	100.00	100.00	35,997	2,997	4) 6)	2012
Porsche Insurance Broker BG EOOD, Sofia . .	BGN	1.9558	—	100.00	100.00	2,399	1,175		2011
Porsche Inter Auto BG EOOD, Sofia	BGN	1.9558	—	100.00	100.00	3,900	214		2011
Porsche Inter Auto CZ spol. s.r.o., Prague . . .	CZK	25.1510	—	100.00	100.00	697,458	207,225		2011
Porsche Inter Auto d.o.o., Ljubljana	EUR		—	100.00	100.00	8,553	1,993		2011
Porsche Inter Auto d.o.o., Zagreb	HRK	7.5575	—	100.00	100.00	46,883	2,373		2011
Porsche Inter Auto GmbH & Co. KG, Salzburg .	EUR		—	100.00	100.00	80,095	34,967		2011
Porsche Inter Auto Hungaria Kft., Budapest . .	HUF	292.3000	—	100.00	100.00	3,383,329	802,121		2011
Porsche Inter Auto Romania S.R.L., Voluntari .	RON	4.4445	—	100.00	100.00	49,580	5,915		2011
Porsche Inter Auto S d.o.o., Belgrade	RSD	112.4000	—	100.00	100.00	—	– 111,169		2011
Porsche Inter Auto Slovakia spol. s.r.o., Bratislava	EUR		—	100.00	100.00	11,131	2,892		2011
Porsche International Financing plc., Dublin . .	EUR		—	100.00	100.00	44,069	993	7)	2012
Porsche International Reinsurance Ltd., Dublin	EUR		—	100.00	100.00	33,137	9,501	7)	2012
Porsche Investment Corporation, Wilmington/ Delaware	USD	1.3194	—	100.00	100.00	106	0	7)	2012
Porsche Italia S.p.A., Padua	EUR		—	100.00	100.00	93,602	– 2,503	7)	2012
Porsche Japan K.K., Tokyo	JPY	113.6100	—	100.00	100.00	3,033,570	1,506,852	7)	2012
Porsche Konstruktionen GmbH & Co. KG, Salzburg	EUR		—	100.00	100.00	156,685	94,535		2011
Porsche Kredit in Leasing SLO d.o.o., Ljubljana	EUR		—	100.00	100.00	29,493	1,795		2011
Porsche L.S. Kft., Budapest	HUF	292.3000	—	100.00	100.00	72,927	– 600,571		2011
Porsche Latin America, Inc., Wilmington/ Delaware	USD	1.3194	—	100.00	100.00	1,498	222	7)	2012
Porsche Leasing BG EOOD, Sofia	BGN	1.9558	—	100.00	100.00	8,453	53		2011
Porsche Leasing d.o.o. Podgorica, Podgorica .	EUR		—	100.00	100.00	933	350		2011
Porsche Leasing d.o.o., Zagreb	HRK	7.5575	—	100.00	100.00	133,321	22,223		2011
Porsche Leasing dooel Skopje, Skopje	MKD	62.2600	—	100.00	100.00	103,315	41,982		2011
Porsche Leasing Ltd., Wilmington/Delaware . .	USD	1.3194	—	100.00	100.00	0	0	7)	2012
Porsche Leasing Romania IFN S.A., Voluntari .	RON	4.4445	—	100.00	100.00	183,424	9,609		2011
Porsche Leasing SCG d.o.o., Belgrade	RSD	112.4000	—	100.00	100.00	155,063	– 66,858		2011
Porsche Leasing SLO d.o.o., Ljubljana	EUR		—	100.00	100.00	19,913	783		2011
Porsche Leasing Ukraine TOV, Kiev	UAH	10.6875	—	100.00	100.00	—	– 12,820		2011
Porsche Liquidity LLC, Wilmington/Delaware .	USD	1.3194	—	100.00	100.00	20,195	3,250	7)	2012
Porsche Logistics Services LLC, Wilmington/ Delaware	USD	1.3194	—	100.00	100.00	1,342	397	7)	2012
Porsche Macedonia dooel, Skopje	MKD	62.2600	—	100.00	100.00	540,023	110,212		2011
Porsche Middle East FZE, Dubai	USD	1.3194	—	100.00	100.00	48,442	18,036	7)	2012
Porsche Mobiliti d.o.o., Zagreb	HRK	7.5575	—	100.00	100.00	19,797	3,969		2011
Porsche Mobility d.o.o., Belgrade	RSD	112.4000	—	100.00	100.00	—	460,820		2011
Porsche Mobility S.R.L., Voluntari	RON	4.4445	—	100.00	100.00	34,500	18,385		2011
Porsche Mobility TOV, Kiev	UAH	10.6875	—	100.00	100.00	13,852	6,280		2011

Name and domicile of company	Currency	Exchange rate (€1 =) Dec. 31, 2012	VW AG's interest in capital in % Direct	Indirect	Total	Equity in thousands, local currency	Profit/loss in thousands, local currency	Footnote	Year
Porsche Motorsport North America, Inc., Wilmington/Delaware	USD	1.3194	—	100.00	100.00	6,893	1,040	7)	2012
Porsche Partner d.o.o. Belgrade	RSD	112.4000	—	100.00	100.00	16,051	13,745		2011
Porsche Retail Group Australia Pty. Ltd., Collingwood	AUD	1.2712	—	100.00	100.00	12,623	957	7)	2012
Porsche Retail Group Ltd., Reading	GBP	0.8161	—	100.00	100.00	8,113	318	7)	2012
Porsche Romania s.r.l., Voluntari	RON	4.4445	—	100.00	100.00	413,988	114,723		2011
Porsche SCG d.o.o., Belgrade	RSD	112.4000	—	100.00	100.00	647,765	351,685		2011
Porsche Schweiz AG, Zug/Steinhausen	CHF		—	100.00	100.00	11,541	7,934	7)	2012
Porsche Services España S.L., Madrid	EUR		—	100.00	100.00	350	−72	7)	2012
Porsche Services Singapore Pte Ltd., Singapore	SGD	1.6111	—	100.00	100.00	658	158	7)	2012
Porsche Slovakia spol. s.r.o., Bratislava	EUR		—	100.00	100.00	20,716	6,495		2011
Porsche Slovenija d.o.o., Ljubljana	EUR		—	100.00	100.00	42,263	9,628	5)	2011
Porsche Ukraine TOV, Kiev	UAH	10.6875	—	100.00	100.00	225,769	178,526		2011
Porsche Versicherungs AG, Salzburg	EUR		—	100.00	100.00	38,624	7,530		2011
Porsche Versicherungsagentur TOV, Kiev	UAH	10.6875	—	100.00	100.00	107	—		2011
Porsche Versicherungsvermittlung Kft., Budapest	HUF	292.3000	—	100.00	100.00	6,400	231,989		2011
Porsche Werbemittlung GmbH, Salzburg	EUR		—	100.00	100.00	1,136	548		2011
Porsche Zagreb d.o.o., Zagreb	HRK	7.5575	—	100.00	100.00	320,400	12,872		2011
Porsche Zastupanje u Osiguranju d.o.o., Zagreb	HRK	7.5575	—	100.00	100.00	1,603	1,043		2011
Porsche Zavarovalno Zastopnistvo d.o.o., Ljubljana	EUR		—	100.00	100.00	205	30		2011
Power Vehicle Co. Ltd., Bangkok	THB	40.3470	—	100.00	100.00	402	−47		2011
PPF Holding AG, Zug	CHF	1.2072	—	100.00	100.00	4,298	4	7)	2012
Précision Automobiles S.A.S., Paris	EUR		—	100.00	100.00	1,569	214		2011
Private VCL S.A., Luxembourg	EUR			—	—	31	—	16)	2011
Prophi S.A.S., Chasseneuil-du-Poitou	EUR		—	100.00	100.00	2,182	492		2011
Qanadeel AL Rafidain Automotive Trading Co. LTD, Erbil	IQD	1,535.7300	—	51.00	51.00	—	—	7)	2012
Raven Air Ltd., George Town, Cayman Islands	USD	1.3194	—	100.00	100.00	—	—	11)	2011
Reliable Vehicles Ltd., London	GBP	0.8161	—	100.00	100.00	—	—	5)	2012
RENK Corporation, Duncan/South Carolina	USD	1.3194	—	100.00	100.00	7,656	1,531		2012
RENK France S.A.S., Saint-Ouen-l'Aumône	EUR		—	100.00	100.00	9,578	2,840		2012
RENK LABECO Test Systems Corporation, Mooresville/Indiana	USD	1.3194	—	100.00	100.00	739	−34		2012
RENK-MAAG GmbH, Winterthur	CHF	1.2072	—	100.00	100.00	12,472	3,268		2012
Roosevelt II S.A.S., Saint-Alban-Leysse	EUR		—	100.00	100.00	399	26		2011
S.A.N.D. Automobiles S.A.S., Loison-sous-Lens	EUR		—	100.00	100.00	2,413	440		2011
S.A.R.L. Alize Automobile, Cébazat	EUR		—	100.00	100.00	388	61		2011
S.A.R.L. Domes Automobiles, Chasseneuil-du-Poitou	EUR		—	100.00	100.00	323	44		2011
S.A.R.L. JP Cresson, Hellemmes	EUR		—	100.00	100.00	190	126		2011
S.A.S. Autolosange, Metz	EUR		—	100.00	100.00	2,412	352	14)	2011
S.A.S. Diffusion Automobile Calaisienne, Coquelles	EUR		—	100.00	100.00	1,817	371		2011
S.A.S. Evrard GGL, Liévin	EUR		—	100.00	100.00	1,163	323		2011
S.A.S. Garage Chevalier, Longueville-lès-Metz	EUR		—	100.00	100.00	1,916	301		2011
S.A.S. Garage de la Gohelle, Sains-en-Gohelle	EUR		—	100.00	100.00	976	209		2011
S.A.S. Garage de la Lys Englos les Geants, Sequedin	EUR		—	100.00	100.00	2,168	586		2011
S.A.S. Garage de la Lys NGA, Longuenesse	EUR		—	100.00	100.00	1,863	548		2011
S.A.S. Garage de la Lys, Nieppe	EUR		—	100.00	100.00	2,774	513		2011
S.A.S. Gardin, Terville	EUR		—	100.00	100.00	2,754	−233		2011
S.A.S. GGBA, Henin Beaumont	EUR		—	97.50	97.50	94,638	10,771		2011
S.A.S. Immogeb, Hénin Beaumont	EUR		—	100.00	100.00	142	391		2011
S.A.S. Jacques Carlet, Mozac	EUR		—	100.00	100.00	4,320	789		2011
S.A.S. Lens Location, Loison-sous-Lens	EUR		—	100.00	100.00	1,631	284		2011
S.A.S. Les Nouveaux Garages de l'Artois, Arras	EUR		—	100.00	100.00	4,481	495		2011
S.A.S. Longwy Espace Automobile, Mexy	EUR		—	100.00	100.00	435	−146		2011
S.A.S. Nouveau Garage des Flandres, Wormhout	EUR		—	100.00	100.00	183	58		2011
S.A.S. PGA FI, Chasseneuil-du-Poitou	EUR		—	100.00	100.00	224	86		2011
S.A.S. Premium Automobiles, Paris	EUR		—	100.00	100.00	3,386	1,575		2011
S.A.S. Premium II, Montigny-le-Bretonneux	EUR		—	100.00	100.00	3,523	980		2011
S.A.S. Premium Picardie, Rivery	EUR		—	100.00	100.00	2,509	431		2011
S.A.S. Sancar, Chasseneuil-du-Poitou	EUR		—	100.00	100.00	7,271	978		2011

Name and domicile of company	Currency	Exchange rate (€1 =) Dec. 31, 2012	VW AG's interest in capital in % Direct	Indirect	Total	Equity in thousands, local currency	Profit/loss in thousands, local currency	Footnote	Year
S.A.S. Sandrah, Hénin-Beaumont	EUR		—	100.00	100.00	1,610	427		2011
S.A.S. Saneg, Carvin	EUR		—	100.00	100.00	1,487	437		2011
S.A.S. SNAT, Tourcoing	EUR		—	100.00	100.00	1,450	56		2011
S.A.S. Vitry Automobiles, Vitry-sur-Seine	EUR		—	100.00	100.00	1,367	112		2011
SACN – Société Automobile Chauny Noyon S.A.S., Chauny	EUR		—	100.00	100.00	1,554	215		2011
SADA S.A.S., Dunkirk	EUR		—	100.00	100.00	1,361	327		2011
Sadal S.A.S., Annemasse	EUR		—	100.00	100.00	5,863	922		2011
Safi S.A.S., Vitry-sur-Seine	EUR		—	100.00	100.00	5,550	272		2011
Saintalb S.A.S., Saint-Alban-Leysse	EUR		—	100.00	100.00	2,688	163		2011
Savoie Renault Occasion (Sareno) S.A.R.L., Saint-Pierre-d'Albigny	EUR		—	100.00	100.00	184	–24		2011
Scan Siam Service Co. Ltd., Bangkok	THB	40.3470	—	100.00	100.00	17,601	5,916		2011
Scanexpo International S.A., Montevideo	UYU	25.2970	—	100.00	100.00	178,938,000	–2,378,000		2011
Scanexpo S.A., Montevideo	UYU	25.2970	—	100.00	100.00	—	—	5)	2012
Scania (Hong Kong) Limited, Hong Kong	HKD	10.2260	—	100.00	100.00	3,260	3,381		2011
Scania (Malaysia) SDN BHD, Kuala Lumpur	MYR	4.0347	—	100.00	100.00	46,951	9.289		2011
Scania AB, Södertälje	SEK	8.5820	49.29	13.35	62.64	16,402,146,000	4,001,002,000		2011
Scania Administradora de Consórcios Ltda., Cotia	BRL	2.7036	—	99.99	99.99	84,103	20,190		2011
Scania Argentina S.A., Buenos Aires	ARS	6.4840	—	100.00	100.00	391,405	102,326		2011
Scania Australia Pty. Ltd., Melbourne	AUD	1.2712	—	100.00	100.00	27,010	3,599		2011
Scania Banco S.A., São Paulo	BRL	2.7036	—	100.00	100.00	119,729	450		2011
Scania Belgium SA-NV, Neder-Over-Heembeek	EUR		—	100.00	100.00	47,207	3.818		2011
Scania Biler A/S, Ishøj	DKK	7.4610	—	100.00	100.00	23,261	1,131		2011
Scania Bosnia Herzegovina d.o.o., Sarajevo	BAM	1.9558	—	100.00	100.00	2,468	–180		2011
Scania Botswana (Pty) Ltd., Gaborone	BWP	10.2599	—	100.00	100.00	16,734	8,291		2011
Scania Bulgaria EOOD, Sofia	BGN	1.9558	—	100.00	100.00	11,460	1,568		2011
Scania Bus & Coach UK Ltd., Milton Keynes	GBP	0.8161	—	100.00	100.00	—	—	5)	2012
Scania Bus Belgium N.V.-S.A., Brussels	EUR		—	100.00	100.00	18,548	332		2011
Scania Bus Financing AB, Stockholm	SEK	8.5820	—	100.00	100.00	1,603,695	301,031		2011
Scania Bus Nordic AB, Södertälje	SEK	8.5820	—	100.00	100.00	—	—	5)	2012
Scania Central Asia LLP, Almaty	KZT	198.4200	—	100.00	100.00	1,393,540	57,643		2011
Scania Chile S.A., Santiago de Chile	CLP	631.4900	—	100.00	100.00	10,891,224	1,865,779		2011
Scania Colombia S.A., Bogotá	COP	2,331.0000	—	100.00	100.00	2,497,149	–2,590,208		2011
Scania Comercial, S.A. de C.V., Querétaro	MXN	17.1845	—	99.99	99.99	317,968	16,911		2011
Scania Commercial Vehicles India Pvt. Ltd., Bangalore	INR	72.5600	—	100.00	100.00	338,000	–34,844		2011
Scania Commercial Vehicles Renting S.A., Madrid	EUR		—	100.00	100.00	5,310	172		2011
Scania Commerciale S.p.A., Trento	EUR		—	100.00	100.00	6,251	–99		2011
Scania Credit (Malaysia) SDN BHD, Selangor	MYR	4.0347	—	100.00	100.00	—	—	6)	2012
Scania Credit AB, Södertälje	EUR		—	100.00	100.00	6,903	1,483		2011
Scania Credit Hrvatska d.o.o., Rakitje	HRK	7.5575	—	100.00	100.00	1,159	–2,779		2011
Scania Credit Romania IFN S.A., Ciorogârla	RON	4.4445	—	100.00	100.00	—	9,494		2011
Scania CV AB, Södertälje	SEK	8.5820	—	100.00	100.00	30,166,000	9,638,000		2011
Scania Czech Republic s.r.o., Prague	CZK	25.1510	—	100.00	100.00	188,190	49,880		2011
Scania Danmark A/S, Herlev	DKK	7.4610	—	100.00	100.00	35,068	–1,460		2011
Scania Danmark Ejedom ApS, Ishøj	DKK	7.4610	—	100.00	100.00	68,744	7,906		2011
Scania de Venezuela S.A., Valencia	VEF	5.6642	—	100.00	100.00	11,189	1,338		2011
Scania del Perú S.A., Lima	PEN	3.3665	—	100.00	100.00	60,178	10,466		2011
Scania Delivery Center AB, Södertälje	SEK	8.5820	—	100.00	100.00	12,305	5,888		2011
Scania Driver Training SRL, Ilfov	RON	4.4445	—	100.00	100.00	0	–181		2011
Scania Eesti AS, Tallinn	EUR		—	100.00	100.00	4,924	1,166		2011
Scania Europe Holding B.V., Zwolle	EUR		—	100.00	100.00	9,243	11,253	14)	2011
Scania Finance Belgium N.V.-S.A., Neder-Over-Heembeek	EUR		—	100.00	100.00	18,046	1,748		2011
Scania Finance Bulgaria EOOD, Sofia	BGN	1.9558	—	100.00	100.00	—	2,842		2011
Scania Finance Chile S.A., Santiago de Chile	CLP	631.4900	—	100.00	100.00	1,614,369	22,044		2011
Scania Finance Czech Republic Spol. s.r.o., Prague	CZK	25.1510	—	100.00	100.00	447,815	–10,481		2011
Scania Finance France S.A.S., Angers	EUR		—	100.00	100.00	26,127	417		2011
Scania Finance Great Britain Ltd., London	GBP	0.8161	—	100.00	100.00	45,914	5,363		2011
Scania Finance Hispania EFC S.A., Madrid	EUR		—	100.00	100.00	15,936	1,312		2011
Scania Finance Holding AB, Södertälje	SEK	8.5820	—	100.00	100.00	16,595	–54,711		2011
Scania Finance Holding Great Britain Ltd., London	GBP	0.8161	—	100.00	100.00	3,769	0	5)	2011
Scania Finance Ireland Ltd., Dublin	EUR		—	100.00	100.00	32	11		2011
Scania Finance Italy S.p.A., Milan	EUR		—	100.00	100.00	30,657	893		2011

Name and domicile of company	Currency	Exchange rate (€1 =) Dec. 31, 2012	VW AG's interest in capital in % Direct	Indirect	Total	Equity in thousands, local currency	Profit/loss in thousands, local currency	Footnote	Year
Scania Finance Korea Ltd., Kyoung Sang Nam-do	KRW	1,406.2300	—	100.00	100.00	44,402,576	4,079,165		2011
Scania Finance Luxembourg S.A., Munsbach	EUR		—	100.00	100.00	2,606	822		2011
Scania Finance Magyarország zrt., Biatorbágy	HUF	292.3000	—	100.00	100.00	264,739	80,112		2011
Scania Finance Nederland B.V., Breda	EUR		—	100.00	100.00	41,875	377		2011
Scania Finance Polska Sp. z o.o., Nadarzyn	PLN	4.0740	—	100.00	100.00	110,740	19,004		2011
Scania Finance Pty. Ltd., Melbourne	AUD	1.2712	—	100.00	100.00	2	0		2011
Scania Finance Schweiz AG, Kloten	CHF	1.2072	—	100.00	100.00	3,810	758		2011
Scania Finance Slovak Republic s.r.o., Senec	EUR		—	100.00	100.00	2,172,979	1,591		2011
Scania Finance Southern Africa (Pty) Ltd., Aeroton Gauteng	ZAR	11.1727	—	100.00	100.00	256,884	26,809		2011
Scania Finans AB, Södertälje	SEK	8.5820	—	100.00	100.00	178,901	52,626		2011
Scania France S.A.S., Angers	EUR		—	100.00	100.00	46,151	11,037		2011
Scania Great Britain Ltd., Milton Keynes	GBP	0.8161	—	100.00	100.00	46,555	39,866		2011
Scania Group Treasury Belgium N.V., Neder-Over-Heembeek	SEK	8.5820	—	100.00	100.00	643	−932,583		2011
Scania Hispania Holding S.L., Madrid	EUR		—	100.00	100.00	4,543	2,465		2011
Scania Hispania S.A., Madrid	EUR		—	100.00	100.00	13,391	5,251	10)	2011
Scania Holding Europe AB, Södertälje	SEK	8.5820	—	100.00	100.00	47,949,080	826,199		2011
Scania Holding France S.A.S., Angers	EUR		—	100.00	100.00	64,631	15,060		2011
Scania Holding Inc., Wilmington	USD	1.3194	—	100.00	100.00	11,786	−424		2011
Scania Hrvatska d.o.o., Zagreb	HRK	7.5575	—	100.00	100.00	2,708	−323		2011
Scania Hungaria Kft., Biatorbágy	HUF	292.3000	—	100.00	100.00	1,663,904	5,787		2011
Scania Infomate, Zwolle	EUR		—	100.00	100.00	2,162	69		2011
Scania Infotronics AB, Södertälje	SEK	8.5820	—	100.00	100.00	—	—	5)	2012
Scania Insurance Belgium N.V., Neder-Over-Heembeek	EUR		—	100.00	100.00	106	25		2011
Scania Insurance Nederland B.V., Middelharnis	EUR		—	100.00	100.00	1,023	203		2011
Scania Investimentos Imobiliários S.A., Santa Iria de Azóla	EUR		—	100.00	100.00	1,126	−558		2011
Scania IT AB, Södertälje	SEK	8.5820	—	100.00	100.00	61,348	−35,901		2011
Scania IT France S.A.S., Angers	EUR		—	100.00	100.00	1,275	89		2011
Scania Japan Limited, Tokyo	JPY	113.6100	—	100.00	100.00	51,978	−21,636		2011
Scania Korea Ltd., Seoul	KRW	1,406.2300	—	100.00	100.00	30,986,780	3,555,636		2011
Scania Kringlan AB, Södertälje	SEK	8.5820	—	100.00	100.00	—	—	5)	2012
Scania Latin America Ltda., São Bernardo do Campo	BRL	2.7036	—	100.00	100.00	1,204,599	862,329		2011
Scania Latvia SIA, Riga	LVL	0.6977	—	100.00	100.00	3,508	652		2011
Scania Leasing d.o.o., Ljubljana	EUR		—	100.00	100.00	771	150		2011
Scania Leasing Ltd., Dublin	EUR		—	100.00	100.00	—	—	5)	2012
Scania Leasing Österreich Ges. m.b.H., Brunn am Gebirge	EUR		—	100.00	100.00	7,389	−257		2011
Scania Lízing Kft., Biatorbágy	HUF	292.3000	—	100.00	100.00	350,823	−60,803		2011
Scania Locations S.A.S., Angers	EUR		—	100.00	100.00	11,469	70		2011
Scania Luxembourg S.A., Munsbach	EUR		—	99.90	99.90	2,739	91		2011
Scania Marketing Support AB, Södertälje	SEK	8.5820	—	100.00	100.00	—	—	5)	2012
Scania Maroc S.A., Casablanca	MAD	11.1562	—	100.00	100.00	67,028	25,502		2011
Scania Middle East FZE, Dubai	AED	4.8443	—	100.00	100.00	—	—	6)	2012
Scania Milano S.p.A., Trento	EUR		—	100.00	100.00	360	−398		2011
Scania Nederland B.V., Breda	EUR		—	100.00	100.00	10,851	1,769		2011
Scania Networks B.V., The Hague	EUR		—	100.00	100.00	2,689	388		2011
Scania Omni AB, Södertälje	SEK	8.5820	—	100.00	100.00	—	—	5)	2012
Scania Österreich Ges. m.b.H., Brunn am Gebirge	EUR		—	100.00	100.00	3,408	473		2011
Scania Österreich Holding GmbH, Brunn am Gebirge	EUR		—	100.00	100.00	18,633	−7		2011
Scania Overseas AB, Södertälje	SEK	8.5820	—	100.00	100.00	63,559	81		2011
Scania Parts Logistics AB, Södertälje	SEK	8.5820	—	100.00	100.00	—	—	5)	2012
Scania Polska S.A., Warsaw	PLN	4.0740	—	100.00	100.00	111,998	18,510		2011
Scania Portugal S.A., Santa Iria de Azóia	EUR		—	100.00	100.00	1,658	−3,767		2011
Scania Production Angers S.A.S., Angers	EUR		—	100.00	100.00	30,407	1,491		2011
Scania Production Meppel B.V., Meppel	EUR		—	100.00	100.00	10,358	1,449		2011
Scania Production Slupsk S.A., Slupsk	PLN	4.0740	—	100.00	100.00	44,333	1,985		2011
Scania Production Zwolle B.V., Zwolle	EUR		—	100.00	100.00	46,032	5,118		2011
Scania Projektfinans AB, Södertälje	SEK	8.5820	—	100.00	100.00	25,243	797		2011
Scania Properties Ltd., Milton Keynes	GBP	0.8161	—	100.00	100.00	—	—	5)	2012
Scania Real Estate AB, Södertälje	SEK	8.5820	—	100.00	100.00	80,746	3,084		2011
Scania Real Estate Belgium N.V., Neder-Over-Heembeek	EUR		—	100.00	100.00	22,616	872		2011
Scania Real Estate Bulgaria EOOD, Sofia	BGN	1.9558	—	100.00	100.00	80	0		2011

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Scania Real Estate Czech Republic s.r.o., Prague	CZK	25.1510	—	100.00	100.00	—	—	6)	2012
Scania Real Estate Doo Beograd, Belgrade	RSD	112.4000	—	100.00	100.00	888	−91		2011
Scania Real Estate France S.A.S., Angers	EUR		—	100.00	100.00	—	—	6)	2012
Scania Real Estate Hispania S.L., Pontevedra	EUR		—	100.00	100.00	774	68	11)	2011
Scania Real Estate Holding Luxembourg S.à.r.l, Munsbach	EUR		—	100.00	100.00	12,457	0		2011
Scania Real Estate Hungaria k.f.t., Biatorbágy	HUF	292.3000	—	100.00	100.00	—	—	6)	2012
Scania Real Estate Ltd., Milton Keynes	GBP	0.8161	—	100.00	100.00	—	—	6)	2012
Scania Real Estate Lund AB, Södertälje	SEK	8.5820	—	100.00	100.00	105	634		2011
Scania Real Estate Österreich GmbH, Brunn am Gebirge	EUR		—	100.00	100.00	6,177	421		2011
Scania Real Estate Romania SRL, Bucharest	RON	4.4445	—	100.00	100.00	2	−10		2011
Scania Real Estate s.r.o., Bratislava	EUR		—	100.00	100.00	4,563	−218		2011
Scania Real Estate Schweiz AG, Kloten	CHF	1.2072	—	100.00	100.00	896	−104		2011
Scania Real Estate Services AB, Södertälje	SEK	8.5820	—	100.00	100.00	622,273	−6,181		2011
Scania Real Estate The Netherlands B.V., Breda	EUR		—	100.0	100.00	15,768	536		2011
Scania Regional Agent de Asigurare S.R.L., Bucharest	RON	4.4445	—	100.00	100.00	211	−4		2011
Scania Rent Romania SRL, Bucharest	RON	4.4445	—	96.00	96.00	242	−3		2011
Scania Romania SRL, Bucharest	RON	4.4445	—	100.00	100.00	15,790	675		2011
Scania Sales (China) Co. Ltd., Beijing	CNY	8.2207	—	100.00	100.00	59,659	−1,776		2011
Scania Sales and Services AB, Södertälje	SEK	8.5820	—	100.00	100.00	2,530,182	548,403		2011
Scania Schweiz AG, Kloten	CHF	1.2072	—	100.00	100.00	16,964	12,939		2011
Scania Services del Perú S.A., Lima	PEN	3.3665	—	100.00	100.00	35,053	−92		2011
Scania Services S.A., Buenos Aires	ARS	6.4840	—	100.00	100.00	7,375	1,154		2011
Scania Servicios, S.A. de C.V., Querétaro	MXN	17.1845	—	99.99	99.99	10,443	636		2011
Scania Siam Co. Ltd., Bangkok	THB	40.3470	—	99.99	99.99	193,566	535		2011
Scania Siam Leasing Co. Ltd., Bangkok	THB	40.3470	—	100.00	100.00	70,895	−520		2011
Scania Singapore Pte. Ltd., Singapore	SGD	1.6111	—	100.00	100.00	10,358	4,080		2011
Scania Slovakia s.r.o., Bratislava	EUR		—	100.00	100.00	12,556	439		2011
Scania Slovenija d.o.o., Ljubljana	EUR		—	100.00	100.00	5,737	945		2011
Scania South Africa Pty. Ltd., Sandton	ZAR	11.1727	—	100.00	100.00	304,834	91,876		2011
Scania Srbija d.o.o., Belgrade	RSD	112.4000	—	100.00	100.00	72,242	15,025		2011
Scania Suomi Oy, Helsinki	EUR		—	100.00	100.00	30,878	16,738		2011
Scania Sverige Bussar AB, Södertälje	SEK	8.5820	—	100.00	100.00	—	—	5)	2012
Scania Tanzania Ltd., Dar Es Salaam	TZS	2,090.4600	—	100.00	100.00	8,679,533	791,860		2011
Scania Thailand Co. Ltd., Bangkok	THB	40.3470	—	99.99	99.99	59,908	3,534		2011
Scania Trade Development AB, Södertälje	SEK	8.5820	—	100.00	100.00	245,921	−27,555		2011
Scania Transportlaboratorium AB, Södertälje	SEK	8.5820	—	100.00	100.00	1,963	563		2011
Scania Treasury AB, Södertälje	SEK	8.5820	—	100.00	100.00	6,807,158	132,091		2011
Scania Treasury Belgium N.V., Neder-Over-Heembeek	SEK	8.5820	—	100.00	100.00	461	333,751		2011
Scania Treasury Luxembourg S.a.r.l., Luxembourg	SEK	0.8161	—	100.00	100.00	985,660	1,127,352		2011
Scania Truck Financing AB, Södertälje	SEK	8.5820	—	100.00	100.00	—	—	5)	2012
Scania Trucks & Buses AB, Södertälje	SEK	8.5820	—	100.00	100.00	187,980	−18,172		2011
Scania Tüketici Finansmani A.S., Istanbul	TRY	2.3551	—	100.00	100.00	12,403	−295		2011
Scania USA Inc., San Antonio, Texas	USD	1.3194	—	100.00	100.00	2,895	−1,662		2011
Scania Used Vehicles AB, Södertälje	SEK	8.5820	—	100.00	100.00	—	−12,021		2011
Scania-Bilar Sverige AB, Södertälje	SEK	8.5820	—	100.00	100.00	150,950	156,783		2011
Scanlink Ltd., Milton Keynes	GBP	0.8161	—	100.00	100.00	—	—	5)	2012
SCANRENT – Alguer de Viaturas sem Condutor, S.A., Lisbon	EUR		—	100.00	100.00	1,394	−495		2011
Scantruck Ltd., Milton Keynes	GBP	0.8161	—	100.00	100.00	—	—	5)	2012
SCI 108 Rue Pasteur, Chasseneuil-du-Poitou	EUR		—	100.00	100.00	75	73		2011
SCI Actipolis, Chasseneuil-du-Poitou	EUR		—	100.00	100.00	103	102		2011
SCI Carlet, Chasseneuil-du-Poitou	EUR		—	100.00	100.00	435	112		2011
SCI Carrefour de Courrieres, Chasseneuil-du-Poitou	EUR		—	100.00	100.00	845	59		2011
SCI Carsan, Chasseneuil-du-Poitou	EUR		—	100.00	100.00	392	89		2011
SCI Croix Mesnil, Chasseneuil-du-Poitou	EUR		—	100.00	100.00	106	45		2011
SCI de la rue des Chantiers, Chasseneuil-du-Poitou	EUR		—	100.00	100.00	18	17		2011
SCI de la rue du Blason, Chasseneuil-du-Poitou	EUR		—	100.00	100.00	57	55		2011
SCI de Loison, Chasseneuil-du-Poitou	EUR		—	100.00	100.00	12	10		2011
SCI des Pres, Chasseneuil-du-Poitou	EUR		—	100.00	100.00	80	78		2011
SCI Dieu & Compagnie, Chasseneuil-du-Poitou	EUR		—	100.00	100.00	182	180		2011

Name and domicile of company	Currency	Exchange rate (€1 =) Dec. 31, 2012	VW AG's interest in capital in % Direct	Indirect	Total	Equity in thousands, local currency	Profit/loss in thousands, local currency	Footnote	Year
SCI du Boulevard d'halluin, Chasseneuil-du-Poitou	EUR		—	100.00	100.00	47	45		2011
SCI du Fond du Val, Chasseneuil-du-Poitou	EUR		—	100.00	100.00	44	42		2011
SCI du Pont Rouge, Chasseneuil-du-Poitou	EUR		—	100.00	100.00	226	198		2011
SCI du Prieure, Chasseneuil-du-Poitou	EUR		—	100.00	100.00	144	132		2011
SCI du Ruisseau, Chasseneuil-du-Poitou	EUR		—	100.00	100.00	63	62		2011
SCI Faema, Villers-Cotterêts	EUR		—	100.00	100.00	127	40		2011
SCI Foch 47, Morlaix	EUR		—	100.00	100.00	95	19		2011
SCI GMC, Chasseneuil-du-Poitou	EUR		—	100.00	100.00	415	210		2011
SCI Heninoise de l'Automobiles, Chasseneuil-du-Poitou	EUR		—	100.00	100.00	—	−102		2011
SCI Lea, Chasseneuil-du-Poitou	EUR		—	100.00	100.00	115	114		2011
SCI Les Champs Dronckaert, Chasseneuil-du-Poitou	EUR		—	100.00	100.00	68	67		2011
SCI Les Petites Haies de Valenton, Chasseneuil-du-Poitou	EUR		—	100.00	100.00	195	193		2011
SCI Les Ribes Plein Sud, Chasseneuil-du-Poitou	EUR		—	100.00	100.00	607	317		2011
SCI Lievinoise, Chasseneuil-du-Poitou	EUR		—	100.00	100.00	96	95		2011
SCI MV, Chasseneuil-du-Poitou	EUR		—	100.00	100.00	30	0		2011
SCI Novo Lavoisier, Chasseneuil-du-Poitou	EUR		—	100.00	100.00	72	71		2011
SCI R 19, Saint-Jean-de-Maurienne	EUR		—	100.00	100.00	168	153		2011
SCI Santa Sofia, Saint-Alban-Leysse	EUR		—	100.00	100.00	116	68		2011
SCI SCENI II, Saint-Alban-Leysse	EUR		—	100.00	100.00	10	0		2011
SCI Servagnin, Saint-Alban-Leysse	EUR		—	100.00	100.00	—	−44		2011
SCI Sipamar, Thonon-les-Bains	EUR		—	100.00	100.00	76	54		2011
SCI Thomas, Hellemmes	EUR		—	100.00	100.00	17	13		2011
SCI Vrillonnerie, Chasseneuil-du-Poitou	EUR		—	70.00	70.00	191	108		2011
SEAT Motor España S.A., Barcelona	EUR		—	100.00	100.00	4,068	−3,732		2011
SEAT Portugal Unipessoal, Lda., Lisbon	EUR		—	100.00	100.00	1,349	−40		2011
SEAT, S.A., Martorell	EUR		—	100.00	100.00	671,800	−61,500		2011
Securycar S.A.S., Paris	EUR		—	100.00	100.00	2,694	2,653		2011
Sevilla Wagen, S.A., Seville	EUR		—	100.00	100.00	6,356	459		2011
SITECH Sp. z o.o., Polkowice	PLN	4.0740	—	100.00	100.00	565,929	147,166		2012
SKODA AUTO a.s., Mladá Boleslav	CZK	25.1510	—	100.00	100.00	92,357,000	13,259,000	12)	2012
SKODA AUTO India Private Limited, Aurangabad	INR	72.5600	—	100.00	100.00	5,452,372	−329,700		2011
SKODA AUTO Slovensko, s.r.o., Bratislava	EUR		—	100.00	100.00	17,292	1,760		2011
ŠkoFIN s.r.o., Prague	CZK	25.1510	—	100.00	100.00	3,531,939	593,147		2011
Smit & Co. Zwolle B.V., Zwolle	EUR		—	100.00	100.00	1,403	372		2011
Sochaux Motors S.A.S., Paris	EUR		—	100.00	100.00	34,931	1,330		2011
Société Angérienne de Véhicules Industriels (SAVIA) S.A.S., Chauray	EUR		—	100.00	100.00	4,110	413		2011
Société Civile Immobilière du Billemont, Roncq	EUR		—	100.00	100.00	237	176		2011
Société Commerciale Automobile du Poitou S.A.S. (SCAP), Poitiers	EUR		—	100.00	100.00	9,037	764		2011
Société Commerciale Diffusion Automobile du Poitou S.A.S. (SC DAP), Poitiers	EUR		—	100.00	100.00	2,985	546		2011
Société de Distribution Automobile Laonnoise S.A.S., Chambry	EUR		—	100.00	100.00	2,283	541		2011
Société de Mécanique de Précision de l'Aubois, Jouet	EUR		—	100.00	100.00	1,038	−219		2012
Societe de Vente d'Automobiles de Creteil SVAC S.A.S., Créteil	EUR		—	100.00	100.00	1,726	348		2011
Société des Automobiles de la Thierache S.A.S., Hirson	EUR		—	100.00	100.00	884	249		2011
Société des Automobiles du Soissonnais S.A.S., Billy-sur-Aisne	EUR		—	100.00	100.00	1,903	373		2011
Société d'Exploitation Garage Carlet S.A.S., Chasseneuil-du-Poitou	EUR		—	100.00	100.00	831	363		2011
Société Valentinoise de Commerce Automobile – SOVACA S.A.S., Valence	EUR		—	100.00	100.00	3,701	245		2011
Södertälje Bil Invest AB, Södertälje	SEK	8.5820	—	100.00	100.00	334,500	181,630		2011
Södertälje Bilkredit AB, Södertälje	SEK	8.5820	—	100.00	100.00	—	—	5)	2012
Sofidem S.A.S., Saint-Thibault-des-Vignes	EUR		—	100.00	100.00	3,766	788		2011
Somat S.A.R.L., Saint-Cyr-sur-Loire	EUR		—	100.00	100.00	877	4		2011
Southway Scania Ltd., Milton Keynes	GBP	0.8161	—	100.00	100.00	—	—	5)	2012
Stockholms Industriassistans AB, Södertälje	SEK	8.5820	—	100.00	100.00	11,069	605		2011
Stuttgart Motors S.A.S., Paris	EUR		—	100.00	100.00	11,771	270		2011

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Suvesa Super Veics Pesados Ltda., Eldorado do Sul	BRL	2.7036	—	99.98	99.98	57,127	9,418		2011
Suzhou Jie Jun Automobile Sales and Service Co., Ltd., Suzhou	CNY	8.2207	—	100.00	100.00	59,851	3,182		2011
Suzhou Jun Bao Hang Automobile Sales and Service Co., Ltd., Suzhou	CNY	8.2207	—	100.00	100.00	83,705	22,301		2011
Svenska Mektek AB, Enköping	SEK	8.5820	—	100.00	100.00	—	—	5)	2012
Taizhou Junbaojie Automobile Sales & Service Co., Ltd., Taizhou	CNY	8.2207	—	100.00	100.00	61,326	23,822		2011
Techstar 86 S.A.R.L., Poitiers	EUR		—	100.00	100.00	1,166	201		2011
Techstar Champs-sur-Marne S.A.S., Champs-sur-Marne	EUR		—	100.00	100.00	1,060	156		2011
Techstar Meaux S.A.S., Meaux	EUR		—	100.00	100.00	1,522	170		2011
Techstar S.A.S., Vert-Saint-Denis	EUR		—	100.00	100.00	7,924	318		2011
Terwolde B.V., Groningen	EUR		—	100.00	100.00	—	−154		2011
Terwolde Holding B.V., Utrecht	EUR		—	100.00	100.00	18	0		2011
TF Motors S.A.S., Chasseneuil-du-Poitou	EUR		—	100.00	100.00	590	−29		2011
Touraine Automobiles S.A.S., Saint-Cyr-sur-Loire	EUR		—	100.00	100.00	2,024	134		2011
Tourisme Automobiles S.A.R.L., Angers	EUR		—	100.00	100.00	2,509	−75		2011
TOV Donbas-Scan-Service, Makiivka	UAH	10.6875	—	100.00	100.00	20,832	908		2011
TOV Kiev-Scan, Makarov	UAH	10.6875	—	100.00	100.00	28,831	−3,012		2011
TOV MAN Truck & Bus Ukraine, Kiev	UAH	10.6875	—	100.00	100.00	—	1,129		2012
TOV Scania Credit Ukraine, Kiev	UAH	10.6875	—	100.00	100.00	—	2,738		2011
TOV Scania Ukraine, Kiev	UAH	10.6875	—	100.00	100.00	16,761	4,120		2011
TOV Scania-Lviv, Lviv	UAH	10.6875	—	100.00	100.00	38,851	−1,307		2011
Trembler Air Ltd., George Town, Cayman Islands	USD	1.3194	—	100.00	100.00	—	—	11)	2011
Truck Namibia (Pty) Ltd., Windhoek	NAD	11.1753	—	100.00	100.00	30,664	7,822		2011
Truck Rental Solutions Cesko, spol. s.r.o., Prague	CZK	25.1510	—	100.00	100.00	—	—	11)	2012
Truck Rental Solutions Hungaria Kft., Budapest	HUF	292.3000	—	100.00	100.00	—	—	11)	2012
Truck Rental Solutions Slovensko, spol. s.r.o., Dolná Poruba	EUR		—	100.00	100.00	—	—	11)	2012
Trucknology S.A., Luxembourg	EUR		—	—	—	31	0	16)	2012
UAB Scania Lietuva, Vilnius	LTL	3.4528	—	100.00	100.00	18,253	3,765		2011
Uas B.V., Utrecht	EUR		—	100.00	100.00	1,049	36		2011
Union Trucks Ltd., Milton Keynes	GBP	0.8161	—	100.00	100.00	—	—	5)	2012
Vabis Bilverkstad AB, Södertälje	SEK	8.5820	—	100.00	100.00	—	—	5)	2012
Vabis Försäkringsaktiebolag, Södertälje	SEK	8.5820	—	100.00	100.00	132,091	−6,987		2011
Valiege S.A.S., Orvault	EUR		—	100.00	100.00	358	17		2011
Valladolid Wagen, S.A., Valladolid	EUR		—	100.00	100.00	2,795	397		2011
VCCI Funding LP, St. Laurent, Quebec	CAD	1.3137	—	100.00	100.00	—	—	6)	2012
VCI Loan Services, LLC, Salt Lake City, Utah	USD	1.3194	—	100.00	100.00	—	—	11)	2011
VCL Master S.A., Luxembourg	EUR		—	—	—	31	—	16)	2011
VCL Multi-Compartment S.A., Luxembourg	EUR		—	—	—	31	—	16)	2011
Vienne Sud Automobiles S.A.S., Civray	EUR		—	100.00	100.00	896	151		2011
Vindbron Arendal AB, Södertälje	SEK	8.5820	—	100.00	100.00	—	—	6)	2012
Volkswagen (China) Investment Company Ltd., Beijing	CNY	8.2207	100.00	—	100.00	16,606,756	6,812,244		2011
Volkswagen Argentina S.A., Buenos Aires	ARS	6.4840	—	100.00	100.00	213,620	−25,638		2011
Volkswagen Auto Lease Entity, LLC, Herndon, Virginia	USD	1.3194	—	—	—	—	—	11) 16)	2011
Volkswagen Auto Lease Loan Underwritten Funding, LLC, Herndon, Virginia	USD	1.3194	—	—	—	—	—	11) 16)	2011
Volkswagen Auto Loan Vehicle, LLC, Herndon, Virginia	USD	1.3194	—	—	—	—	—	11) 16)	2011
Volkswagen Auto Securitization Transaction, L.L.C., Herndon, Virginia	USD	1.3194	—	—	—	—	—	11) 16)	2011
Volkswagen Autoeuropa, Lda., Quinta do Anjo	EUR		—	100.00	100.00	386,095	54,302		2012
VOLKSWAGEN Automatic Transmission (Dalian) Co., Ltd., Dalian	CNY	8.2207	—	100.00	100.00	1,563,411	418,112		2011
Volkswagen Automotive Finance, LLC, Herndon, Virginia	USD	1.3194	—	—	—	—	—	11) 16)	2011
VOLKSWAGEN BANK POLSKA S.A., Warsaw	PLN	4.0740	—	100.00	100.00	239,965	25,698	12)	2011
VOLKSWAGEN BANK SA INSTITUCION DE BANCA MULTIPLE, Puebla	MXN	17.1845	—	100.00	100.00	1,005,000	19,000		2011
Volkswagen Barcelona, S.A., Barcelona	EUR		—	100.00	100.00	1,739	36		2011
Volkswagen Credit Compañía Financiera S.A., Buenos Aires	ARS	6.4840	—	100.00	100.00	45,874	9,040		2011

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			Direct	Indirect	Total				
Volkswagen de México, S.A. de C.V., Puebla/Pue.	MXN	17.1845	100.00	—	100.00	25,485,500	1,989,800		2011
Volkswagen Dealer Finance, LLC, Herndon, Virginia	USD	1.3194	—	—	—	—	—	11) 16)	2011
Volkswagen do Brasil Indústria de Veículos Automotores Ltda., São Bernardo do Campo	BRL	2.7036	—	100.00	100.00	3,397,857	723,154		2011
Volkswagen Enhanced Auto Lease, LLC., Herndon, Virginia	USD	1.3194	—	—	—	—	—	11) 16)	2011
Volkswagen Finance (China) Co., Ltd., Beijing	CNY	8.2207	—	100.00	100.00	1,000,880	56,094		2011
VOLKSWAGEN FINANCE BELGIUM S.A., Brussels	EUR		—	100.00	100.00	12,961	1,700		2011
Volkswagen Finance Cooperation B.V., Amsterdam	EUR		—	100.00	100.00	—	– 100		2011
Volkswagen Finance Luxembourg S.A., Luxembourg	EUR		100.00	—	100.00	—	—	6)	2012
Volkswagen Finance Overseas B.V., Amsterdam	EUR		—	100.00	100.00	510,641	– 101		2011
Volkswagen Finance S.A. — Establecimiento financiero de crédito -, Madrid	EUR		—	100.00	100.00	345,414	25,260		2011
Volkswagen Financial Services (UK) (June) Ltd., Milton Keynes	GBP	0.8161	—	100.00	100.00	—	—	5)	2011
Volkswagen Financial Services (UK) (March) Ltd., Milton Keynes	GBP	0.8161	—	100.00	100.00	—	—	5)	2011
Volkswagen Financial Services (UK) (September) Ltd., Milton Keynes	GBP	0.8161	—	100.00	100.00	—	—	5)	2011
Volkswagen Financial Services (UK) Ltd., Milton Keynes	GBP	0.8161	—	100.00	100.00	321,660	98,870		2011
VOLKSWAGEN FINANCIAL SERVICES AUSTRALIA PTY LIMITED, Botany	AUD	1.2712	—	100.00	100.00	119,046	14,462		2011
VOLKSWAGEN FINANCIAL SERVICES JAPAN LTD., Tokyo	JPY	113.6100	—	100.00	100.00	7,299,596	638,676		2011
Volkswagen Financial Services N.V., Amsterdam	EUR		—	100.00	100.00	899,261	16,836		2011
VOLKSWAGEN Finančné služby Slovensko s.r.o., Bratislava	EUR		—	100.00	100.00	35,728	3.746	12)	2011
Volkswagen Finans Sverige AB, Södertälje	SEK	8.5820	—	100.00	100.00	153,443	0		2011
Volkswagen Global Finance Holding B.V., Amsterdam	EUR		—	100.00	100.00	78	24		2011
Volkswagen Group Australia Pty Limited, Botany	AUD	vw cr	—	100.00	100.00	95,330	19,566		2011
Volkswagen Group Canada, Inc., Ajax, Ontario	CAD	1.3137	—	100.00	100.00	186,204	10,299	12)	2011
VOLKSWAGEN GROUP FIRENZE S.P.A., Florence	EUR		—	100.00	100.00	4,250	427		2011
Volkswagen Group France S.A., Villers-Cotterêts	EUR		10.02	89.98	100.00	237,883	47,792		2011
Volkswagen Group Import Company Ltd., Tianjin	CNY	8.2207	—	100.00	100.00	1,659,543	849,402		2011
Volkswagen Group Ireland Ltd., Dublin	EUR		—	100.00	100.00	5,000	2,657		2011
VOLKSWAGEN GROUP ITALIA S.P.A., Verona	EUR		—	100.00	100.00	404,851	26.201	12)	2012
VOLKSWAGEN Group Japan K.K., Toyohashi	JPY	113.6100	—	100.00	100.00	27,254,021	2,512,885		2011
Volkswagen Group of America Chattanooga Operations, LLC, Chattanooga	USD	1.3194	—	100.00	100.00	74,021	35,603	12)	2011
Volkswagen Group of America, Inc., Herndon, Virginia	USD	1.3194	100.00	—	100.00	490,269	56,637	10)	2011
Volkswagen Group Polska Sp. z o.o., Poznań	PLN	4.0740	—	100.00	100.00	—	—	7) 14)	2012
Volkswagen Group Retail Spain, S.L., Barcelona	EUR		—	100.00	100.00	28,997	1,250		2011
Volkswagen Group Sales India P.L., Mumbai	INR	72.5600	90.98	9.02	100.00	3,269,700	1,065,646	3)	2011
Volkswagen Group Services S.A., Brussels	EUR		70.00	30.00	100.00	7,011,126	141,316		2011
Volkswagen Group Sverige Aktiebolag, Södertälje	SEK	8.5820	—	100.00	100.00	829,903	186,342	14)	2011
VOLKSWAGEN Group United Kingdom Ltd., Milton Keynes	GBP	0.8161	—	100.00	100.00	654,263	74,421		2011
VOLKSWAGEN HOLDING FINANCIÈRE S.A., Villers-Cotterêts	EUR		—	100.00	100.00	193,254	2,750		2012
Volkswagen Holding Österreich GmbH, Salzburg	EUR		100.00	—	100.00	3,323,608	– 1,024		2011
Volkswagen Independent Borrowing Entity, LLC, Herndon, Virginia	USD	1.3194	—	—	—	—	—	11) 16)	2011
Volkswagen India Private Ltd., Pune	INR	72.5600	90.99	9.01	100.00	16,247,121	– 5,754,166	3)	2011

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Volkswagen International Finance N.V., Amsterdam	EUR		—	100.00	100.00	5,083,515	1,431,640	14)	2011
Volkswagen International Luxembourg S.A., Luxembourg	EUR		—	100.00	100.00	—	—	6)	2012
Volkswagen International Payment Services N.V., Amsterdam	EUR		—	100.00	100.00	1,037,723	16,401		2011
Volkswagen Japan Sales K.K., Tokyo	JPY	113.6100	—	100.00	100.00	2,177,441	350,445		2012
Volkswagen Leasing Polska Sp. z o.o., Warsaw	PLN	4.0740	—	100.00	100.00	39,237	– 791	12)	2011
VOLKSWAGEN LEASING SA DE CV, Puebla	MXN	17.1845	—	100.00	100.00	1,829,713	395,367		2011
Volkswagen Madrid, S.A., Madrid	EUR		—	100.00	100.00	3,317	224		2011
Volkswagen Motor Polska Sp. z o.o., Polkowice	PLN	4.0740	—	100.00	100.00	595,134	106,604	12)	2011
Volkswagen Navarra, S.A., Polígono de Landaben, s/n, Arazurí (Navarre)	EUR		—	100.00	100.00	655,281	44,236		2012
Volkswagen of South Africa (Pty.) Ltd., Uitenhage	ZAR	11.1727	100.00	—	100.00	9,057,164	2,686,150	12)	2011
Volkswagen Operating Lease Transaction, LLC, Herndon, Virginia	USD	1.3194	—	—	—	—	—	11) 16)	2011
Volkswagen Participações Ltda., São Paulo	BRL	2.7036	—	100.00	100.00	2,013,754	209,329		2011
Volkswagen Poznan Sp. z o.o., Poznań	PLN	4.0740	—	100.00	100.00	2,426,776	310,010		2012
Volkswagen Public Auto Loan Securitization, LLC, Herndon, Virginia	USD	1.3194	—	—	—	—	—	11) 16)	2011
Volkswagen Renting, S.A., Madrid	EUR		—	100.00	100.00	8,405	– 1,735		2011
Volkswagen S.A. de Ahorro Para Fines Determinados, Buenos Aires	ARS	6.4840	—	100.00	100.00	27,836	9,356		2011
Volkswagen Serviços Ltda., São Paulo	BRL	2.7036	—	100.00	100.00	14,958	12,538		2011
VOLKSWAGEN SLOVAKIA, a.s., Bratislava	EUR		—	100.00	100.00	1,204,897	170,306		2012
Volkswagen-Audi España, S.A., El Prat de Llobregat	EUR		—	100.00	100.00	174,412	18,408		2011
Volkswagen-Versicherungsdienst Gesellschaft m.b.H., Vienna	EUR		—	100.00	100.00	8,300	2,842		2012
VSJ01 Tokutei Special Purpose Company, Tokyo	JPY	113.6100	—	—	—	—	– 1,657	16)	2012
VW Credit Canada, Inc., St. Laurent, Quebec	CAD	1.3137	—	100.00	100.00	—	—	11)	2011
VW Credit Leasing Ltd., Herndon, Virginia	USD	1.3194	—	100.00	100.00	—	—	11)	2011
VW Credit, Inc., Herndon, Virginia	USD	1.3194	—	100.00	100.00	1,963,375	346,988	10)	2011
Westrucks Ltd., Milton Keynes	GBP	0.8161	—	100.00	100.00	—	—	5)	2012
Wittenberg Amersfoort b.v., Amersfoort	EUR		—	100.00	100.00	—	– 76		2011
Wittenberg B.V., Duiven	EUR		—	100.00	100.00	—	– 11		2011
Wittenberg Harderwijk b.v., Harderwijk	EUR		—	100.00	100.00	127	– 5		2011
Wittenberg Holding B.V., Veenendaal	EUR		—	100.00	100.00	966	0		2011
Wolfsburg Motors S.A.S., Paris	EUR		—	100.00	100.00	10,824	1,285		2011
Zhejiang Jiejun Automobile Sales and Service Co., Ltd., Hangzhou	CNY	8.2207	—	100.00	100.00	121,191	4,136		2011
ZSF Services S.A.S., Paris	EUR		—	100.00	100.00	1,168	302		2011
B. Unconsolidated companies									
1. Germany									
4Collection GmbH, Braunschweig	EUR		—	100.00	100.00	25	—	1) 5)	2012
ALU-CAR GmbH, Winterberg	EUR		—	80.80	80.80	361	148	7)	2011
ASB Autohaus Berlin GmbH, Berlin	EUR		—	100.00	100.00	10,641	489		2012
Audi Electronics Venture GmbH, Gaimersheim	EUR		—	100.00	100.00	18,692	—	1)	2012
AUDI Immobilien GmbH & Co. KG, Ingolstadt	EUR		—	100.00	100.00	51,177	1,139		2012
AUDI Immobilien Verwaltung GmbH, Ingolstadt	EUR		—	100.00	100.00	71	5		2012
Audi Planung GmbH, Ingolstadt	EUR		—	100.00	100.00	—	—	7) 13)	2012
Audi Qualifizierungsgesellschaft mbH, Ingolstadt	EUR		—	100.00	100.00	25	—	1)	2012
Audi Stiftung für Umwelt GmbH, Ingolstadt	EUR		—	100.00	100.00	5,158	83		2012
Audi Zentrum München GmbH, Munich	EUR		—	100.00	100.00	325	—	1)	2011
Aumonta GmbH, Augsburg	EUR		—	100.00	100.00	—	—	1)	2012
Auto Union GmbH, Ingolstadt	EUR		—	100.00	100.00	354	—	1)	2012
Autohaus Gawe GmbH, Berlin	EUR		—	100.00	100.00	307	—	1)	2012
Automotive Safety Technologies GmbH, Gaimersheim	EUR		—	75.50	75.50	2,322	530		2011
AZU Autoteile und -zubehör Vertriebs GmbH, Dreieich	EUR		—	100.00	100.00	87	33	5)	2011
Brandenburgische Automobil GmbH, Potsdam	EUR		—	100.00	100.00	2,739	159	14)	2010
Carmeq GmbH, Berlin	EUR		—	100.00	100.00	3,100	—	1)	2011
carmobility GmbH, Munich	EUR		—	100.00	100.00	250	—	1)	2012
CC WellCom GmbH, Potsdam	EUR		—	100.00	100.00	1,244	—	1)	2012

Name and domicile of company	Currency	Exchange rate (€1 =) Dec. 31, 2012	VW AG's interest in capital in % Direct	Indirect	Total	Equity in thousands, local currency	Profit/loss in thousands, local currency	Footnote	Year
csi Entwicklungstechnik GmbH, Gaimersheim	EUR		—	100.00	100.00	281	191	7)	2011
csi Entwicklungstechnik GmbH, Munich	EUR		—	100.00	100.00	—	439	7)	2011
csi Entwicklungstechnik GmbH, Neckarsulm	EUR		—	100.00	100.00	1,577	815	7)	2011
csi Entwicklungstechnik GmbH, Sindelfingen	EUR		—	80.00	80.00	1,418	381	7)	2011
csi Verwaltungs GmbH, Neckarsulm	EUR		—	49.00	49.00	1,745	781	7)	2011
Daraja Grundstücksverwaltungsgesellschaft mbH & Co. Vermietungs KG, Mainz-Kastel - Wiesbaden	EUR		—	94.00	94.00	0	–204		2011
Eberhardt Verwaltungsgesellschaft mbH, Ulm	EUR		—	100.00	100.00	40	2		2012
Eurocar Beteiligungs GmbH & Co. KG, Freilassing	EUR		—	100.00	100.00	597	–3		2011
Eurocar Beteiligungs Verwaltungs GmbH, Freilassing	EUR		—	90.00	90.00	24	2		2011
Euromobil Autovermietung GmbH, Isernhagen	EUR		—	100.00	100.00	779	—	7) 13)	2011
Fahr- und Sicherheitstraining FuS GmbH, Ingolstadt	EUR		—	27.45	27.45	52	761		2011
Groupe Volkswagen France Grundstücksgesellschaft mbH, Wolfsburg	EUR		—	100.00	100.00	28	1		2011
Held & Ströhle GmbH, Ulm	EUR		—	70.30	70.30	99	7		2012
Italdesign-Giugiaro Deutschland GmbH, Göttingen	EUR		—	100.00	100.00	128	31		2012
MAHAG Beteiligungs GmbH, Munich	EUR		—	100.00	100.00	40	3		2012
MAHAG Münchener Automobil-Handel Haberl GmbH Dresden, Dresden	EUR		—	100.00	100.00	256	—	1)	2012
MAHAG Services GmbH, Munich	EUR		—	100.00	100.00	256	—	1)	2012
MAHAG Verwaltungs GmbH, Munich	EUR		—	100.00	100.00	18	2		2012
MAN Erste Beteiligungs GmbH, Munich	EUR		—	100.00	100.00	—	—		2012
MAN Grundstücksgesellschaft mbH & Co. Objekt Heilbronn KG, Oberhausen	EUR		—	100.00	100.00	—	—		2012
MAN Grundstücksgesellschaft mbH, Oberhausen	EUR		—	100.00	100.00	—	—	1)	2012
MAN IT Services GmbH, Munich	EUR		—	100.00	100.00	—	—	1)	2012
MAN Leasing GmbH & Co. Gamma KG, Munich	EUR		—	100.00	100.00	—	—		2012
MAN Personal Services GmbH, Dachau	EUR		—	100.00	100.00	—	—	1)	2012
MAN Unterstützungskasse GmbH, Munich	EUR		—	100.00	100.00	—	—		2012
MMI Marketing Management Institut GmbH, Braunschweig	EUR		100.00	—	100.00	512	—	1)	2011
NSU GmbH, Neckarsulm	EUR		—	100.00	100.00	326	—	1)	2012
Ortan Verwaltung GmbH & Co. Objekt Karlsfeld KG, Pullach i. Isartal	EUR		—	100.00	100.00	—	—		2012
PDB – Partnership for Dummy Technology and Biomechanics (GbR), Ingolstadt	EUR		—	—	—	—	—		2012
PoHo Beteiligungs GmbH, Freilassing	EUR		—	100.00	100.00	21	–3		2011
Porsche Erste Vermögensverwaltung GmbH, Stuttgart	EUR		100.00	—	100.00	—	—	7)	2012
SEAT Deutschland Niederlassung GmbH, Frankfurt am Main	EUR		—	100.00	100.00	215	–41		2011
tcu Turbo Charger GmbH, Augsburg	EUR		—	100.00	100.00	—	—	1)	2012
TKI Automotive GmbH, Gaimersheim	EUR		—	51.00	51.00	—	—	6)	2012
Vehicle Trading International (VTI) GmbH, Braunschweig	EUR		—	100.00	100.00	2,763	—	1)	2012
Volkswagen Automobile Chemnitz GmbH, Chemnitz	EUR		—	100.00	100.00	6,439	—	1)	2011
Volkswagen Automobile Hannover GmbH, Hanover	EUR		—	100.00	100.00	20,359	233	1)	2011
VOLKSWAGEN Automobile Leipzig GmbH, Leipzig	EUR		—	100.00	100.00	13,805	—	1)	2011
Volkswagen Automobile Region Hannover GmbH, Hanover	EUR		—	100.00	100.00	—	—	1)	2011
Volkswagen Automobile Rhein-Neckar GmbH, Mannheim	EUR		—	100.00	100.00	7,498	—	1)	2011
Volkswagen Coaching GmbH, Wolfsburg	EUR		100.00	—	100.00	5,369	—	1)	2011
Volkswagen Design Center Potsdam GmbH, Potsdam	EUR		—	100.00	100.00	2,521	—	1)	2011
Volkswagen Dienstleistungsgesellschaft mbH, Wolfsburg	EUR		—	100.00	100.00	—	—	6) 13)	2012
Volkswagen Group Partner Services GmbH, Wolfsburg	EUR		100.00	—	100.00	144	—	1)	2011
Volkswagen Klassik GmbH, Wolfsburg	EUR		—	100.00	100.00	25	—	1) 5)	2011

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Volkswagen Motorsport GmbH, Hanover	EUR		—	100.00	100.00	3,138	—	1)	2011
Volkswagen Procurement Services GmbH, Wolfsburg	EUR		—	100.00	100.00	100	—	1)	2011
Volkswagen Qualifizierungsgesellschaft mbH, Wolfsburg	EUR		—	100.00	100.00	503	—	1)	2011
Volkswagen Retail Dienstleistungsgesellschaft mbH, Berlin	EUR		—	100.00	100.00	259	—	1)	2010
Volkswagen-Bildungsinstitut GmbH, Zwickau	EUR		—	100.00	100.00	256	—	1)	2011
VWL Funding 2008-1 GmbH, Braunschweig	EUR		—	100.00	100.00	25	—	5)	2012
Weser-Ems Vertriebsgesellschaft mbH, Bremen	EUR		81.25	—	81.25	6,831	2,817		2011
Widro GmbH, Stuttgart	EUR		—	100.00	100.00	7	−11	7)	2010
ZENDA Dienstleistungen GmbH, Würzburg	EUR		—	100.00	100.00	2,365	1,297		2011
2. International									
ABCIS Aubiere SNC, Aubière	EUR		—	100.00	100.00	13	1		2011
AC2A S.A.R.L., Cosne-cours-sur-Loire	EUR		—	100.00	100.00	—	−46		2011
ALSASAUTO S.A.S., Vétraz-Monthoux	EUR		—	100.00	100.00	2,740	63		2011
Alsauto S.A.S., Chasseneuil-du-Poitou	EUR		—	100.00	100.00	1,475	−2		2011
Apolo Administradora de Bens S/S Ltda., São Bernardo do Campo, SP	BRL	2.7036	—	100.00	100.00	0	0		2011
ASSIVALO PRESTAÇÃO DE SERVIÇOS AUXILIARES DO SETOR DE SEGUROS LTDA., São Paulo	BRL	2.7036	—	70.00	70.00	1,423	−271		2011
Audi Akademie Hungaria Kft., Györ	EUR		—	100.00	100.00	125,149	42,452		2012
AUDI AUTOMOTIVE S.A. de C.V., San José Chiapa	MXN	17.1845	—	100.00	100.00	—	—	6)	2012
Audi Real Estate S.L., El Prat de Llobregat	EUR		—	100.00	100.00	24,334	0		2011
Auto Services Landi SNC, Plouigneau	EUR		—	100.00	100.00	190	98		2011
Automobiles Villers Services S.A.S., Villers-Cotterêts	EUR		—	100.00	100.00	438	21		2011
Autosphere Ellada S.A., Athens	EUR		—	100.00	100.00	—	−1,384		2011
Autovisão Brasil Desenvolvimento de Negócios Ltda., São Bernardo do Campo	BRL	2.7036	—	100.00	100.00	100	−27		2011
AutoVision Magyarország Kft., Györ	EUR		—	100.00	100.00	2,810	969		2011
AutoVision S.A., Brussels	EUR		—	100.00	100.00	—	734		2011
AUTOVISION SLOVAKIA, s.r.o., Bratislava	EUR		—	100.00	100.00	479	243		2011
A-Vision – Prestação de Serviços á Indústria Automóvel, unipessoal, Lda., Palmela	EUR		—	100.00	100.00	3,793	1,064		2011
A-Vision People, Empresa de trabalho temporário, unipessoal, Lda., Palmela	EUR		—	100.00	100.00	618	178		2011
Bawaria Motors Sp. z o.o., Warsaw	PLN	4.0740	—	100.00	100.00	32,297	7,885		2011
Beijing Junbaojie Automobile Trade Co., Ltd., Beijing	CNY	8.2207	—	100.00	100.00	—	—	6)	2012
Bentley Insurance Services Ltd., Crewe	GBP	0.8161	—	100.00	100.00	221	—	5)	2011
Bentley Motor Cars, Inc., Boston	USD	1.3194	—	100.00	100.00	—	—	5)	2011
Bentley Motor Export Services Ltd., Crewe	GBP	0.8161	—	100.00	100.00	—	—	5)	2011
Bohemia Motors Sp. z o.o., Falenty	PLN	4.0740	—	100.00	100.00	—	—	6)	2012
Call Services S.A.S., Chasseneuil-du-Poitou	EUR		—	100.00	100.00	315	132		2011
Caribbean Power Application, S.L., Madrid	EUR		—	100.00	100.00	—	—		2012
Cariviera S.A.S., Nice	EUR		—	100.00	100.00	410	85		2011
Carlier Automobiles S.A.S., Lambres-Lez-Douai	EUR		—	50.20	50.20	2,693	−443	7)	2012
Carrosserie 16 S.A.R.L., Champniers	EUR		—	100.00	100.00	224	−19		2011
Centrales Diesel Export S.A.S., Villepinte	EUR		—	100.00	100.00	—	—		2012
Centre Automobile De La Riviera Car S.A.S., Nice	EUR		—	100.00	100.00	1,499	244		2011
Centro Usato Sangallo S.r.l., Florence	EUR		—	100.00	100.00	66	0		2012
Cofia S.A., Paris	EUR		—	100.00	100.00	179	28		2011
COFICAL RENK Mancais do Brasil Ltda., Guaramirim	BRL	2.7036	—	98.00	98.00	—	—		2012
Cofora Ellada S.A., Athens	EUR		—	100.00	100.00	1,583	−127		2011
Cofora Polska Sp. z o.o., Warsaw	PLN	4.0740	—	100.00	100.00	52,633	−3,628		2011
Dalegrid Ltd., Reading	GBP	0.8161	—	100.00	100.00	—	0	7)	2012
Delta Invest Sp. z o.o., Warsaw	PLN	4.0740	—	100.00	100.00	—	−6,511		2011
Diffusion Automobile Lilleroise (DAL) S.A.R.L., Hénin-Beaumont	EUR		—	100.00	100.00	—	−5		2011
Dispro S.A.S., Poitiers	EUR		—	100.00	100.00	1,531	456		2011
Ducati Canada, Inc., Saint John/New Brunswick	CAD	1.3137	—	100.00	100.00	0	0	7)	2012

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DUCATI DO BRASIL INDUSTRIA E COMERCIO DE MOTOCICLETAS LTDA., São Paulo	BRL	2.7036	—	100.00	100.00	—	—	6)	2012
e4t electronics for transportation s.r.o., Prague	CZK	25.1510	—	100.00	100.00	19,013	11,044		2011
ERF (Holdings) plc, Swindon	GBP	0.8161	—	100.00	100.00	—	—	5)	2012
Etablissements A. Cachera S.A.R.L., Oignies	EUR		—	100.00	100.00	148	51		2011
European Engineering Enterprise S.R.L., in liquidation, Turin	EUR		—	100.00	100.00	—	—	2)	2011
EVDAK TOV, Kiev	UAH	10.6875	—	100.00	100.00	—	−247		2011
Fifty Two Ltd., Stockport	GBP	0.8161	—	100.00	100.00	—	—	5)	2012
FM-Motors SAS, Villeneuve-d'Ascq	EUR		—	100.00	100.00	—	—	7)	2012
FM-Motors Villeneuve d'Ascq SAS, Villeneuve-d'Ascq	EUR		—	100.00	100.00	—	—	7)	2012
Fondazione Ducati, Bologna	EUR		—	100.00	100.00	—	−75	7)	2012
Grand Garage de la route de Dunkerque S.A.S., Gravlines	EUR		—	100.00	100.00	638	18		2011
H.J. Mulliner & Co. Ltd., Crewe	GBP	0.8161	—	100.00	100.00	—	—	5)	2011
Hangzhou Jiejun Automobiles Sales and Service Co., Ltd, Hangzhou	CNY	8.2207	—	100.00	100.00	—	—	6)	2012
Huzhou Junbaohang Automobile Sales and Service Co., Ltd., Huzhou	CNY	8.2207	—	100.00	100.00	—	—	6)	2012
HV Developpement Belgique SPRL, Marquain	EUR		—	100.00	100.00	306	5		2011
INIS International Insurance Service s.r.o., Mladá Boleslav	CZK	25.1510	—	100.00	100.00	27,192	21,692		2011
Instituto para Formación y Desarollo Volkswagen, S.C., Puebla/Pue.	MXN	17.1845	—	100.00	100.00	16,242	2,605		2011
InterRent Biluthyrning AB, Södertälje	SEK	8.5820	—	100.00	100.00	—	—	5)	2012
Italdesign Giugiaro Barcelona S.L., Barcelona	EUR		—	100.00	100.00	5,132	0		2012
Italdesign-Giugiaro Berci S.a.s., in liquidation, Paris	EUR		—	100.00	100.00	0	0	2)	2009
Jacques Duverney Evian S.A.R.L., Evian-les-Bains	EUR		—	100.00	100.00	352	47		2011
Jiaxing Jiejun Automobile Sales & Service Co., Ltd., Jiaxing	CNY	8.2207	—	100.00	100.00	—	—	6)	2012
LAM d.o.o., Velika Gorica	HRK	7.5575	—	100.00	100.00	12,503	483		2011
Lamina Auto Sp. z o.o., Piaseczno	PLN	4.0740	—	100.00	100.00	5,841	375		2011
Lion Motors Sp. z o.o., Piaseczno	PLN	4.0740	—	100.00	100.00	604	−469		2011
LKW Komponenten s.r.o., Bánovce nad Bebravou	EUR		—	100.00	100.00	—	—		2012
MAN Diesel & Turbo Argentina S.A., Buenos Aires	ARS	6.4840	—	100.00	100.00	—	—		2012
MAN Diesel & Turbo Bulgaria EOOD, Varna	BGN	1.9558	—	100.00	100.00	—	—		2012
MAN Diesel & Turbo Canarias S.L., Las Palmas	EUR		—	100.00	100.00	—	—		2012
MAN Diesel & Turbo Chile Limitada, Valparaíso	CLP	631.4900	—	100.00	100.00	—	—		2012
MAN Diesel & Turbo Costa Rica Limitada, San José	CRC	676.0700	—	100.00	100.00	—	—		2012
MAN Diesel & Turbo Guatemala Ltda., Guatemala City	GTQ	10.4240	—	100.00	100.00	—	—		2012
MAN Diesel & Turbo Italia S.r.l., Genoa	EUR		—	100.00	100.00	—	—		2012
MAN Diesel & Turbo Japan Ltd., Kobe	JPY	113.6100	—	100.00	100.00	—	—		2012
MAN Diesel & Turbo Jordan Limited Liability Company, Aqaba	JOD	0.9361	—	100.00	100.00	—	—	6)	2012
MAN Diesel & Turbo Kenya Ltd., Nairobi	KES	113.5600	—	100.00	100.00	—	—		2012
MAN Diesel & Turbo Latvia SIA, Riga	LVL	0.6977	—	100.00	100.00	—	—	5)	2012
MAN Diesel & Turbo Malaysia Sdn. Bhd., Kuala Lumpur	MYR	4.0347	—	49.00	49.00	—	—		2012
MAN Diesel & Turbo Norge A/S, Oslo	NOK	7.3483	—	100.00	100.00	—	—		2012
MAN Diesel & Turbo Panama Enterprises Inc., Panama City	USD	1.3188	—	100.00	100.00	—	—		2012
MAN Diesel & Turbo Philippines Inc., Manila	PHP	54.1070	—	100.00	100.00	—	—		2012
MAN Diesel & Turbo Poland Sp. z o.o., Gdansk	PLN	4.0740	—	100.00	100.00	—	—		2012
MAN Diesel & Turbo Portugal, Unipessoal, Lda., Setúbal	EUR		—	100.00	100.00	—	—		2012
MAN Diesel & Turbo Qatar Navigation LLC, Doha	QAR	4.8021	—	49.00	49.00	—	—		2012
MAN Diesel & Turbo Sverige AB, Gothenburg	SEK	8.5820	—	100.00	100.00	—	—		2012
MAN Diesel Electrical Services Ltd., Essex	GBP	0.8161	—	100.00	100.00	—	—	5)	2012
MAN Diesel Services Ltd., Stockport	GBP	0.8161	—	100.00	100.00	—	—	5)	2012

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MAN Diesel Turbochargers Shanghai Co. Ltd., Shanghai	CNY	8.2207	—	100.00	100.00	—	—		2012
MAN Diesel ve Turbo Satis Servis Limited Sirketi, Istanbul	TRY	2.3551	—	100.00	100.00	—	—		2012
MAN Iran Power Sherkate Sahami Khass, Tehran	IRR	16,190.0000	—	96.00	96.00	—	—		2012
MAN IT Services Österreich GesmbH, Steyr	EUR		—	100.00	100.00	—	—	5)	2012
MAN Latin America Importacao, Industria e Comércio de Veículos Ltda., São Paulo	BRL	2.7036	—	100.00	100.00	—	—	6)	2012
MAN Properties (Midrand) (Pty.) Ltd., Midrand	ZAR	11.1727	—	100.00	100.00	—	—	5)	2012
MAN Properties (Pinetown) (Pty.) Ltd., Pinetown	ZAR	11.1727	—	100.00	100.00	—	—	5)	2012
MAN Properties (Pty.) Ltd., Johannesburg	ZAR	11.1727	—	100.00	100.00	—	—	5)	2012
MAN Truck & Bus (M) Sdn. Bhd., Rawang	MYR	4.0347	—	70.00	70.00	—	—		2012
MAN Truck & Bus Singapore Pte. Ltd., Singapore	EUR	1.6111	—	100.00	100.00	—	—		2012
MAN Truck and Bus pvt. Ltd., Mumbai	INR	72.5600	—	100.00	100.00	—	—	5)	2012
MAN Turbo (UK) Limited, London	GBP	0.8161	—	100.00	100.00	—	—		2012
MB Motors Sp. z o.o., Piaseczno	PLN	4.0740	—	100.00	100.00	6,306	−617		2011
MBC Mobile Bridges Corp., Houston, Texas	USD	1.3194	—	100.00	100.00	—	—	5)	2012
Metalock Denmark A/S, Copenhagen	DKK	7.4610	—	100.00	100.00	—	—		2012
Mirrlees Blackstone Ltd., Stockport	GBP	0.8161	—	100.00	100.00	—	—	5)	2012
Módulos Automotivos do Brasil Ltda., São José dos Pinhais	BRL	2.7036	—	100.00	100.00	—	4,108		2011
MULTIMARCAS CORRETORA DE SEGUROS S/S LTDA., São Paulo	BRL	2.7036	—	99.98	99.98	19	—		2011
Multi-Services Autos Chat. S.A.S., Chatellerault	EUR		—	100.00	100.00	468	19		2011
Nardò Technical Center SrL, Nardò	EUR		—	100.00	100.00	4,500	1,300	7)	2011
NIRA Dynamics AB, Linköping	SEK	8.5820	—	94.66	94.66	50,715	13,721		2011
OOO Automotive Components International RUS, Kaluga	RUB	40.3295	—	100.00	100.00	9,297	−72	5)	2011
OOO MAN Diesel & Turbo Rus, Moscow	RUB	40.3295	—	100.00	100.00	—	—		2012
OOO Volkswagen Bank RUS, Moscow	RUB	40.3295	—	100.00	100.00	3,592,313	−151,316	12)	2011
OOO Volkswagen Financial Services RUS, Moscow	RUB	40.3295	—	100.00	100.00	469,134	89,899		2011
OOO Volkswagen Group Finanz, Moscow	RUB	40.3295	—	100.00	100.00	449,821	121,159		2011
PAIG (China) Automobile Investment Co., Ltd., Hangzhou	CNY	8.2207	—	100.00	100.00	—	—	6)	2012
Park Ward & Co. Ltd., Crewe	GBP	0.8161	—	100.00	100.00	—	—	5)	2011
Park Ward Motors Inc., Boston	USD	1.3194	—	100.00	100.00	—	—	5)	2011
Paul Kroely Sport 54 S.A.S., Laxou	EUR		—	100.00	100.00	—	—	7)	2012
Paul Kroely Wolfsburg Toul S.A.R.L., Laxou	EUR		—	100.00	100.00	—	—	7)	2012
Paxman Diesels Ltd., Stockport	GBP	0.8161	—	100.00	100.00	—	—	5)	2012
PCK TOV, Kiev	UAH	10.6875	—	100.00	100.00	28,646	−91		2011
PGA Ellada E.P.E., Athens	EUR		—	100.00	100.00	867	615		2011
PGA Polska Sp. z o.o., Warsaw	PLN	4.0740	—	100.00	100.00	21,659	4,807		2011
Polygone Tomblaine S.A.S., Tomblaine	EUR		—	100.00	100.00	—	—	7)	2012
Porsche Austria Gesellschaft m.b.H., Salzburg	EUR		—	100.00	100.00	37	0		2011
Porsche Chile SpA, Santiago de Chile	CLP	631.4900	—	100.00	100.00	—	—	6)	2012
Porsche Colombia S.A.S., Bogotá	COP	2,331.0000	—	100.00	100.00	120,000	0		2011
Porsche Design Asia Hongkong Ltd., Hong Kong	HKD	10.2260	—	100.00	100.00	—	−14,801	4) 6)	2012
Porsche Group S.R.L., Voluntari	RON	4.4445	—	100.00	100.00	39	0		2011
Porsche Immobilien Ukraine TOV, Kiev	UAH	10.6875	—	100.00	100.00	62,955	4,285		2011
Porsche Inter Auto Polska Sp. z o.o., Warsaw	PLN	4.0740	—	100.00	100.00	—	—	7) 14)	2012
Porsche Inter Auto Ukraine TOV, Kiev	UAH	10.6875	—	100.00	100.00	6,461	5,480		2011
Porsche Kosova Sh.p.k., Pristina	EUR		—	100.00	100.00	—	53		2011
Porsche Movilidad Colombia S.A.S., Bogotá	COP	2,331.0000	—	100.00	100.00	—	—	6)	2012
Porsche Pensionskasse AG, Salzburg	EUR		—	100.00	100.00	2,428	28		2011
Porsche Retail GmbH, Salzburg	EUR		—	100.00	100.00	32	−1		2011
Porsche System Engineering Ltd., Zurich	CHF	1.2072	—	100.00	100.00	5,365	433		2011
Privas Automobiles SNC, Coux	EUR		—	100.00	100.00	192	59		2011
PT MAN Diesel & Turbo Indonesia, Jakarta	IDR	12,713.9700	—	92.62	92.62	—	—		2012
PUTT ESTATES (PROPRIETARY) LIMITED, Upington	ZAR	11.1727	—	100.00	100.00	2,566	770	3)	2012
Railway Mine & Plantation Equipment Ltd., London	GBP	0.8161	—	100.00	100.00	—	—	5)	2012
RENK (UK) Ltd., London	GBP	0.8161	—	100.00	100.00	—	—	5)	2012
RENK Transmisyon Sanayi A.S., Istanbul	TRY	2.3551	—	55.00	55.00	—	—		2012
Riviera Technic S.A.S., Mougins	EUR		—	100.00	100.00	1,506	297		2011

Name and domicile of company	Currency	Exchange rate (€1 =) Dec. 31, 2012	VW AG's interest in capital in % Direct	Indirect	Total	Equity in thousands, local currency	Profit/loss in thousands, local currency	Footnote	Year
Ruston & Hornsby Ltd., Stockport	GBP	0.8161	—	100.00	100.00	—	—	5)	2012
Ruston Diesels Ltd., Stockport	GBP	0.8161	—	100.00	100.00	—	—	5)	2012
S.A.R.L. Garage du Rond Point, Courrières	EUR		—	100.00	100.00	15	– 21		2011
S.A.R.L. Lys Contrôle, Nieppe	EUR		—	100.00	100.00	76	8		2011
S.A.R.L. Mondial Diffusion, Roncq	EUR		—	100.00	100.00	491	38		2011
S.A.R.L. Premium BUC, Buc	EUR		—	100.00	100.00	78	37		2011
S.A.R.L. SV Auto, Sauzé Vaussais	EUR		—	100.00	100.00	—	13		2011
S.A.S. Premium Velizy, Hellemmes	EUR		—	100.00	100.00	47	– 3		2011
Saint Marcellin Automobiles S.A.R.L., Saint Marcellin	EUR		—	100.00	100.00	362	13		2011
SCA Vision, Chasseneuil-du-Poitou	EUR		—	100.00	100.00	1,421	– 3		2011
Scania-MAN Administration A.p.S., Frederiksberg	DKK		—	100.00	100.00	80	0		2011
SEAT Center Arrábida – Automóveis, Lda., Setúbal	EUR		—	100.00	100.00	312	– 215		2011
Seat Saint-Martin S.A.S., Paris	EUR		—	100.00	100.00	173	– 175		2011
SEAT Sport S.A., Martorell	EUR		—	100.00	100.00	1,782	– 2,198		2011
SERGO ARHKON TOV, Kiev	UAH	10.6875	—	100.00	100.00	—	– 598		2011
Shanghai Zhenlang Transportation Equipment Leasing Company Limited, Shanghai	CNY	8.2207	—	100.00	100.00	—	—	7)	2012
SNC ABCIS Clermont, Fitz-James	EUR		—	100.00	100.00	13	1		2011
SNC Grands Garages de Provence-Garage Central, Les Angles	EUR		—	100.00	100.00	423	135		2011
SNC Stylauto 79, Niort	EUR		—	100.00	100.00	10	3		2011
SNC Stylauto 86, Poitiers	EUR		—	100.00	100.00	247	4		2011
SNC Sud Berry Auto, Argenton-sur-Creuse	EUR		—	100.00	100.00	57	7		2011
Société des Etablissements Michel Saint Aubin S.A.R.L., Ste Maure de Tourraine	EUR		—	100.00	100.00	524	– 65		2011
Société d'Exploitation du Garage Lacoste, S.A.S., Serres Castet	EUR		—	100.00	100.00	876	– 32	7)	2012
SOCIÉTÉ IMMOBILIÈRE AUDI SARL, Paris	EUR		—	100.00	100.00	17,905	121		2011
Solovi S.A.S., Saint Jean d'Angely	EUR		—	100.00	100.00	167	– 1		2011
Sonauto Accessoires S.A., Cergy-Pontoise	EUR		—	100.00	100.00	183	32		2011
Suzhou Jie Jun Automobile Trading Co., Ltd., Suzhou	CNY	8.2207	—	100.00	100.00	37,327	– 762		2011
VAREC Ltd., Tokyo	JPY	113.6100	—	100.00	100.00	204,101	38,585		2011
Villers Services Center S.A.S., Paris	EUR		—	100.00	100.00	91	6		2011
Vingerhoets Automobielbedrijven B.V., Diessen	EUR		—	100.00	100.00	—	—	7)	2012
Vingerhoets Automobielbedrijven Tilburg B.V., Tilburg	EUR		—	100.00	100.00	—	—	7)	2012
Vingerhoets Automobielbedrijven Waalwijk B.V., Waalwijk	EUR		—	100.00	100.00	—	—	7)	2012
VOLKSWAGEN Automatic Transmission (Tianjin) Co., Ltd., Tianjin	CNY	8.2207	—	100.00	100.00	—	—	6)	2012
VOLKSWAGEN CORRETORA DE SEGUROS LTDA., São Paulo	BRL	2.7036	—	100.00	100.00	11,706	5,775		2011
VOLKSWAGEN FINANCE PRIVATE LIMITED, Mumbai	INR	72.5600	—	100.00	100.00	549,677	– 175,407	3)	2011
Volkswagen Financial Services Korea Co., Ltd., Seoul	KRW	1,406.2300	—	100.00	100.00	26,231,000	– 5,969,000		2011
Volkswagen Financial Services Schweiz AG, Wallisellen	CHF	1.2072	—	100.00	100.00	3,616	327		2011
VOLKSWAGEN FINANCIAL SERVICES SINGAPORE LTD., Singapore	SGD	1.6111	—	100.00	100.00	2,324	847		2011
Volkswagen Financial Services Taiwan LTD., Taipei	TWD	38.3200	—	100.00	100.00	258,676	38,394		2011
VOLKSWAGEN Finančné služby Maklérska s.r.o., Bratislava	EUR		—	100.00	100.00	1,951	1,944	12)	2011
Volkswagen Group Hong Kong Ltd., Hong Kong	HKD	10.2260	—	100.00	100.00	—	—	6)	2012
Volkswagen Group Insurance and Risk Management Services Ltd., in liquidation, Milton Keynes	GBP	0.8161	—	100.00	100.00	—	—	2) 5)	2011
Volkswagen Group Latin America, Inc., Miami, Florida	USD	1.3194	—	100.00	100.00	—	890		2011
Volkswagen Group Malaysia Sdn. Bhd., Kuala Lumpur	MYR	4.0347	—	100.00	100.00	42,074	11,281		2011
VOLKSWAGEN GROUP MILANO S.R.L., Milan	EUR		—	100.00	100.00	31	– 166		2012
Volkswagen Group Pension Scheme Trustee Ltd., Milton Keynes	GBP	0.8161	—	100.00	100.00	—	—	5)	2011

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Volkswagen Group Singapore Pte. Ltd., Singapore	SGD	1.6111	100.00	—	100.00	24,456	5,323		2011
Volkswagen Grundbesitz GmbH, Salzburg	EUR		—	100.00	100.00	3,412	−27		2011
Volkswagen Hong Kong Co. Ltd., Hong Kong	HKD	10.2260	—	89.44	89.44	24,882	22,602		2011
Volkswagen Insurance Company Ltd., Dublin	EUR		—	100.00	100.00	33,036	4,038		2011
VOLKSWAGEN INSURANCE SERVICE LTD., Milton Keynes	GBP	0.8161	—	100.00	100.00	981	893		2011
VOLKSWAGEN INSURANCE SERVICES, CORREDURIA DE SEGUROS, S.L., Barcelona	EUR		—	100.00	100.00	2,833	2,442		2011
Volkswagen International Insurance Agency Co. Limited, Taipei	TWD	38.3200	—	100.00	100.00	—	—	4)	2011
Volkswagen Logistics Prestação de Serviços de Logística e Transporte Ltda., Saõ Bernardo do Campo	BRL	2.7036	—	100.00	100.00	13,814	5,384		2011
Volkswagen New Mobility Services Consulting (Beijing) Co., Ltd., Beijing	CNY	8.2207	—	100.00	100.00	—	—	6)	2012
Volkswagen New Mobility Services Investment Co., Ltd., Beijing	CNY	8.2207	—	100.00	100.00	—	—	4)	2011
Volkswagen Passenger Cars Malaysia Sdn. Bhd., Kuala Lumpur	MYR	4.0347	—	100.00	100.00	—	−5,310	4)	2011
VOLKSWAGEN SARAJEVO, d.o.o., Vogošća	BAM	1.9558	58.00	—	58.00	39,686	1,256		2011
Volkswagen Servicios de Administración de Personal, S.A. de C.V., Puebla	MXN	17.1845	—	100.00	100.00	36,490	6,444		2011
VOLKSWAGEN SERVICIOS SA DE CV, Puebla	MXN	17.1845	—	100.00	100.00	4,393	8,183		2011
VOLKSWAGEN SERWIS UBEZPIECZENIOWY SP. Z O.O., Warsaw	PLN	4.0740	—	100.00	100.00	18,118	18,068		2011
VWT Participações Ltda. – Participações em Outras Sociedades e Prestação de Serviços em Geral, Saõ Bernardo do Campo	BRL	2.7036	—	100.00	100.00	5,117	2,885	5)	2010
III. JOINT VENTURES									
A. Equity-accounted companies									
1. Germany									
IAV GmbH Ingenieurgesellschaft Auto und Verkehr, Berlin	EUR		50.00	—	50.00	77,237	16,235		2011
2. International									
Cummins-Scania XPI Manufacturing L.L.C., Columbus	USD	1.3194	—	50.00	50.00	118,200	4,790		2011
DFM Master S.A., Luxembourg	EUR			—	—	31	—	18)	2012
DFM N.V., Amersfoort	EUR		—	100.00	100.00	—	—	11)	2011
D'Ieteren Lease S.A., Elsene	EUR		—	100.00	100.00	—	—	7)	2012
DutchLease B.V., Amersfoort	EUR		—	100.00	100.00	—	—	11)	2011
FAW-Volkswagen Automotive Company, Ltd., Changchun	CNY	8.2207	20.00	20.00	40.00	49,664,316	30,751,615	12)	2012
Global Mobility Holding B.V., Amsterdam	EUR		—	50.00	50.00	2,090,405	4,840	12)	2011
Lease + B.V., Amersfoort	EUR		—	100.00	100.00	—	—	11)	2011
Lease+Balans B.V., Amersfoort	EUR		—	100.00	100.00	—	—	11)	2011
LeasePlan Corporation N.V., Amsterdam	EUR		—	—	9)	2,153,884	224,741	12)	2011
MAN Financial Services SA (Pty) Ltd, Johannesburg	ZAR	11.1727	—	50.00	50.00	—	—		2012
Midland Beheer B.V., Amersfoort	EUR		—	100.00	100.00	—	—	11)	2011
Oppland Tungbilservice AS, Fagernes	NOK	7.3483	—	50.00	50.00	3,275	2,064		2011
P.Z. Auto d.o.o., Zagreb	HRK	7.5575	—	50.00	50.00	110,943	32,333		2011
SAIC-VOLKSWAGEN Sales Company Ltd., Shanghai	CNY	8.2207	—	30.00	30.00	565,563	140,540		2011
Shanghai Volkswagen Powertrain Company Ltd., Shanghai	CNY	8.2207	—	60.00	60.00	2,450,006	477,335		2011
Shanghai-Volkswagen Automotive Company Ltd., Shanghai	CNY	8.2207	40.00	10.00	50.00	32,119,014	16,960,279		2011
Stichting DFM Vehicle Loans Securitisation 2005, Amsterdam	EUR		—	—	—	—	—	18)	2011
Tynset Diesel AS, Tynset	NOK	7.3483	—	50.00	50.00	4,280	1,140		2011
VDF FAKTORING HIZMETLERI A.S., Istanbul	TRY	2.3551	—	100.00	100.00	8,272	662		2011
VDF SERVIS VE TICARET A.S., Istanbul	TRY	2.3551	—	51.00	51.00	10,318	3,686		2011
VDF SIGORTA ARACILIK HIZMETLERI A.S., Istanbul	TRY	2.3551	—	99.99	99.99	5,139	4,514		2011
VOLKSWAGEN D'IETEREN FINANCE S.A., Brussels	EUR		—	50.00	50.00	—	—	4)	2011

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VOLKSWAGEN DOGUS TÜKETICI FINANSMANI ANONIM SIRKETI, Maslak-Istanbul	TRY	2.3551	—	51.00	51.00	72,868	8,425		2011
VOLKSWAGEN FAW Engine (Dalian) Co., Ltd., Dalian	CNY	8.2207	—	60.00	60.00	2,464,060	748,604		2011
Volkswagen FAW Platform Company Ltd., Changchun	CNY	8.2207	—	60.00	60.00	689,888	111,779		2011
Volkswagen Leasing B.V., Amersfoort	EUR		—	100.00	100.00	—	—	11)	2011
Volkswagen Pon Financial Services B.V., Amersfoort	EUR		—	60.00	60.00	218,271	28,850	10)	2011
VOLKSWAGEN Transmission (Shanghai) Company Ltd., Shanghai	CNY	8.2207	—	60.00	60.00	724,746	126,402		2011
B. Companies accounted for at cost									
1. Germany									
e.solutions GmbH, Ingolstadt	EUR		—	49.00	49.00	3,046	786		2011
Elektronische Fahrwerksysteme GmbH, Ingolstadt	EUR		—	49.00	49.00	1,813	747		2011
Objekt Audi Zentrum Berlin-Charlottenburg Verwaltungsgesellschaft mbH, Berlin	EUR		—	50.00	50.00	67	2		2012
Objektgesellschaft Audi Zentrum Berlin-Charlottenburg mbH & Co. KG, Berlin	EUR		—	50.00	50.00	5,154	475		2012
PMDTechnologies GmbH, Siegen	EUR		—	50.00	50.00	4,302	− 1,871		2011
VOLKSWAGEN VARTA Microbattery Forschungsgesellschaft mbH & Co. KG, Ellwangen	EUR		—	50.00	50.00	9,939	− 3,558		2011
VOLKSWAGEN VARTA Microbattery Verwaltungsgesellschaft mbH, Ellwangen . .	EUR		—	50.00	50.00	28	2		2011
Wolfsburg AG, Wolfsburg	EUR		50.00	—	50.00	50,712	3,465		2011
2. International									
Amer Assurantien B.V., Amersfoort	EUR		—	100.00	100.00	—	—	11)	2011
Central Eléctrica Anhangüera Ltda., São Paulo .	BRL	2.7036	—	40.00	40.00	20,765	2,632		2011
Central Eléctrica Monjolinho Ltda., São Paulo .	BRL	2.7036	—	51.00	51.00	—	—		2012
DFM Verzekeringen B.V., Diemen	EUR		—	100.00	100.00	—	—	11)	2011
Material Science Center Qatar QSTP-LLC, Doha	QAR	4.8021	25.00	25.00	50.00	—	—	6)	2012
SITECH Dongchang Automotive Seating Technology, Ltd., Shanghai	CNY	8.2207	—	60.00	60.00	222,032	101,873		2011
SKO-ENERGO s.r.o., Mladá Boleslav	CZK	25.1510	—	67.00	67.00	58,754	2,170		2011
SKO-ENERGO-FIN s.r.o., Mladá Boleslav	CZK	25.1510	—	52.50	52.50	998,109	299,166		2011
Sturups Bilservice AB, Malmö	SEK	8.5820	—	50.00	50.00	299,580	6,121		2011
Trio Bilservice AB, Västerås	SEK	8.5820	—	33.33	33.33	131	0		2011
V.V.S. Assuradeuren B.V., Amersfoort	EUR		—	100.00	100.00	—	—	11)	2011
Volkswagen Beijing Center Company Ltd., Beijing	CNY	8.2207	—	70.00	70.00	71,912	17,434		2011
VOLKSWAGEN MØLLER BILFINANS AS, Oslo	NOK	7.3483	—	51.00	51.00	608,460	26,371	12)	2011
VVS Verzekerings-Service N.V., Amersfoort . .	EUR		—	60.00	60.00	1,325	1,098	10)	2011
IV. ASSOCIATES									
A. Equity-accounted associates									
1. Germany									
Autoport Emden GmbH, Emden	EUR		—	33.33	33.33	86	9		2011
Hörmann Automotive Gustavsburg GmbH, Ginsheim-Gustavsburg	EUR		—	40.00	40.00	17,887	6,450		2011
Rheinmetall MAN Military Vehicles GmbH, Munich	EUR		—	49.00	49.00	66,666	2,488	14)	2011
2. International									
Atlas Power Ltd., Karachi	PKR	128.2900	—	33.54	33.54	8,004,100	1,355,896	3)	2012
Bits Data i Södertälje AB, Södertälje	SEK	8.5820	—	33.00	33.00	20,824	1,890		2011
Cummins-Scania high pressure injection L.L.C., Columbus	USD	1.3194	—	30.00	30.00	7,588	6		2011
H.R. Owen Plc., London	GBP	0.8161	—	27.91	27.91	11,664	560	10) 12)	2011
JV MAN AUTO – Uzbekistan Limited Liability Company, Samarkand City	UZS	2,617.4900	—	49.00	49.00	34,460,399	4,599,457		2011
Laxå Specialvehicles AB, Laxå	SEK	8.5820	—	30.00	30.00	19,997	11,049		2011
OOO EURO-Leasing RUS, Ryazan	RUB	40.3295	—	60.00	60.00	—	—		2012
Scamadrid S.A., Madrid	EUR		—	49.00	49.00	4,358	− 287		2011
ScaValencia, S.A., Valencia	EUR		—	26.00	26.00	10,070	968		2011
Sinotruk (Hong Kong) Limited, Hong Kong . . .	HKD	10.2260	—	25.00	25.00	20,568,600	1,168.322		2011

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B. Associates accounted for at cost									
1. Germany									
Abgaszentrum der Automobilindustrie (GbR), Weissach	EUR		—	—	—	—	—		2012
Fahrzeugteile Service-Zentrum Mellendorf GmbH, Wedemark (Mellendorf)	EUR		26.00	23.70	49.70	952	439	3) 4)	2012
GVZ Entwicklungsgesellschaft Wolfsburg mbH, Wolfsburg	EUR		—	30.81	30.81	2,084	224		2011
Theater der Stadt Wolfsburg GmbH, Wolfsburg	EUR		25.40	—	25.40	124	0	3)	2011
WTH AG, Wolfsburg	EUR		—	22.95	22.95	62	−4		2010
2. International									
Frontignan Entretien Réparation et Vente Automobile S.A.R.L., Frontignan	EUR		—	33.33	33.33	76	15		2011
Guyonnet Duperat Automobile (GDA) S.A.R.L., Ruffec	EUR		—	34.01	34.01	444	−42		2011
Liberté Automobile Holding SARL, Artiguelouve	EUR		—	24.90	24.90	278	−32		2011
Model Master S.p.A., Moncalieri	EUR		—	40.00	40.00	4,790	45		2011
Servicios Especiales de Ventas Automotrices, S.A. de C.V., Mexico City/D.F.	MXN	17.1845	—	25.00	25.00	62,329	2,763		2011
Smart Material Corp., Sarasota (Florida)	USD	1.3194	—	24.90	24.90	924	−414		2011
Société en Participation Brume, Potiers	EUR		—	50.00	50.00	—	—		2011
TAS Tvornica Automobila Sarajevo d.o.o., in liquidation, Vogošća	BAM	1.9558	50.00	—	50.00	—	—	2) 5)	2011
Verdun-Aix S.A.S., Aix-en-Provence	EUR		—	20.00	20.00	—	—	7)	2012
V. OTHER EQUITY INVESTMENTS									
1. Germany									
August Horch Museum Zwickau GmbH, Zwickau	EUR		—	50.00	50.00	861	34		2011
Bertrandt AG, Ehningen	EUR		—	25.01	25.01	159,439	40,438	3) 7)	2012
Coburger Nutzfahrzeuge Service GmbH, in liquidation, Coburg	EUR		—	30.00	30.00	—	—	2) 5)	2012
FC Bayern München AG, Munich	EUR		—	9.09	9.09	248,700	11,100	3)	2012
FFK Fahrzeugservice Förtsch GmbH, Kronach	EUR		—	30.00	30.00	—	—		2012
GIF Gewerbe- und Industriepark Bad Friedrichshall GmbH, Bad Friedrichshall	EUR		—	30.00	30.00	3,579	480		2011
GKH Gemeinschaftskraftwerk Hannover GmbH, Hanover	EUR		—	15.30	15.30	10,226	—	1)	2011
Grundstücksverwaltungsgesellschaft EURO-Leasing GmbH, Matthias Hinners und Helge Richter GbR, Sittensen	EUR		—	50.00	50.00	—	—		2012
LGI Logistikzentrum im Güterverkehrszentrum Ingolstadt Betreibergesellschaft mbH, Ingolstadt	EUR		—	50.00	50.00	982	929		2011
MOST Cooperation GbR, Karlsruhe	EUR		—	20.00	20.00	397	3		2011
MTC Marine Training Center Hamburg GmbH, Hamburg	EUR		—	24.83	24.83	—	—		2012
NEULAND Wohnungsgesellschaft mbH, Wolfsburg	EUR		—	20.00	20.00	83,148	5,817		2011
Niedersächsische Gesellschaft zur Endablagerung von Sonderabfall mbH, Hanover	EUR		10.00	—	10.00	9,847	1,204		2011
PAKT Zukunft Heilbronn-Franken gGmbH, Heilbronn	EUR		—	20.00	20.00	324	−125		2011
PosernConnect GmbH, Sittensen	EUR		—	49.00	49.00	—	—		2012
Roland Holding GmbH, Munich	EUR		—	22.83	22.83	—	—		2012
SGL Carbon SE, Wiesbaden	EUR		9.95	—	9.95	964,968	3,600		2011
Verwaltungsgesellschaft Wasseralfingen mbH, Aalen	EUR		—	50.00	50.00	—	—		2012
Volkswagen AG Preussen Elektra AG OHG, Wolfsburg	EUR			—	—	—	—		2011
2. International									
GYÖR-PÉR REPÜLÖTER Kft., Győr	HUF	292.3000	—	47.86	47.86	125,149	42,452	7)	2012
Neoplan Ghana Ltd., Kumasi	GHS	2.5119	—	45.00	45.00	—	—		2012
RENK U.A.E. LLC, Abu Dhabi	AED	4.8443	—	49.00	49.00	—	—		2012
Scavino S.r.l., Alba	EUR		—	30.00	30.00	—	—		2012
Suzuki Motor Corporation, Hamamatsu, Shizuoka	JPY	113.6100	19.89	—	19.89	674,684,000	15,846,000	3)	2012

Name and domicile of company	Currency	Exchange rate (€1 =) Dec. 31, 2012	VW AG's interest in capital in % Direct	Indirect	Total	Equity in thousands, local currency	Profit/loss in thousands, local currency	Footnote	Year
TTTech Computertechnik AG, Vienna	EUR		—	24.99	24.99	24,135	3,315		2011

1) Profit and loss transfer agreement.
2) In liquidation.
3) Different fiscal year.
4) Short fiscal year.
5) Currently not trading.
6) Newly established company.
7) Newly acquired company.
8) Commenced operations in 2012.
9) Global Mobility Holding B.V., Amsterdam holds a 100% interest in LeasePlan Corporation N.V., Amsterdam.
10) Consolidated financial statements.
11) Figures are contained in the consolidated financial statements of the parent company.
12) Figures in accordance with IFRSs.
13) Profit and loss transfer agreement as from 2012.
14) Merger.
15) Newly acquired company/newly established company in the previous year.
16) Special purpose entity included in the consolidated financial statements in accordance with IAS 27/SIC-12 although no equity interest is held.
17) Liquidation resolution adopted.
18) Special purpose entity included in Volkswagen Pon Financial Services B.V.'s consolidated financial statements in accordance with IAS 27/SIC-12 although no equity interest is held.

VOLKSWAGEN AG is the general partner of the following companies:

1. Abgaszentrum der Automobilindustrie (GbR), Weissach
2. LOCATOR Grundstücks-Vermietungsgesellschaft mbH und Volkswagen AG in GbR, Pullach
3. PDB — Partnership for Dummy Technology and Biomechanics (GbR), Ingolstadt
4. Volkswagen AG Preussen Elektra AG OHG, Wolfsburg
5. Volkswagen Logistics GmbH & Co. OHG, Wolfsburg

Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the Group management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the material opportunities and risks associated with the expected development of the Group.

Wolfsburg, February 12, 2013
Volkswagen Aktiengesellschaft
The Board of Management

Martin Winterkorn	Francisco Javier Garcia Sanz	Jochem Heizmann
Christian Klingler	Michael Macht	Horst Neumann
Leif Östling	Hans Dieter Pötsch	Rupert Stadler

The following auditor's report (*Bestätigungsvermerk*) has been issued in accordance with § 322 German Commercial Code (*Handelsgesetzbuch*) on the consolidated financial statements and the group management report (*Konzernlagebericht*) of Volkswagen Aktiengesellschaft as of and for the fiscal year ended December 31, 2012. The group management report is neither included nor incorporated by reference in this Offering Memorandum.

Auditors' Report

We have audited the consolidated financial statements prepared by the VOLKSWAGEN AKTIENGESELLSCHAFT, Wolfsburg, comprising the income statement and statement of comprehensive income, the balance sheet, the statement of changes in equity, the cash flow statement and the notes to the consolidated financial statements, together with the group management report, which is combined with the management report of the VOLKSWAGEN AKTIENGESELLSCHAFT, Wolfsburg, for the business year from January 1 to December 31, 2012. The preparation of the consolidated financial statements and the combined management report in accordance with the IFRSs, as adopted by the EU, and the additional requirements of German commercial law pursuant to § (article) 315a Abs. (paragraph) 1 HGB (''Handelsgesetzbuch'': German Commercial Code) are the responsibility of the Company's Board of Management. Our responsibility is to express an opinion on the consolidated financial statements and the combined management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with § 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the combined management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the combined management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of the entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by the Company's Board of Management, as well as evaluating the overall presentation of the consolidated financial statements and the combined management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion based on the findings of our audit the consolidated financial statements comply with the IFRSs, as adopted by the EU, and the additional requirements of German commercial law pursuant to § 315a Abs. 1 HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these provisions. The combined management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Hanover, February 13, 2013

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Harald Kayser German Public Auditor	Martin Schröder German Public Auditor

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VOLKSWAGEN

Volkswagen Group of America Finance, LLC

U.S.$3,500,000,000

consisting of

U.S.$1,450,000,000 1.250% Guaranteed Notes due 2017,

U.S.$1,000,000,000 2.125% Guaranteed Notes due 2019,

U.S.$500,000,000 Floating Rate Guaranteed Notes due 2017,

U.S.$250,000,000 Floating Rate Guaranteed Notes due 2016 and

U.S.$300,000,000 Floating Rate Guaranteed Notes due 2015

With an unconditional and irrevocable guarantee of principal and interest from

VOLKSWAGEN AKTIENGESELLSCHAFT

OFFERING MEMORANDUM

May 15, 2014

Joint Book-Running Managers

BNP PARIBAS **BofA Merrill Lynch** **Citigroup** **RBS**