OFFERING MEMORANDUM **CONFIDENTIAL**

VOLKSWAGEN

Volkswagen Group of America Finance, LLC

U.S.$2,800,000,000
consisting of
U.S.$1,000,000,000 1.650% Guaranteed Notes due 2018,
U.S.$750,000,000 2.400% Guaranteed Notes due 2020
U.S.$750,000,000 Floating Rate Guaranteed Notes due 2016 and
U.S.$300,000,000 Floating Rate Guaranteed Notes due 2018
Each 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.$1,000,000,000 Guaranteed Notes due 2018 (the ''**A Notes**'') that will bear interest at a rate of 1.650% per year, U.S.$750,000,000 Guaranteed Notes due 2020 (the ''**B Notes**'') that will bear interest at a rate of 2.400% per year, U.S.$750,000,000 Floating Rate Guaranteed Notes due 2016 (the ''**C Notes**'') and U.S.$300,000,000 Floating Rate Guaranteed Notes due 2018 (the ''**D Notes**'' and, together with the A Notes, the B Notes and the C Notes, the ''**Notes**''). Interest on the A Notes and the B Notes will be payable semi-annually in arrears on May 22 and November 22 of each year, commencing on November 22, 2015. Interest on the C Notes will be payable at a floating interest rate of U.S.$ LIBOR plus 0.28% per annum and interest on the D Notes will be payable at a floating interest rate of U.S.$ LIBOR plus 0.47% per annum, in each case quarterly in arrears on February 22, May 22, August 22 and November 22 of each year, commencing on August 22, 2015, as described in this offering memorandum (the ''**Offering Memorandum**''). The A Notes will mature on May 22, 2018, the B Notes will mature on May 22, 2020, the C Notes will mature on November 22, 2016, and the D Notes will mature on May 22, 2018. The Notes of each series will be issued only in denominations of $200,000 and integral multiples of $1,000 in excess thereof.

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 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 Notes will be unsecured senior obligations of the Issuer and will (i) rank equally in right of payment with all of the Issuer's existing and future unsecured senior indebtedness, and senior in right of payment to all of the Issuer's existing and future subordinated indebtedness, and (ii) 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 to all existing and future indebtedness of each of the Issuer's subsidiaries. The Notes will be unconditionally and irrevocably guaranteed by the Guarantor. The Guarantor's guarantee of the Notes (the ''**Guarantee**'' and, together with the Notes, the ''**Securities**'') 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. The Guarantee, which includes a negative pledge by the Guarantor, will be governed by, and construed in accordance with, the laws of the Federal Republic of Germany.

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 17.

Issue Price:
99.875% of the principal amount of the A Notes,
99.855% of the principal amount of the B Notes,
100.000% of the principal amount of the C Notes and
100.000% of the principal amount of the D Notes
plus, in each case, accrued interest, if any, from May 22, 2015

The Securities 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 jurisdiction. 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 defined in the Securities Act) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state or other securities laws. The Securities may be offered and sold in the United States only to qualified institutional buyers ("QIBs") in reliance on Rule 144A under the Securities Act provided ("Rule 144A") and in transactions outside the United States to non-U.S. persons (as defined in the Securities Act) in reliance on Regulation S under the Securities Act ("Regulation S"). Prospective purchasers in the Unites States are hereby notified that the seller of the Securities 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 Securities are not transferable except in accordance with the restrictions described under ''Purchase and *Transfer Restrictions*''.

The Securities will initially be represented by beneficial interests in one or more global notes in registered form without interest coupons (the ''**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 Global Note will be shown on, and transfers thereof will be effected only through, records maintained by DTC and its participants. See ''*Book-Entry, Delivery and Form*''.

The Initial Subscribers (as defined below in the section entitled ''*Plan of Distribution*'') expect to deliver the Notes in book-entry form only against payment in immediately available funds on or about May 22, 2015.

Joint Book-Running Managers

Citigroup **Goldman, Sachs & Co.**

Morgan Stanley **Société Générale Corporate & Investment Banking**

The date of this Offering Memorandum is May 19, 2015

IMPORTANT NOTICE

You should only rely on the information contained in this Offering Memorandum when making a decision whether to invest in the Notes. None of the Issuer, the Guarantor or any Initial Subscriber has authorized any other person to provide you with different or additional information. If anyone provides you with such information, you should not rely on it. You should assume that the information contained in this Offering Memorandum is only accurate as of the date on the front cover of this Offering Memorandum. The Issuer's and the Guarantor's business, financial condition, results of operations and prospects may have changed since such date.

This Offering Memorandum is confidential. You are authorized to use this Offering Memorandum solely for the purpose of considering the purchase of the Notes described in this Offering Memorandum. You may not reproduce or distribute this Offering Memorandum, in whole or in part, and you may not disclose any of the contents of this Offering Memorandum or use any information herein for any purpose other than considering a purchase of the Notes. You agree to the foregoing by accepting delivery of this Offering Memorandum.

The distribution of this Offering Memorandum and the offering contemplated in this Offering Memorandum may, in certain jurisdictions, be restricted by law and this Offering Memorandum may not be used for the purpose of, or in connection with, any offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or to any person to whom it is unlawful to make such offer or solicitation. This Offering Memorandum does not constitute an offer of, or an invitation to purchase, any Securities in any jurisdiction in which such offer or invitation would be unlawful. The Guarantor, the Issuer and the Initial Subscribers require persons into whose possession this Offering Memorandum comes to inform themselves of and observe all such restrictions. None of the Guarantor, the Issuer or any Initial Subscriber accepts any legal responsibility for any violation by any person, whether or not a prospective subscriber to or purchaser of Notes, of any such restrictions. For a more detailed description of certain restrictions in connection with the offering, see "*Plan of Distribution — Selling Restrictions*" and "*Purchase and Transfer Restrictions*."

The Issuer and the Guarantor have furnished the information in this Offering Memorandum. The Initial Subscribers make no representation or warranty, expressed or implied, as to the accuracy or completeness of such information, and nothing contained in this Offering Memorandum is, or shall be relied upon as, a promise or representation by the Initial Subscribers. None of the Issuer, the Guarantor or the Initial Subscribers, or any of their respective representatives, makes any representation to any offeree or purchaser of the Notes offered hereby regarding the legality of an investment by such offeree or purchaser under applicable legal investment or similar laws. You should consult with your own advisors as to legal, tax, business, financial and related aspects of a purchase of the Notes.

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.

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.

IN CONNECTION WITH THE OFFERING, THE INITIAL SUBSCRIBERS MAY PURCHASE AND SELL NOTES IN THE OPEN MARKET. THESE TRANSACTIONS MAY INCLUDE OVER-ALLOTMENT, SYNDICATE COVERING AND STABILIZING TRANSACTIONS. OVER-ALLOTMENT TRANSACTIONS INVOLVE SALES OF NOTES IN EXCESS OF THE PRINCIPAL AMOUNT OF THE NOTES TO BE PURCHASED IN THE OFFERING, WHICH CREATES A SHORT POSITION. SYNDICATE COVERING TRANSACTIONS INVOLVE PURCHASES OF NOTES IN THE OPEN MARKET AFTER THE DISTRIBUTION HAS BEEN COMPLETED IN ORDER TO COVER SHORT POSITIONS CREATED. STABILIZING TRANSACTIONS CONSIST OF CERTAIN BIDS OR PURCHASES OF NOTES MADE FOR THE PURPOSE OF PEGGING, FIXING OR MAINTAINING THE PRICE OF THE NOTES. ANY STABILIZATION ACTION OR OVER-ALLOTMENT MUST BE CONDUCTED BY THE INITIAL SUBSCRIBERS (OR PERSON(S) ACTING ON THEIR BEHALF) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES. 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.

Each investor in the Notes will be deemed to make certain representations, warranties and agreements regarding the manner of purchase and subsequent transfers of the Notes. These representations, warranties and agreements are described in "*Purchase and Transfer Restrictions.*"

Notice to Prospective Investors in the United States

The Notes have not been and will not be registered under the Securities Act and are being offered and sold in the United States only to QIBs in reliance on Rule 144A under the Securities Act and in transactions outside the United States to non-U.S. persons (as defined in Regulation S) in reliance on Regulation S. Prospective purchasers in the United States 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. The Securities are not transferable except in accordance with the restrictions described under "*Purchase and Transfer Restrictions.*"

The Notes have not been approved or disapproved by the U.S. Securities and Exchange Commission, any State securities commission in the United States or any other U.S. regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Notes or the accuracy or adequacy of this Offering Memorandum. Any representation to the contrary is a criminal offense in the United States.

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

This Offering Memorandum is not a prospectus for the purposes of the European Union (''**EU**'') Directive 2003/71/EC (and any amendments thereto) (the ''**Prospectus Directive**'') as implemented in member states of the European Economic Area (the ''**EEA**''). This Offering Memorandum has been prepared on the basis that all offers of the Notes will be made pursuant to an exemption under the Prospectus Directive from the requirement to produce a prospectus in connection with offers of the Notes. Accordingly, any person making or intending to make any offer within the EEA of Notes which are the subject of the offering contemplated by this Offering Memorandum should only do so in circumstances in which no obligation arises for the Issuer, the Guarantor or any of the Initial Subscribers to produce a prospectus for such offers. None of the Issuer, the Guarantor or the Initial Subscribers has authorized, nor does it or do they authorize, the making of any offer of the Notes through any financial intermediary, other than offers made by the Initial Subscribers which constitute the final placement of the Notes contemplated in this Offering Memorandum.

Notice to Prospective Investors in the United Kingdom

In the United Kingdom, this Offering Memorandum is for distribution only to persons (i) who are investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the ''**Financial Promotion Order**'') or (ii) falling within Article 49(2)(a) to (d) of the Financial Promotion Order (high net worth companies, unincorporated associations, etc.) or (iii) other persons to whom it may be lawfully communicated in accordance with the Financial Promotion Order (all such persons falling within (i) - (iii) together being referred to as ''**Relevant Persons**''). This Offering Memorandum is directed only at Relevant Persons and must not be acted on or relied on by persons who are not Relevant Persons. In the United Kingdom, any investment or investment activity to which this Offering Memorandum relates is available only to Relevant Persons and will be engaged in only with Relevant Persons.

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GENERAL INFORMATION

Unless otherwise specified, in this Offering Memorandum, references 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.

As used in this Offering Memorandum, ''**euro,**'' ''**EUR**'' or ''**€**'' means the currency introduced at the start of the third stage of the European Economic and Monetary Union pursuant to the Treaty establishing the European Union, as amended from time to time; ''**U.S. dollar,**'' ''**U.S. $,**'' ''**USD**'' or ''**$**'' means the lawful currency of the United States; ''**Germany**'' means the Federal Republic of Germany; and ''**United States**'', ''**U.S.**'' or ''**USA**'' means the United States of America.

The Guarantor is not registered with the U.S. Securities and Exchange Commission (the ''**SEC**'') and, as such, does not make filings typically required of SEC registrants.

The Guarantor, the Issuer and the Initial Subscribers reserve the right in their absolute discretion to reject any subscription for the Notes or offer to purchase Notes.

Presentation of Financial Data

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, 2015 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 2015 to March 2015, including the unaudited condensed consolidated interim financial statements of Volkswagen AG as of and for the three-month period ended March 31, 2015 (the ''**Company Interim Financial Statements**'').

The Company publishes its financial statements expressed in euro. For certain information regarding rates of exchange between the euro and the U.S. dollar, see ''*Exchange Rates*''.

Solely for convenience, the euro market bid price (the ''**euro market bid price**'') at noon New York time on May 15, 2015, as indicated by Bloomberg Finance L.P. (''**Bloomberg**'') was EUR 0.8751 per U.S.$1.00, which equates to U.S.$1.1427 per EUR 1.00.

Consolidated Financial Information

The Company Interim Financial Statements and the audited consolidated financial statements of the Company as of and for the years ended December 31, 2014 and 2013 (the ''**Company Annual Financial Statements**'' and, together with the Company Interim Financial Statements, the ''**Company Financial Statements**'') 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.

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 in Germany, 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.

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.

Under German law, a stock corporation may indemnify its officers, and, under certain circumstances, German labor law requires a stock corporation to do so. However, a stock corporation may not, as a general matter, indemnify members of the Management Board or Supervisory Board. Certain limited exceptions may apply if the indemnification is in the legitimate interest of the stock corporation. Volkswagen AG's articles of incorporation do not contain provisions regarding the indemnification of its directors and officers. A German stock corporation may purchase directors' and officers' insurance. Volkswagen AG has obtained liability insurance for members of its Supervisory Board and its Management Board and certain of its officers.

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'', ''potential'', ''predict'', ''project'', ''should'', ''seek'', ''will'' or ''would'' 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, 2015 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;
- changes in international and local economic, business and industry conditions;
- significant changes in economic, political and market conditions in China, including the effect of competition from new market entrants, on Volkswagen Group's vehicle sales and market position in China;
- 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.

1. SUMMARY

1.1 Overview

Volkswagen Group is one of the world's leading multibrand companies in the automotive industry. In 2014, Volkswagen Group achieved sales revenue of EUR 202,458 million, operating profit of EUR 12,697 million and profit after tax of EUR 11,068 million. In the first three months of 2015, Volkswagen Group achieved sales revenue of EUR 52,735 million, operating profit of EUR 3,328 million and profit after tax of EUR 2,932 million. Volkswagen Group delivered 10,137 thousand vehicles to its customers worldwide in 2014 and 2,487 thousand vehicles in the first three months of 2015.

Volkswagen Group consists of two divisions: the Automotive Division and the Financial Services Division. The activities of the Automotive Division comprise the development of vehicles and engines, the production and sale of passenger cars, light commercial vehicles, trucks, buses and motorcycles, as well as the genuine parts, large-bore diesel engines, turbomachinery, special gear units, propulsion components and testing systems businesses. The Financial Services Division combines dealer and customer financing, leasing, banking and insurance activities, fleet management and mobility offerings.

The following table provides an overview of the sales volume (including the joint venture companies in China), sales revenue and operating profit for Volkswagen's Divisions:

	For the year ended December 31,								
	Unit sales[1]			Sales revenue[1]			Operating profit[1]		
	2014	2013	2012	2014	2013	2012	2014	2013	2012[2]
	(Thousand vehicles)			(EUR million)			(EUR million)		
Volkswagen Group[3]	10,217	9,728	9,345	202,458[4]	197,007[4]	192,676[4]	12,697[4]	11,671[4]	11,498[4]
of which:									
Automotive Division[5]	10,217	9,728	9,345	177,538	175,003	172,822	10,780	9,807	9,913
Financial Services Division	—	—	—	24,920	22,004	19,854	1,917	1,863	1,585

	For the three months ended March 31,					
	Unit sales[1]		Sales revenue[1]		Operating profit[1]	
	2015	2014	2015	2014	2015	2014
	(Thousand vehicles)		(EUR million)		(EUR million)	
Volkswagen Group[3]	2,607	2,562	52,735	47,831	3,328	2,855
of which:						
Automotive Division[5]	2,607	2,562	45,806	42,054	2,856	2,425
Financial Services Division	—	—	6,928	5,777	473	430

1 Unaudited except where indicated.

2 Adjusted to reflect application of IAS 19R.

3 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 proportionate operating profits of EUR 5,182 million, EUR 4,296 million and EUR 3,678 million for the years ended December 31, 2014, 2013 and 2012, respectively, and EUR 1,598 million and EUR 1,241 million for the three-month periods ended March 31, 2015 and 2014, respectively.

4 Audited.

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

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, 2014						
	Passenger Cars	Commercial Vehicles	Power Engineering	Financial Services	Total segments	Reconciliation	Volkswagen Group
				(EUR million)			
Sales revenue	164,065	30,205	3,732	24,920	222,922	– 20,464	202,458
Segment profit or loss (operating profit or loss) .	11,578	901	44	1,917	14,439	– 1,742	12,697
as a percentage of sales revenue	7.1	3.0	1.2	7.7			6.3

	For the three months ended March 31, 2015						
	Passenger Cars	Commercial Vehicles	Power Engineering	Financial Services	Total segments	Reconciliation	Volkswagen Group
				(EUR million)			
Sales revenue	43,458	7,370	800	6,928	58,557	– 5,822	52,735
Segment profit or loss (operating profit or loss) .	2,837	236	– 14	473	3,532	– 203	3,328
as a percentage of sales revenue	6.5	3.2	– 1.8	6.8			6.3

The Group consists of twelve brands with their origins in seven European countries: Volkswagen Passenger Cars, Audi, SEAT, ŠKODA, Bentley, Bugatti, Lamborghini, Porsche, Ducati, Volkswagen Commercial Vehicles, Scania and MAN. Each brand has its own character and operates as an independent entity in the market. The product spectrum ranges from motorcycles to low-consumption small cars and luxury vehicles. In the commercial vehicle sector, the products include pick-ups, buses and heavy trucks. As of December 31, 2014, Volkswagen Group's product range comprised around 335 passenger car, commercial vehicle and motorcycle models, and their derivatives.

Volkswagen Group is also active in other fields of business, manufacturing large-bore diesel engines, turbomachinery, special gear units, propulsion components and testing systems for the mobility sector. In addition, the Volkswagen Group offers a wide range of financial services, including dealer and customer financing, leasing, banking and insurance activities, fleet management and mobility offerings.

Volkswagen sells vehicles in more than 150 countries. The primary markets for its automobiles are Europe, Asia-Pacific and the Americas.

The following table presents the regional markets for Volkswagen's products and services and the percentages of sales revenue from third parties (in each case not including the Chinese joint ventures):

	Sales revenue from third parties[1]				
	For the three months ended March 31,		For the year ended December 31,		
	2015	2014	2014	2013	2012
			(%)		
Germany	20.7	20.8	19.4	19.1	19.6
Europe and Other Regions (excluding Germany) . .	41.6	42.6	41.2	40.3	40.3
North America	14.5	12.5	13.6	13.9	13.0
South America	4.9	6.4	6.8	8.9	9.5
Asia-Pacific	18.3	17.7	18.8	17.8	17.6

1 Unaudited.

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, Dr. Ing. h.c. F. Porsche AG (''**Porsche AG**''), Scania AB (''**Scania**''), MAN SE (''**MAN**''), 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, 2015:

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	100%	100%
MAN SE, Munich	Germany	74.04%	75.28%
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%

Volkswagen launched a cash tender offer in March 2014 for all of the shares of Scania not already held directly or indirectly by Volkswagen. Volkswagen held 99.57% of the shares and 99.66% of the voting rights in Scania as of December 31, 2014. As of December 31, 2014, Volkswagen indirectly held 75.28% of the voting rights and 74.04% of the share capital of MAN and had entered into a control and profit and loss transfer agreement with MAN. Volkswagen indirectly held 49.9% of the share capital of 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 had an average of 583,423 employees worldwide (including the Chinese joint ventures) in 2014.

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.$1,000,000,000 aggregate principal amount of 1.650% Guaranteed Notes due 2018 (the ''**A Notes**''), U.S.$750,000,000 aggregate principal amount of 2.400% Guaranteed Notes due 2020 (the ''**B Notes**''), U.S.$750,000,000 aggregate principal amount of Floating Rate Guaranteed Notes due 2016 (the ''**C Notes**'') and U.S.$300,000,000 aggregate principal amount of Floating Rate Guaranteed Notes due 2018 (the ''**D Notes**'' and, together with the A Notes, the B Notes and the C Notes, the ''**Notes**'')
Guarantee	The Guarantor will unconditionally and irrevocably guarantee the payment of principal, premium, if any, interest and Additional Amounts, if any, payable in respect of the Notes.
Issue Date	May 22, 2015
Maturity Date	The A Notes will mature on May 22, 2018, the B Notes will mature on May 22, 2020, the C Notes will mature on November 22, 2016 and the D Notes will mature on May 22, 2018.
Ranking	The Notes will be unsecured senior obligations of the Issuer and will: • rank equally in right of payment with all of the Issuer's existing and future unsecured senior indebtedness; • rank senior in right of payment to all of the Issuer's existing and future subordinated indebtedness; • be effectively subordinated in right of payment to all of the Issuer's secured indebtedness, to the extent of the value of the assets securing such indebtedness; and • be effectively subordinated in right of payment to all existing and future indebtedness and other liabilities of each of the Issuer's subsidiaries. The Guarantee will be senior unsecured debt obligations of the Guarantor and will rank equally in right of payment with all of its other senior and unsecured debt obligations.
Interest Rate	The A Notes and the B Notes will bear interest at the rate of 1.650% and 2.400% per annum, respectively. The C Notes and the D Notes will bear interest at a floating interest rate of U.S.$ LIBOR plus 0.28% per annum and U.S.$ LIBOR plus 0.47% per annum, respectively.

Interest Payment Days	Interest on the A Notes and the B Notes will be payable semi-annually in arrears on May 22 and November 22 of each year, commencing on November 22, 2015. Interest on the C Notes and the D Notes will be payable quarterly in arrears on February 22, May 22, August 22 and November 22 of each year, commencing on August 22, 2015.
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 and the D 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 and the D 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 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
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.$2,791,875,000 and will be used by the Volkswagen Group for general corporate purposes, including working capital requirements.
Ratings	The Guarantor's long-term credit ratings are A2 (stable outlook) (Moody's Investors Services) and A (stable outlook) (Standard & Poor's Ratings Group, a division of the McGraw-Hill Companies, Inc.). A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any

	time by the assigning credit rating agency. Neither the credit rating agency nor the Issuer and the Guarantor are obligated to provide a holder of Notes with any notice of any suspension, change or withdrawal of any rating.
Transfer Restrictions	The Notes have not been and will not be registered under the Securities Act, or the securities laws of any other jurisdiction. Unless they are registered, the Notes may not be offered or sold except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state or other securities laws and may only be transferred in accordance with the restrictions, and in conjunction with making certain acknowledgments, representations and agreements, for itself and for each account for which it is purchasing, all as set forth in "*Purchase and Transfer Restrictions*."
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 or the D 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 or the D Notes, as the case may be, and references in these Conditions to the "A Notes", the "B Notes", the "C Notes" or the "D 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*".

	Rule 144A		Regulation S	
Notes due 2018 (A Notes)	CUSIP	928668 AK8	CUSIP	U9273A AK1
	ISIN	US928668AK84	ISIN	USU9273AAK17
			Common Code	123929586
Notes due 2020 (B Notes)	CUSIP	928668 AM4	CUSIP	U9273A AM7
	ISIN	US928668AM41	ISIN	USU9273AAM72
			Common Code	123929551
Notes due 2016 (C Notes)	CUSIP	928668 AJ1	CUSIP	U9273A AJ4
	ISIN	US928668AJ12	ISIN	USU9273AAJ44
			Common Code	123929624
Notes due 2018 (D Notes)	CUSIP	928668 AL6	CUSIP	U9273A AL9
	ISIN	US928668AL67	ISIN	USU9273AAL99
			Common Code	123929560

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, 2014, 2013 and 2012 and the unaudited condensed consolidated interim financial information of the Volkswagen Group as of and for the three-month periods ended March 31, 2015 and 2014 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, 2015 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,		
	2015	**2014**	**2014**	**2013**	**2012[1]**
	(unaudited)				
Sales revenue	**52,735**	**47,831**	**202,458**	**197,007**	**192,676**
Cost of sales	−42,425	−38,869	−165,934	−161,407	−157,522
Gross profit	**10,309**	**8,962**	**36,524**	**35,600**	**35,154**
Distribution expenses	−4,976	−4,765	−20,292	−19,655	−18,850
Administrative expenses	−1,815	−1,653	−6,841	−6,888	−6,220
Net other operating income/expense[2]	−190	311	3,306	2,613	1,414
Operating profit	**3,328**	**2,855**	**12,697**	**11,671**	**11,498**
Share of profits and losses of equity-accounted investments	1,146	994	3,988	3,588	13,568
Other financial result[3]	−506	−492	1,891	−2,831	421
Financial result	**639**	**502**	**2,097**	**757**	**13,989**
Profit before tax	**3,968**	**3,357**	**14,794**	**12,428**	**25,487**
Income tax expense	−1,036	−890	−3,726	−3,283	−3,606
Profit after tax	**2,932**	**2,468**	**11,068**	**9,145**	**21,881**
Noncontrolling interests	2	51	84	52	169
Profit attributable to Volkswagen AG hybrid capital investors	43	21	138	27	—
Profit attributable to shareholders of Volkswagen AG	**2,887**	**2,395**	**10,847**	**9,066**	**21,712**

1 Adjusted to reflect application of IAS 19R.

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,		
	2015	2014	2013	2012[1]
	(unaudited)			
Assets				
Noncurrent assets	**232,980**	**220,106**	**202,141**	**196,457**
Intangible assets	60,285	59,935	59,243	59,112
Property, plant and equipment	47,189	46,169	42,389	39,424
Leasing and rental assets	30,085	27,585	22,259	20,034
Financial services receivables	60,873	57,877	51,198	49,785
Noncurrent receivables and other financial assets[2]	34,549	28,541	27,053	28,101
Current assets	**142,848**	**131,102**	**122,192**	**113,061**
Inventories	35,005	31,466	28,653	28,674
Financial services receivables	46,278	44,398	38,386	36,911
Other receivables and financial assets[3]	28,593	25,254	23,483	21,555
Marketable securities	14,824	10,861	8,492	7,433
Cash, cash equivalents and time deposits	18,148	19,123	23,178	18,488
Total assets	**375,827**	**351,209**	**324,333**	**309,518**
Equity and Liabilities				
Equity	**89,267**	**90,189**	**90,037**	**81,995**
Equity attributable to shareholders of Volkswagen Aktiengesellschaft[4]	81,610	84,950	85,730	77,682
Equity attributable to Volkswagen AG hybrid capital investors	7,457	5,041	2,004	—
Equity attributable to Volkswagen AG shareholders and hybrid capital investors	89,067	89,991	87,733	77,682
Noncontrolling interests[5]	200	198	2,304	4,313
Noncurrent liabilities	**144,661**	**130,314**	**115,672**	**121,996**
Noncurrent financial liabilities	71,764	68,416	61,517	63,603
Provisions for pensions	35,402	29,806	21,774	23,939
Other noncurrent liabilities[6]	37,496	32,092	32,380	34,454
Current liabilities	**141,899**	**130,706**	**118,625**	**105,526**
Put options and compensation rights granted to noncontrolling interest shareholders[5]	3,816	3,703	3,638	—
Current financial liabilities	66,635	65,564	59,987	54,060
Trade payables	20,902	19,530	18,024	17,268
Other current liabilities[7]	50,546	41,909	36,976	34,198
Total equity and liabilities	**375,827**	**351,209**	**324,333**	**309,518**

1 Adjusted to reflect application of IAS 19R.

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

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

4 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.

5 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.

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

7 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,		
	2015	**2014**	**2014**	**2013**	**2012**
	(unaudited)				
Cash and cash equivalents at beginning of period	**18,634**	**22,009**	**22,009**	**17,794**	**16,495**
Cash flows from operating activities	**3,619**	**1,498**	**10,784**	**12,595**	**7,209**
Cash flows from investing activities	**−7,037**	**−2,333**	**−19,099**	**−16,890**	**−19,482**
Cash flows from financing activities	**1,480**	**4,028**	**4,645**	**8,973**	**13,712**
Effect of exchange rate changes on cash and cash equivalents	630	−40	294	−462	−141
Net change in cash and cash equivalents	**−1,308**	**3,153**	**−3,375**	**4,216**	**1,298**
Cash and cash equivalents at end of period	**17,326**	**25,162**	**18,634**	**22,009**	**17,794**
Securities, loans and time deposits	23,283	16,505	18,893	17,177	14,352

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 depend upon the overall economic situation.

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 and the sluggish recovery that has materialized in some parts of the industrialized countries on top of challenges recently appearing in some emerging markets have caused the macroeconomic environment to post a high degree of uncertainty and volatility. In particular, the scarcity of financing movements from major currencies, political uncertainty as well as a continued lack of consumer confidence have negatively impacted consumption damaging the macroeconomic environment which may 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 and more recently the outcomes from the Ukrainian crises had their impact upon the countries in these regions. Higher market volatility can in turn result in a lack of consumer confidence, especially in these markets that are affected by such unrest and uncertainty. This can negatively impact consumption further deteriorating consumer expenditure and by consequence damaging the economic environment as a whole. Automobile manufacturers generally responded to the declines in demand 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 an increase in inventories thus immobilizing capital. Excess capacities and higher inventories, as well as a decrease in demand for vehicles and genuine parts, could cause automobile manufacturers to adjust their capacities or intensify sales promotions, resulting in additional costs and increased price pressures among competing firms.

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. By consequence this situation would have an 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 security will generally have a negative impact on vehicle sales.

A weak macroeconomic environment, combined with restrictive lending and a low level of consumer sentiment, reduces consumers' net purchasing power. This tends to lead existing and potential customers to refrain from new vehicle purchases or, if the purchases are made, to potentially choose cheaper vehicles with fewer accessories. In other cases, government sales supporting schemes could for a given period of time, encourage customers to make vehicle purchases earlier than originally planned, generating risk that future revenues will be reduced accordingly. A deteriorating macroeconomic environment may also disproportionately reduce demand for luxury vehicles. It also leads to reluctance by corporate customers to invest in vehicles for commercial use and leased vehicles leading 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 and Porsche brand, which contributes significantly to our profitability and results of operations.

In 2014, we delivered approximately 32.3% 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. The uptick in consumer demand in the beginning of 2015 may prove to be fragile, particularly if the tailwinds generated by recent low oil prices and the uptick in exports due to the weaker euro prove to be short-lived. The political instability resulting from new sanctions in connection with the Ukrainian crisis and instability in the Middle East and North Africa could also damper consumer and business sentiment. 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 brands in Asia and Eastern Europe that have gained access to comparable technologies through acquisitions or partnerships with Western European automobile manufacturers, may increasingly attempt to serve the Western European market with their spare production capacity or new product offers oriented towards European consumers. 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 5,150 million and Porsche AG and its subsidiaries contributed EUR 2,718 million to our consolidated operating profit of EUR 12,697 million in 2014. Therefore, a significant impairment of the brand or business activities of either Audi or Porsche 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 growing urbanization. The reasons for this could include rising costs associated with owning a vehicle, increasing traffic density in major cities and environmental awareness. Furthermore, the increased use of car sharing concepts and new city-based car rental schemes reduce dependency on private automobiles 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 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, rising inventories and excess production capacity. 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.

A sharp rise in interest rates 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. We operate in the Chinese market mainly through a number of joint ventures. However, a sudden economic slowdown or new, 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. Recent examples include consolidation of the local supply base in Brazil as well as the Russian currency devaluation and capital outflow. The availability of parts from local suppliers in these markets is at risk and resorting to sources outside these regions can have an adverse impact on production costs due to unfavorable exchange rates and import duties.

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. Financial distress in the supply chain may result in delivery bottlenecks, a loss of quality and price increases, which may materialize if an economic downturn recurs.

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. Further 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.

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 in the past and is increasingly using other mechanisms, such as an export licensing system or the imposition of higher raw material duties, that could limit access to such elements.

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 an expected 2.4% increase in global sales of passenger cars and light commercial vehicles from 2014 to 2015, 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 beyond our organizational and technical flexibility. 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 light commercial vehicles 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 2015, 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 27.2% in the first three months of 2015 (first three months of 2014: 26.5%). The importance of fleet customers for the Volkswagen Group has slightly increased compared to 2014.

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 a 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 and South America, 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 marketing approach, which can have an effect on the overall position and 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, e.g. in the compact vehicle class, necessitates additional marketing activities to broaden brand perception and create higher differentiation among brands.

These risks may lead to internal cannibalization, loss of sales or additional expenses associated with higher investment to reposition 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, 2014, our noncurrent and current financial liabilities amounted to EUR 133,980 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 Australian dollar, Canadian dollar, U.S. dollar, Swiss franc, Czech koruna, Swedish krona, Argentine peso, Mexican peso, British pound sterling, South African rand, Brazilian real, Chinese renminbi, Russian ruble, South Korean won, Japanese yen and Polish zloty especially 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 and the continuing reliability of the level of deposits placed by customers 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, 2014, goodwill reported in our balance sheet amounted to EUR 23,577 million and the reported value of brand names amounted to EUR 16,967 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, could not be terminated before December 31, 2014, after which the agreement may be terminated at the end of a calendar quarter with a three-month notice period. 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 part of Volkswagen AG's remuneration-linked pension expenses 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, confidentiality, 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. Among other things, IT incidents 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, we are obliged to grant access to technical information for independent market participants in accordance with the Euro 5/Euro 6 legislation (Regulation (EU) No 566/2011, Regulation (EC) No 715/2007 and Regulation (EC) No 692/2008). Due to ongoing political discussions in relation to potential future amendments of the Euro 5/Euro 6 legislation, we might be required in the future 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 Automobil Holding SE (''**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 market 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. The parties have stated their positions in writing but the responsible court has not yet scheduled a formal hearing on the substantive issues.

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 The European Commission's antitrust proceedings involving Scania AB and MAN SE may result in the imposition of fines.

In 2011, the European Commission opened antitrust proceedings against European truck manufacturers including MAN and Scania. In November 2014, the European Commission sent a statement of objections to MAN, Scania and the other truck manufacturers concerned informing the truck manufacturers of the objections raised against them and giving them the right to comment extensively on the objections raised and to exercise other rights of defense before any potential decision is reached. The statement of objections is currently under review. Given the fact that the issues are still being clarified, it is too early to judge whether the European Commission's investigation will result in financial liabilities for MAN and Scania, and if so to assess their amount. As a consequence, neither Scania nor MAN have recognized provisions or contingent liabilities. However, if the European Commission's objections are substantiated, it will likely impose fines on the truck manufacturers involved in accordance with their degree of responsibility.

2.5.13 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 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.

2.6.2 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.

2.6.3 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.

2.6.4 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.

2.6.5 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*".

2.6.6 *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.

2.6.7 *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 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 DTC, and if such holder is not a participant in DTC, 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 DTC, 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 DTC. There can be no assurance that the procedures to be implemented through DTC will be adequate to ensure the timely exercise of rights under the Notes. See "*Book-Entry, Delivery and Form*".

2.6.8 *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. The condition of the financial markets and prevailing interest rates have fluctuated in the past and are likely to fluctuate in the future, which could have an adverse effect on the market prices of the Notes.

2.6.9 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.

2.6.10 Investors, especially certain European investors, in the Notes may be subject to a proposed financial transaction tax ("FTT") as early as January 1, 2016.

On 14 February 2013, the European Commission published a proposal (the "**Commission's 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 Commission's Proposal 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.

Under the Commission's Proposal 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 (a) by transacting with a person established in a Participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a Participating Member State.

Joint statements issued by Participating Member States indicate an intention to implement the FTT by January 1, 2016. However, the FTT remains subject to negotiation between the Participating Member States and the scope of any such tax is uncertain. It may therefore be altered prior to any implementation. Additional EU Member States may decide to participate and/or certain of the Participating Member States may withdraw. Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

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.$2,791,875,000 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, 2015 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, 2015. This table should be read in conjunction with the sections entitled "Selected Consolidated Financial and Operating Information", "Developments since January 1, 2015 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, 2015	
	Actual	**As adjusted[1]**
	(in EUR million) (unaudited)	
Current financial liabilities	**66,635**	**66,635**
of which guaranteed by third parties	1,308	1,308
of which secured by third parties	—	—
of which secured by own assets	1,461	1,461
of which unsecured/unguaranteed	63,866	63,866
Other current liabilities[2]	**50,243**	**50,243**
of which guaranteed by third parties	—	—
of which secured by third parties	—	—
of which secured by own assets	329	329
of which unsecured/unguaranteed	49,914	49,914
Noncurrent financial liabilities	**71,764**	**74,367**
of which guaranteed by third parties	704	704
of which secured by third parties	—	—
of which secured by own assets	2,055	2,055
of which unsecured/unguaranteed	69,005	71,607[3]
Other noncurrent liabilities[4]	**17,583**	**17,583**
of which guaranteed by third parties	—	—
of which secured by third parties	—	—
of which secured by own assets	445	445
of which unguaranteed/unsecured	17,138	17,138
Equity	**89,267**	**89,267**
Subscribed capital	1,218	1,218
Capital reserves	14,616	14,616
Retained earnings	70,214	70,214
Other reserves	−4,438	−4,438
Attributable to Volkswagen AG hybrid capital investors	7,457	7,457
Noncontrolling interests	200	200
Total	**295,492**	**298,094**

1 The Euro equivalent of Notes offered hereby is based on a Euro/U.S. dollar exchange rate of U.S.$1.0759 = EUR 1.00, which was the middle rate as of March 31, 2015 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, 2014, 2013 and 2012 and the unaudited condensed consolidated interim financial information of the Volkswagen Group as of and for the three-month periods ended March 31, 2015 and 2014 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, 2015 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,		
	2015	**2014**	**2014**	**2013**	**2012[1]**
	(unaudited)				
Sales revenue	**52,735**	**47,831**	**202,458**	**197,007**	**192,676**
Cost of sales	−42,425	−38,869	−165,934	−161,407	−157,522
Gross profit	**10,309**	**8,962**	**36,524**	**35,600**	**35,154**
Distribution expenses	−4,976	−4,765	−20,292	−19,655	−18,850
Administrative expenses	−1,815	−1,653	−6,841	−6,888	−6,220
Net other operating income/expense[2]	−190	311	3,306	2,613	1,414
Operating profit	**3,328**	**2,855**	**12,697**	**11,671**	**11,498**
Share of profits and losses of equity-accounted investments	1,146	994	3,988	3,588	13,568
Other financial result[3]	−506	−492	1,891	−2,831	421
Financial result	**639**	**502**	**2,097**	**757**	**13,989**
Profit before tax	**3,968**	**3,357**	**14,794**	**12,428**	**25,487**
Income tax expense	−1,036	−890	−3,726	−3,283	−3,606
Profit after tax	**2,932**	**2,468**	**11,068**	**9,145**	**21,881**
Noncontrolling interests	2	51	84	52	169
Profit attributable to Volkswagen AG hybrid capital investors	43	21	138	27	—
Profit attributable to shareholders of Volkswagen AG	**2,887**	**2,395**	**10,847**	**9,066**	**21,712**

1 Adjusted to reflect application of IAS 19R.

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, 2015 (unaudited)	As of December 31, 2014	2013	2012[1]
Assets				
Noncurrent assets	**232,980**	**220,106**	**202,141**	**196,457**
Intangible assets	60,285	59,935	59,243	59,112
Property, plant and equipment	47,189	46,169	42,389	39,424
Leasing and rental assets	30,085	27,585	22,259	20,034
Financial services receivables	60,873	57,877	51,198	49,785
Noncurrent receivables and other financial assets[2]	34,549	28,541	27,053	28,101
Current assets	**142,848**	**131,102**	**122,192**	**113,061**
Inventories	35,005	31,466	28,653	28,674
Financial services receivables	46,278	44,398	38,386	36,911
Other receivables and financial assets[3]	28,593	25,254	23,483	21,555
Marketable securities	14,824	10,861	8,492	7,433
Cash, cash equivalents and time deposits	18,148	19,123	23,178	18,488
Total assets	**375,827**	**351,209**	**324,333**	**309,518**
Equity and Liabilities				
Equity	**89,267**	**90,189**	**90,037**	**81,995**
Equity attributable to shareholders of Volkswagen Aktiengesellschaft[4]	81,610	84,950	85,730	77,682
Equity attributable to Volkswagen AG hybrid capital investors	7,457	5,041	2,004	—
Equity attributable to Volkswagen AG shareholders and hybrid capital investors	89,067	89,991	87,733	77,682
Noncontrolling interests[5]	200	198	2,304	4,313
Noncurrent liabilities	**144,661**	**130,314**	**115,672**	**121,996**
Noncurrent financial liabilities	71,764	68,416	61,517	63,603
Provisions for pensions	35,402	29,806	21,774	23,939
Other noncurrent liabilities[6]	37,496	32,092	32,380	34,454
Current liabilities	**141,899**	**130,706**	**118,625**	**105,526**
Put options and compensation rights granted to noncontrolling interest shareholders[5]	3,816	3,703	3,638	—
Current financial liabilities	66,635	65,564	59,987	54,060
Trade payables	20,902	19,530	18,024	17,268
Other current liabilities[7]	50,546	41,909	36,976	34,198
Total equity and liabilities	**375,827**	**351,209**	**324,333**	**309,518**

1 Adjusted to reflect application of IAS 19R.

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

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

4 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.

5 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.

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

7 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,		
	2015	**2014**	**2014**	**2013**	**2012**
	(unaudited)				
Cash and cash equivalents at beginning of period	**18,634**	**22,009**	**22,009**	**17,794**	**16,495**
Cash flows from operating activities	**3,619**	**1,498**	**10,784**	**12,595**	**7,209**
Cash flows from investing activities	**−7,037**	**−2,333**	**−19,099**	**−16,890**	**−19,482**
Cash flows from financing activities	**1,480**	**4,028**	**4,645**	**8,973**	**13,712**
Effect of exchange rate changes on cash and cash equivalents	630	−40	294	−462	−141
Net change in cash and cash equivalents	**−1,308**	**3,153**	**−3,375**	**4,216**	**1,298**
Cash and cash equivalents at end of period	**17,326**	**25,162**	**18,634**	**22,009**	**17,794**
Securities, loans and time deposits	23,283	16,505	18,893	17,177	14,352

6. DEVELOPMENTS SINCE JANUARY 1, 2015 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, 2015. The unaudited condensed consolidated interim financial information for the period from January 1, 2015 to March 31, 2015 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 2015 and Outlook

6.1.1 General economic development

The global economy experienced robust growth in the first three months of 2015. While the economic recovery continued in many industrialized nations, growth in some emerging economies remained below average. Falling prices for energy and raw materials had a negative impact on individual countries' economies, but their effect on the global economy as a whole was supportive.

Western Europe's economic recovery continued in the first quarter of 2015. The northern European countries recorded solid growth, while there were signs that the recession is coming to an end in most of the crisis-hit southern European countries.

Growth in the German economy again remained stable in the first quarter of 2015, thanks to positive consumer sentiment and the strong labor market.

Economic growth was also positive in Central Europe in the first three months of 2015. The conflict between Russia and Ukraine contributed substantially to the recessionary trend in both of these economies and had a negative impact on the situation in Eastern Europe overall.

The situation in South Africa in the first quarter of 2015 was dominated by structural deficits and social conflict; nevertheless, economic expansion was stronger than in previous quarters.

The U.S. economy recorded significant growth in the period from January to March 2015. The easing unemployment rate and positive consumer sentiment, together with the continuing very loose monetary policy, stimulated the economy. Mexico experienced positive economic growth and a higher growth rate.

The situation in Brazil remained tense in the first quarter of 2015, as the negative growth of the previous quarters continued, in particular as a result of the country's weak industrial sector and the global fall in commodity prices. Economic output in Argentina also retreated in the first quarter of 2015 as the very high rate of inflation persisted.

Despite some economic uncertainties, the Chinese economy continued to record high growth with slightly declining momentum over the first three months of 2015. In Japan, economic output declined as against the prior-year quarter. The economies in India and the ASEAN region registered stable growth.

6.1.2 Trends in the passenger car markets

Global new passenger car registrations were 3.7% higher in the first quarter of 2015 than in the first quarter of 2014, although regional demand was mixed. The Asia-Pacific region, North America, Western

Europe and Central Europe experienced growth, while a sharp decline in market volumes compared with the prior-year period was recorded in Eastern Europe and South America.

The Western European vehicle market experienced further growth between January and March 2015, continuing the recovery that began in the second half of 2013. The catch-up process was strengthened by the improved macroeconomic environment, positive consumer sentiment and lower fuel prices. The formerly crisis-hit southern European countries in particular contributed to growth. However, overall demand was still significantly below the 2007 level.

Germany also experienced an increase in new passenger car registrations in the first quarter of 2015 compared with the first quarter of 2014. This increase was exclusively attributable to business customers; the percentage of private purchases fell to a historic low despite the favorable environment.

The overall markets for passenger cars in Central and Eastern Europe declined sharply in the first three months of 2015. Trends in the markets were very mixed: in Eastern Europe, Russia and Ukraine were negatively impacted by a sharp increase in credit interest rates and considerable price increases in addition to the weak economic situation. These two countries recorded substantial declines, while the majority of Central European EU markets experienced increases in unit sales figures.

In South Africa, demand for new passenger cars was slightly lower in the first quarter of 2015 than in the first quarter of 2014 due to the moderate economic growth and higher interest rates.

In North America, market volumes continued to increase in the first three months of 2015. In the process, sales of passenger cars and light commercial vehicles (up to 6.35 tonnes) in the U.S. market experienced the best first-quarter results since 2001. High consumer confidence continued to have a positive effect, in addition to the healthy labor market situation, cheap fuel prices and favorable credit conditions. Demand was particularly strong for models in the SUV and pickup segments. The Mexican and Canadian markets set new first-quarter records for market volumes.

The South American passenger car markets recorded a further significant decline in the period from January to March 2015. The Brazilian market posted a double-digit percentage decline during that period. This was due to unfavorable economic conditions, as well as a tax increase on industrial products effective January 1, 2015. In Argentina, demand fell to its lowest level since 2006, due primarily to decreasing real incomes and interest rate increases.

The passenger car markets in the Asia-Pacific region recorded the highest absolute growth among all markets and regions during the first three months of 2015. This was largely attributable to the Chinese market, which again posted double-digit percentage growth in new registrations despite the slight economic slowdown. This positive trend was bolstered in particular by the above-average demand for attractively priced entry-level models in the SUV segment. In Japan, the number of new passenger car registrations in the first quarter of 2015 was significantly below the number for the first quarter of 2014. The lower market volumes were primarily caused by the positive pull-forward effects in the prior-year period due to the consumption tax increase as of April 1, 2014. The Indian market experienced an increase in passenger car sales. The recovery seen in recent months continued despite the increase in vehicle sales prices following the reversal of the temporary excise tax cut on January 1, 2015. The number of passenger cars sold in the ASEAN region in the first quarter of 2015 was slightly below the figure for the first quarter of 2014. This was mainly attributable to the passenger car market in Indonesia, which saw demand decline due to high inflation and increased borrowing costs, among other factors.

6.1.3 Trends in the markets for commercial vehicles

Global demand for light commercial vehicles increased slightly in the first quarter of 2015 compared with the first quarter of 2014.

The economic stabilization in Western Europe became apparent, as new vehicle registrations were slightly higher in the first three months of 2015 than in the comparable prior-year period.

In the Central and Eastern European markets, registrations were sharply lower in the period between January and March 2015 compared with the first three months of 2014. Russia saw a significant drop in demand due to the political tensions and their impact.

In North America, light commercial vehicles up to 6.35 tonnes and passenger cars are reported as the ''light vehicle market''.

Vehicle sales in South America in the first three months of 2015 fell below the figure for the comparable period in the prior year due to the continuing difficult economic conditions compared with the first three months of 2014. Sales figures in the Brazilian market rose in the first three months of 2015 due to the higher demand for new pickup and SUV models, which are included in light commercial vehicles in this region. In contrast, Argentina saw a further considerable fall in demand despite the increase in SUV registrations.

Vehicle registrations in China, the dominant market for light commercial vehicles in the Asia-Pacific region, rose slightly compared with the first three months of 2014. In the Indian market, demand increased as against the comparable period in 2014. Sales volumes in Japan were significantly lower in the period from January to March 2015 compared with the first three months of 2014 due to the pull-forward effects of the consumption tax increase on April 1, 2014, which had lifted first quarter volumes in the previous year. New registrations in the ASEAN region were slightly higher in the first quarter of 2015 than in the comparable period in the prior year.

Global demand for mid-sized and heavy trucks with a gross vehicle weight of more than six tonnes was lower in the first three months of 2015 than in the comparable period in the prior year.

Positive economic momentum in the Western European markets led to an increase in new vehicle registrations for mid-sized and heavy trucks in the first quarter of 2015. Sales were on the same level in the first quarter of 2015 as in the first quarter of 2014 in Germany, the largest market in Western Europe.

In the first quarter of 2015, demand for mid-sized and heavy trucks in the Central and Eastern European region declined significantly as against the comparable period in the previous year. This was primarily due to currency weaknesses caused by the tense and uncertain political situation, as well as the difficult financing conditions in Russia.

Registration volumes for mid-sized and heavy trucks in North America were slightly higher in the period from January to March 2015 than in the comparable period in 2014. This was due to momentum in the construction and energy sector, as well as favorable financing conditions.

Unit sales figures for mid-sized and heavy trucks in South America were sharply lower in the first quarter of 2015 than in the first quarter of 2014. In Brazil, further deterioration in the macro-economic environment and more restrictive financing conditions resulted in lower demand. The ongoing high inflation and recession in Argentina also contributed to the decline in vehicle sales.

Demand for trucks in the Asia-Pacific region (excluding the Chinese market) increased in the first three months of 2015 compared with the first three months of 2014. The Indian market recorded clearly positive growth due to a more favorable investment climate following the change of government in May 2014, new infrastructure projects and demand for replacement vehicles in the heavy truck segment. Vehicle registrations in the world's largest truck market, China, were significantly lower than in the comparable period of the previous year. This was due to the slower economic growth and the pull-forward effects in 2014 from the introduction of the C4 emission standard.

Demand for buses around the world and in the markets relevant for the Volkswagen Group was lower in the first quarter of 2015 than in the first quarter of 2014.

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.

In the first quarter of 2015, the marine market experienced a continuation of the muted order activity that was already noticeable during the course of 2014. In some cases, the market segments developed at different rates. While demand for liquid gas tankers and cruise ships increased, the situation for freight and container ships remained tense. Demand for ships for offshore applications also declined as a result of the low oil prices. The overall marine market declined slightly compared with the first quarter of the previous year.

In energy generation, demand for energy solutions remained high, with a strong trend towards greater flexibility and decentralized availability. The shift away from oil-fired power plants toward dual-fuel and gas-fired power plants continued. Order placements were delayed, in some cases significantly, due to the still only subdued economic growth in key developing countries and emerging markets, as well as the increasingly difficult financing conditions for customers. This affected major projects in particular. Compared with the prior-year period, the market for power generation as a whole remained stable in the first three months of 2015.

The market for the construction of turbomachinery is mainly dominated by contracts awarded in connection with global investment projects in oil and chemical facilities. Project volumes declined in the oil and gas industry due to the low oil prices, which further increased competitive pressure. Demand for turbomachinery in the processing industry was at a low overall level between January and March 2015, and competition also increased here. Overall, the market for turbomachinery declined significantly in the first three months of 2015 compared with the first three months of the previous year.

6.1.5 Demand for financial services

Global demand for automotive-related financial services remained high in the first three months of 2015.

Business with financial services products was buoyed by the good overall performance in Germany and the signs of recovery in Western and Central Europe. These offset the negative effects from lower unit sales volumes in Eastern Europe in the first quarter of 2015.

Demand for automotive-related financial services in the North American region was higher in the first three months of 2015 than in the comparable period in 2014 with leasing in particular increasing its share further.

The South American automotive markets continued to decline, with the downward trend also reflected in sales volumes for financial services products.

In the first quarter of 2015, demand for automotive-related financial services grew in the Asia-Pacific region, with significant increases in Korea and China compared with the first quarter of 2014.

In the truck and bus business, demand for financial services products rose despite lower overall demand for vehicles in the relevant markets. The significant decline in truck and bus unit sales in South America had a negative impact, particularly in the core Brazilian market. However, this was more than offset by positive business growth in Europe during the first three months of 2015.

6.1.6 Volkswagen Group deliveries

The Volkswagen Group delivered 2,487,427 vehicles to customers in the period from January to March 2015, exceeding the figure for the prior-year period by 44,887 units or 1.8%. Deliveries surpassed the corresponding figure for the prior-year period in each of the first three months of 2015.

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, 2015 and 2014:

	Volkswagen Group Deliveries from January 1 to March 31[1]		
	2015	**2014**	**%**
Passenger cars	2,339,660	2,294,073	+2.0
Commercial vehicles	147,767	148,467	−0.5
Total	**2,487,427**	**2,442,540**	**−1.8**

1 Deliveries for 2014 have been updated to reflect subsequent statistical trends. Includes the Chinese joint ventures.

6.1.7 Passenger car deliveries worldwide

In the first three months of 2015, the Volkswagen Group sold 2,339,660 passenger cars worldwide, exceeding the high level achieved in the first three months of 2014 by 2.0%. However, the level rose somewhat more slowly than the market as a whole, which experienced an increase of 3.7% in the same period. The Audi (+6.1%), ŠKODA (+7.2%) and Porsche (+32.2%) brands recorded new highs in the first quarter of 2015. Demand for Volkswagen Group passenger cars grew particularly in Western Europe, in the Asia-Pacific region and in North America.

The following table provides an overview of passenger car deliveries to customers by market in the three-month periods ended March 31, 2015 and 2014:

	Passenger Car Deliveries to Customers by Market from January 1 to March 31		
	Deliveries (Units)		Change
	2015	2014[1]	(%)
Europe/Other markets	**1,005,415**	**966,627**	**+4.0**
Western Europe	**780,428**	**732,481**	**+6.5**
of which: Germany	280,566	258,525	+8.5
United Kingdom	145,713	138,192	+5.4
France	65,179	64,035	+1.8
Spain	65,053	51,924	+25.3
Italy	53,787	50,478	+6.6
Central and Eastern Europe	**134,859**	**149,963**	**– 10.1**
of which: Russia	40,767	62,649	– 34.9
Poland	28,287	29,504	– 4.1
Czech Republic	30,275	22,461	+34.8
Other markets	**90,227**	**84,183**	**+7.2**
of which: South Africa	23,299	25,854	– 9.9
Turkey	32,643	22,091	+47.8
North America	**203,732**	**195,827**	**+4.0**
of which: USA	131,581	133,482	– 1.4
Mexico	50,689	45,651	+11.0
Canada	21,462	16,694	+28.6
South America	**136,138**	**158,277**	**– 14.0**
of which: Brazil	102,161	122,900	– 16.9
Argentina	25,380	26,010	– 2.4
Asia-Pacific	**994,276**	**973,342**	**+2.2**
of which: China	897,036	879,898	+1.9
Japan	27,928	33,413	– 16.4
India	18,763	18,057	+3.9
Worldwide	**2,339,660**	**2,294,073**	**+2.0**
Volkswagen Passenger Cars	1,479,361	1,498,892	– 1.3
Audi	438,229	412,848	+6.1
ŠKODA	265,097	247,184	+7.2
SEAT	102,745	93,370	+10.0
Bentley	2,232	2,579	– 13.5
Lamborghini	884	529	+67.1
Porsche	51,102	38,663	+32.2
Bugatti	10	8	+25.0

[1] Deliveries for 2014 have been updated to reflect subsequent statistical trends. Includes the Chinese joint ventures.

6.1.7.1 Deliveries in Europe/Other markets

Demand for Volkswagen Group vehicles in the growing passenger car market in Western Europe rose by 6.5% to 780,428 units between January and March 2015. Volkswagen Group's delivery figures were higher in all major markets in this region than in the first quarter of 2014. The Golf Sportsvan, Passat, Audi Q5, Audi A6, ŠKODA Octavia and SEAT Leon were among the models to see encouraging growth rates. In addition, the Porsche Macan proved extremely popular. The Audi TT Roadster and the ŠKODA Fabia

Combi were successfully launched in the market. In the first quarter of 2015, the Volkswagen Group's share of the passenger car market in Western Europe amounted to 23.8% (prior-year period 24.0%).

In the first three months of 2015, Volkswagen Group passenger car sales in Germany exceeded the figure for the first three months of 2014 by 8.5%; the market as a whole grew by 6.4% in the same period. The Polo, Golf, Passat, Audi A3, Audi A4 and ŠKODA Octavia models were in particularly high demand. Eight Volkswagen Group models led the German Federal Motor Transport Authority (Kraftfahrtbundesamt — KBA) registration statistics in their respective segments: the up!, Polo, Golf, Passat, Audi A6, Touran, Tiguan and Porsche 911. The Golf was also the most popular passenger car in Germany in the first three months of 2015 in terms of registrations.

Volkswagen Group sold 10.1% fewer vehicles in the overall sharply declining passenger car markets in Central and Eastern Europe in the first quarter of 2015 than in the comparable period in 2014. While Volkswagen Group recorded strong growth in the Czech Republic, Hungary and Romania, the sales figures in Russia and Ukraine declined significantly as a result of the conflict between the two countries. Demand for the Golf Sportsvan, ŠKODA Rapid and SEAT Leon models developed positively, and the Volkswagen Group's share of the market in this region rose to 20.4% in the first quarter of 2015 (prior-year period 16.9%).

Volkswagen Group sold fewer vehicles in the declining passenger car market in South Africa in the first quarter of 2015 than in the comparable period in 2014 (−9.9%).

6.1.7.2 Deliveries in North America

In the first three months of 2015, the Volkswagen Group's deliveries to customers in North America increased by 4.0% compared with the first three months of 2014. The Volkswagen Group's share of the passenger car market amounted to 4.4% (prior-year period 4.5%). The Jetta remained the Volkswagen Group's best-selling model in North America.

In the U.S., demand for Volkswagen Group vehicles in the first quarter of 2015 was slightly below the level in the first quarter of 2014 (−1.4%). The U.S. market as a whole grew by 5.6% in the first quarter of 2015. Demand was particularly strong for models in the SUV and pickup segments. The Volkswagen Group's Golf, Audi A3, Audi Q5 and Porsche 911 Coupé models saw increases.

In Mexico, momentum in the market as a whole continued to increase. Volkswagen Group sales in the first three months of 2015 were 11.0% above the figure for the prior-year period. The Vento, Jetta and SEAT Ibiza models were particularly popular.

In the first three months of 2015, the Volkswagen Group delivered 28.6% more vehicles to customers in the growing Canadian market than in the prior-year period. The Golf, Jetta and Tiguan were among the models to see the highest increases.

6.1.7.3 Deliveries in South America

The negative trend in the highly competitive South American markets continued in the first quarter of 2015 as conditions deteriorated. The Volkswagen Group delivered 14.0% fewer vehicles to customers in this period than in the first quarter of the prior year. The Volkswagen Group's share of the passenger car market in this region in the first quarter of 2015 was 16.9% (prior-year period 16.4%).

In the sharply declining passenger car market in Brazil, demand for Volkswagen Group vehicles fell by 16.9% in the first three months of 2015 compared with the first three months of 2014. Demand for the up!, Saveiro, Audi A3 and Audi Q3 models recorded positive growth.

In Argentina, Volkswagen Group sales between January and March 2015 were 2.4% below the level of the prior-year period; the market as a whole fell by 27.7%. The Gol saw the highest demand of all Volkswagen Group models in Argentina.

6.1.7.4 *Deliveries in the Asia-Pacific region*

In the first quarter of 2015, Volkswagen Group passenger car sales in the Asia-Pacific region exceeded the figure for the first quarter of 2014 by 2.2%. Since the market as a whole expanded more strongly in this period, the Volkswagen Group's market share in this region decreased to 12.2% (prior-year period 12.6%).

The Chinese passenger car market remained the growth driver in the Asia-Pacific region. In the first three months of 2015, Volkswagen Group delivered 1.9% more vehicles to customers in China than in the first three months of 2014. The Jetta, Santana, Lavida, Audi A6, ŠKODA Octavia and Porsche Macan models were particularly popular. In addition, the Lamando made its debut in the market.

The contracting Japanese market meant that Volkswagen Group passenger car sales declined by 16.4% in the first quarter of 2015 compared with the first quarter of the previous year. Demand for the Polo, Golf Estate and Audi A3 models recorded positive growth.

In the first three months of 2015, Volkswagen Group handed over 3.9% more vehicles to customers in the Indian passenger car market, which saw moderate growth, than in the first three months of the previous year. The most sought-after Volkswagen Group model was the Polo; the Audi Q3 and ŠKODA Rapid models were also popular.

6.1.8 *Commercial vehicle deliveries*

The Volkswagen Group delivered a total of 147,767 commercial vehicles worldwide in the first quarter of 2015, 0.5% fewer than in the first quarter of the previous year. The number of trucks sold during the first quarter of 2015 decreased to 36,092 units (−10.9%), while deliveries of buses fell by 27.0% to 3,458 vehicles. At 108,217 units sold, Volkswagen Commercial Vehicles exceeded the figure for the comparable period in the previous year by 4.8%. The Scania brand delivered 17,500 vehicles to customers in the first three months of 2015, 7.1% fewer than in the prior-year period. At 22,050 vehicles, the number of units delivered by MAN was 16.4% below the figure for the first quarter of 2014.

In the Western European markets, deliveries by the Volkswagen Group in the period from January to March 2015 were 11.3% above the figure for the comparable period in 2014, at 90,470 commercial vehicles, due to the improved economic environment. The Volkswagen Group sold 72,259 light commercial vehicles, 17,289 trucks and 922 buses in the first three months of 2015. The Caddy and the Transporter recorded the strongest growth in demand.

In Central and Eastern Europe, demand for Volkswagen Group commercial vehicles fell, compared with the first quarter of 2014, by 15.8% to 12,655 units; of these, 7,793 were light commercial vehicles and 4,716 were trucks. The Transporter was the most sought-after Volkswagen Group model. At 2,699 units, deliveries to customers in Russia were 52.6% lower in the first three months of 2015 than in the comparable period in 2014 as a result of the persistently weak ruble due to the tense political situation linked to the Ukraine crisis and the low oil price.

In the Other markets, sales figures for the Volkswagen Group's commercial vehicles brands increased by 18.1% year-on-year to 18,089 vehicles. Of the units delivered, 12,030 were light commercial vehicles, 5,426 were trucks and 633 were buses.

At 2,082, the Volkswagen Group delivered 7.3% more units to customers in North America than in the first quarter of the previous year. 1,561 light commercial vehicles, 110 trucks and 411 buses were delivered.

Volkswagen Group sales in the South American markets totaled 16,650 units in the first three months of 2015, 38.5% below the prior-year period. Of these, 9,201 were light commercial vehicles, 6,575 were trucks and 874 were buses. The Amarok was in particularly high demand. Demand for commercial vehicles in Brazil suffered due to further deterioration in the macroeconomic environment and the more difficult financing conditions. Deliveries there fell by 55.0% to 8,751 units: 3,199 light commercial vehicles, 5,030 trucks and 522 buses in the first quarter of 2015.

In the Asia-Pacific region, the Volkswagen Group sold a total of 7,821 commercial vehicles, 0.2% fewer than in the first three months of the previous year. Of this figure, 5,373 units were light commercial vehicles and 1,976 units were trucks. The Amarok and the Transporter were particularly popular.

The following table provides an overview of commercial vehicle deliveries to customers by market in the three-month periods ended March 31, 2015 and 2014:

	Commercial Vehicle Deliveries to Customers by Market from January 1 to March 31		
	Deliveries (Units)		Change
	2015	2014[1]	(%)
Europe/Other markets	**121,214**	**111,593**	**+8.6**
Western Europe	90,470	81,250	+11.3
Central and Eastern Europe	12,655	15,030	−15.8
Other markets	18,089	15,313	+18.1
North America	**2,082**	**1,941**	**+7.3**
South America	**16,650**	**27,095**	**−38.5**
of which: Brazil	8,751	19,449	−55.0
Asia-Pacific	**7,821**	**7,838**	**−0.2**
of which: China	1,410	1,229	+14.7
Worldwide	**147,767**	**148,467**	**−0.5**
Volkswagen Commercial Vehicles	108,217	103,237	+4.8
Scania	17,500	18,844	−7.1
MAN	22,050	26,386	−16.4

1 Deliveries for 2014 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 period from January to March 2015, sales revenue in the Power Engineering segment was largely driven by Engines & Marine Systems and Turbomachinery, which together generated three-quarters of overall sales revenue.

6.1.10 Volkswagen Group Financial Services

The Financial Services Division combines the Volkswagen Group's dealer and customer financing, leasing, banking and insurance activities, fleet management and mobility offerings. The division comprises Volkswagen Financial Services and the financial services activities of Scania, Porsche and Porsche Holding Gesellschaft m.b.H., Salzburg ("**Porsche Holding Salzburg**").

Demand for the Financial Services Division's products and services remained strong in the first quarter of 2015. The number of new financing, leasing, service and insurance contracts signed worldwide rose by 12.1% during this period to 1.3 million. At 13.4 million, the total number of contracts as of March 31, 2015 was 10.7% higher than the figure at March 31, 2014. In the first quarter of 2015, the ratio of leased or financed vehicles to Volkswagen Group deliveries (penetration rate) in the Financial Services Division's markets increased to 29.3% compared with 28.7% in the prior-year period.

In the Europe/Other markets region, 932 thousand new contracts were signed in the first quarter of 2015, 8.8% more than in the prior-year period. The total number of contracts increased to 9.5 million as of March 31, 2015, an increase of 9.9% over the number as of March 31, 2014. The Customer Financing/ Leasing area accounted for 5.1 million contracts (+6.6%).

The number of contracts in North America was 1.9 million as of March 31, 2015, surpassing the figure as of March 31, 2014 by 1.4%. Of this, 1.6 million were attributable to the Customer Financing/Leasing area (+9.8%). At 171 thousand, the number of new contracts signed in the first quarter of 2015 was on a level with the first quarter of the previous year.

In South America, the number of new contracts signed in the first quarter of 2015 was 69 thousand; compared with the prior-year period, the number of contracts signed more than doubled. At 822 thousand, the total number of contracts as of March 31, 2015 remained roughly on a level with the figure at March 31, 2014 (−0.4%). The contracts mainly related to the Customer Financing/ Leasing area.

In the Asia-Pacific region, the number of new contracts signed in the first three months of 2015 amounted to 146 thousand, an increase of 28.0% compared with the first three months of the previous year. At 1.1 million, the total number of contracts at the end of the first quarter of 2015 was 58.7% above the figure as of March 31, 2014. The Customer Financing/Leasing area accounted for 908 thousand contracts (+54.6%).

6.1.11 Sales to the dealer organization

In the first quarter of 2015, the Volkswagen Group's unit sales to the dealer organization — including the Chinese joint ventures — amounted to 2,607,377 vehicles, thereby exceeding the figure for the prior-year period by 1.8%. The ongoing increase in demand for Volkswagen Group models in the rest of Western Europe and in the Asia-Pacific region and North America resulted in sales outside Germany rising by 1.1%. In the first quarter of 2015, unit sales in Germany grew by 6.6%; vehicles sold in Germany as a proportion of overall sales increased to 12.5% (prior-year period: 11.9%).

6.1.12 Production

The Volkswagen Group produced 2,720,508 vehicles in the period from January to March 2015, recording growth of 6.1% compared with the first three months of 2014. Production in Germany increased by 6.2% to 701,501 models. The proportion of vehicles produced in Germany rose to 25.8% (prior-year period: 25.7%).

6.1.13 Inventories

Global inventories at Volkswagen Group companies and in the dealer organization were higher at March 31, 2015 than at year-end 2014 and at March 31, 2014.

6.1.14 Number of employees

At the end of the first quarter of 2015, the Volkswagen Group had 572,169 active employees; a further 6,785 employees were in the passive phase of their partial retirement. An additional 16,339 young people were in vocational traineeships. The Volkswagen Group had a total of 595,293 employees worldwide at the end of March 2015, 0.5% above the number as of December 31, 2014. The expansion of the workforce was attributable to the increase in production and the recruitment of specialists and experts. At 272,175, the number of employees in Germany was 0.4% above the number as of December 31, 2014. At 45.7%, the proportion of employees in Germany as of March 31, 2015 was at the same level as the previous year (December 31, 2014: 45.7%).

6.2 Results of Operations, Financial Position and Net Assets

6.2.1 Results of operations of the Volkswagen Group

In the first quarter of 2015, the Volkswagen Group's sales revenue was 10.3% higher than in the first quarter of 2014, at EUR 52.7 billion. In addition to exchange rate effects, it was positively affected mainly by higher volumes and an improved mix. The Volkswagen Group generated 79.3% (prior-year period: 79.2%) of its sales revenue outside Germany.

At EUR 10.3 billion, gross profit in the first three months of 2015 exceeded the figure for the prior-year period by EUR 1.3 billion. The gross margin was 19.5% (prior-year period: 18.7%).

The Volkswagen Group's operating profit of EUR 3.3 billion for the period from January to March 2015 was EUR 0.5 billion higher than the figure for the prior-year period, due to volume, mix and exchange rate effects as well as improvements in product costs, while higher fixed costs had a negative impact. The operating return on sales improved to 6.3% (prior-year period: 6.0%).

Profit before tax rose to EUR 4.0 billion in the first quarter of 2015, 18.2% above the level of the prior-year period. At EUR 2.9 billion, profit after tax was EUR 0.5 billion higher in the first three months of 2015 than in in the first three months of 2014.

6.2.2 Results of operations in the Automotive Division

The Automotive Division generated sales revenue of EUR 45.8 billion (prior-year period: EUR 42.1 billion) in the first three months of 2015. Together with a favorable trend in exchange rates, the rise was due to positive volume and mix effects. Sales revenue was higher than in the first quarter of 2014 in both the Passenger Cars Business Area and the Commercial Vehicles/Power Engineering Business Area. As the 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 its sales revenue only by deliveries of vehicles and vehicle parts.

Cost of sales was negatively impacted by increased depreciation charges as a result of high capital expenditures, greater fixed costs due to growth factors, higher research and development costs, in particular for new drive concepts, and exchange rate effects, while improved product costs had a positive effect. Gross profit in the Automotive Division improved to EUR 8.8 billion in the first quarter of 2015 (prior-year period: EUR 7.6 billion).

Distribution and administrative expenses in the first quarter of 2015 were 4.2% and 9.7% higher, respectively, than in the first quarter of 2014, partly as a result of exchange rate effects, although the ratio of distribution expenses to sales revenue declined and the ratio of administrative expenses to sales revenue remained almost unchanged. In the first three months of 2015, other operating income declined to EUR 0.1 billion (prior-year period: EUR 0.6 billion) due to currency-related factors.

At EUR 2.9 billion, the Automotive Division's operating profit for the first quarter of 2015 exceeded the figure for the prior-year period by EUR 0.4 billion as a result of volume, mix and exchange rate effects as well as reduced product costs, while higher fixed costs had a negative effect. The operating return on sales rose to 6.2% in the first quarter of 2015 (prior-year period: 5.8%). Since the profit recorded by the joint venture companies is accounted for in the financial result using the equity method, the 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 as well as license revenue.

Compared with the first three months of 2014, the financial result rose by EUR 0.1 billion to EUR 0.6 billion in the first three months of 2015; it includes higher income from the Chinese joint ventures.

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 periods ended March 31, 2015 and 2014:

	Results of Operations in the Passenger Cars Business Area and Commercial Vehicles/ Power Engineering Business Area from January 1 to March 31	
	2015	**2014**
	(in EUR million, except for percentages) (unaudited)	
Passenger Cars		
Sales revenue	37,636	34,172
Gross profit	7,514	6,401
Operating profit	2,634	2,201
Operating return on sales (in %)	7.0	6.4
Commercial Vehicles/Power Engineering		
Sales revenue	8,170	7,881
Gross profit	1,320	1,220
Operating profit	222	224
Operating return on sales (in %)	2.7	2.8

6.2.3 Results of operations in the Financial Services Division

Sales revenue in the Financial Services Division increased by 19.9% to EUR 6.9 billion in the first quarter of 2015. The increase over the prior-year period is mainly attributable to higher business volumes and positive exchange rate effects.

At EUR 1.5 billion, gross profit in the first three months of 2015 was EUR 0.1 billion higher than in the comparable period of the prior year.

Both distribution and administrative expenses increased in the first quarter of 2015; in addition to the rise in volumes, this was mainly due to the cost of compliance with regulatory requirements. The ratio of both administrative and distribution expenses to sales revenue declined in the first quarter of 2015 compared with the prior-year period.

In the first three months of 2015, operating profit rose to EUR 0.5 billion, a 9.8% increase over the prior-year period, and the operating return on sales stood at 6.8% (prior-year period: 7.5%).

6.2.4 Financial position of the Volkswagen Group

The Volkswagen Group recorded gross cash flow of EUR 7.2 billion in the first quarter of 2015, an increase of EUR 1.1 billion over the level of the first quarter of 2014. Funds tied up in working capital decreased by 22.5% compared with the prior-year period to EUR 3.6 billion. At EUR 3.6 billion, cash flows from operating activities in the first three months of 2015 more than doubled compared with the prior-year period (EUR 1.5 billion).

Investing activities attributable to the Volkswagen Group's operating activities increased by EUR 0.4 billion to EUR 3.3 billion in the first three months of 2015. Within investing activities, investments in property, plant and equipment, investment property and intangible assets, excluding capitalized development costs (capex) increased, while capitalized development costs declined slightly.

At EUR 1.5 billion, cash inflows from financing activities in the first quarter of 2015 were lower than in the first quarter of 2014 (EUR 4.0 billion).

The Volkswagen Group's net liquidity was EUR −97.8 billion at the end of March 2015; at year-end 2014, it amounted to EUR −96.5 billion.

6.2.4.1 Financial position in the Automotive Division

The Automotive Division's gross cash flow in the first three months of 2015 was EUR 0.3 billion higher than in the comparable period of the previous year at EUR 5.1 billion, mainly as a result of earnings-related factors. Funds tied up in working capital amounted to EUR 0.4 billion (prior-year period: EUR 2.5 billion). In 2014, a dividend receivable from the FAW-Volkswagen joint venture, which had to be recognized in the first quarter, had a positive effect on gross cash flow. However, this also increased funds tied up in working capital by the same amount. As a result, in the first quarter of 2015, cash flows from operating activities rose sharply to EUR 4.7 billion, more than doubling the figure for the first quarter of 2014 (EUR 2.3 billion).

In the first three months of 2015, investing activities attributable to operating activities increased to EUR 3.2 billion (prior-year period: EUR 2.3 billion). Capex increased to EUR 2.1 billion (prior-year period: EUR 1.6 billion) and the capex ratio rose to 4.5% (prior-year period: 3.9%). Volkswagen Group invested primarily in its production facilities and in models to be launched in 2015 and 2016, as well as in the ecological focus of its model range. At EUR 1.1 billion (prior-year period: EUR 1.2 billion), capitalized development costs were slightly lower in the first quarter of 2015 than in the first quarter of 2014. The comparison of investing activities between these periods is impacted by MAN SE's sale of MAN Finance International GmbH to Volkswagen Financial Services AG in 2014.

The Automotive Division's net cash flow in the first three months of 2015 rose to EUR 1.5 billion, an increase of EUR 1.6 billion compared with the figure for the prior-year period.

A capital increase carried out by Volkswagen AG at Volkswagen Financial Services AG at the beginning of 2015 in order to finance the growth in business volumes and meet regulatory capital requirements resulted in outflows from financing activities of EUR 1.1 billion. Conversely, the successful placement of dual-tranche hybrid notes with an aggregate principal amount of EUR 2.5 billion via Volkswagen International Finance N.V. in March 2015 resulted in a cash inflow. The hybrid notes consist of a EUR 1.1 billion note that carries a coupon of 2.5% and has a first call date after seven years, and a EUR 1.4 billion note that carries a coupon of 3.5% and has a first call date after 15 years. Both tranches are perpetual and increase equity by the full amount, net of transaction costs. EUR 2.5 billion of the hybrid notes was classified as a capital contribution, which increased net liquidity. Overall, cash inflows from financing activities in the first quarter of 2015 amounted to EUR 0.5 billion (prior-year period: EUR 2.7 billion).

The Automotive Division's net liquidity amounted to EUR 20.8 billion as of March 31, 2015; at year-end 2014, it was EUR 17.6 billion.

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, 2015 and 2014:

	Financial position in the Passenger Cars Business Area and the Commercial Vehicles/ Power Engineering Business Area from January 1 to March 31	
	2015	**2014**
	(in EUR million) (unaudited)	
Passenger Cars		
Gross cash flow	4,242	4,303
Change in working capital	−639	−1,703
Cash flows from operating activities	3,603	2,600
Cash flows from investing activities attributable to operating activities	−2,802	−2,531
Net cash flow	801	69
Commercial Vehicles/Power Engineering Business Area		
Gross cash flow	855	470
Change in working capital	233	−819
Cash flows from operating activities	1,089	−349
Cash flows from investing activities attributable to operating activities	−387	228
Net cash flow	702	−121

6.2.4.2 Financial position in the Financial Services Division

Gross cash flow in the Financial Services Division rose by EUR 0.7 billion to EUR 2.1 billion in the first quarter of 2015. Due to growth in business volumes, funds tied up in working capital increased to EUR 3.2 billion, compared with EUR 2.1 billion in the first quarter of the previous year. At EUR 0.1 billion (prior-year period: EUR 0.6 billion), investing activities attributable to operating activities were significantly lower than in the previous year, when the figure reflected the intragroup acquisition of MAN Finance International GmbH from MAN SE.

The Financial Services Division's negative net liquidity, which is common in the industry, stood at EUR −118.6 billion at the end of the first quarter of 2015; at December 31, 2014, it amounted to EUR −114.1 billion.

6.2.5 Consolidated balance sheet structure

Partly due to currency factors, in particular relating to the U.S. dollar, sterling and the Chinese renminbi, the Volkswagen Group's total assets were 7.0% higher than at year-end 2014, at EUR 375.8 billion as of March 31, 2015. The Volkswagen Group's equity was almost unchanged at EUR 89.3 billion (December 31, 2014: EUR 90.2 billion). The equity ratio was 23.8% (December 31, 2014: 25.7%).

6.2.5.1 Automotive Division balance sheet structure

At the end of the first quarter of 2015, intangible assets and property, plant and equipment in the Automotive Division were slightly higher than at December 31, 2014. Equity-accounted investments increased due to the positive business growth of the Chinese joint ventures and currency-related factors. Deferred taxes rose due to the reduction in the discount rate for pension provisions. Overall, noncurrent assets rose by 5.3% compared with year-end 2014. Within current assets, which were 14.5% higher than at the end of December 2014, inventories and trade receivables were increased due to growing business volumes. Cash and cash equivalents in the Automotive Division amounted to EUR 16.3 billion as of March 31, 2015 (December 31, 2014: EUR 16.5 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, 2015 and December 31, 2014:

	Balance sheet structure in the Passenger Cars Business Area and the Commercial Vehicles/Power Engineering Business Area	
	March 31, 2015	**December 31, 2014**
	(in EUR million) (unaudited)	
Passenger Cars Business Area		
Noncurrent assets	108,034	101,459
Current assets	61,584	52,869
Total assets	**169,619**	**154,328**
Equity	55,859	58,708
Noncurrent liabilities	65,372	54,366
Current liabilities	48,388	41,254
Commercial Vehicles/Power Engineering Business Area		
Noncurrent assets	26,978	26,772
Current assets	17,605	16,311
Total assets	**44,583**	**43,083**
Equity	14,107	14,107
Noncurrent liabilities	12,497	12,072
Current liabilities	17,978	16,904

The Automotive Division's equity was EUR 70.0 billion at the end of the first quarter of 2015, 3.9% lower than at December 31, 2014. It was bolstered by healthy earnings growth, currency translation effects and the hybrid notes issued in March. Negative effects from the measurement of derivatives and higher actuarial losses from the measurement of pension provisions reduced the Automotive Division's equity. The noncontrolling interests are mainly attributable to RENK AG and AUDI AG. These were lower overall than the noncontrolling interests attributable to the Financial Services Division, so the figure for the Automotive Division, where the deduction was recognized, was negative.

Noncurrent liabilities as of March 31, 2015 increased by 17.2% compared with December 31, 2014, partly as a result of higher pension provisions due to the reduction in the discount rate. Current liabilities as of March 31, 2015 were 14.1% above the 2014 year-end figure. Both current and noncurrent other liabilities increased due to exchange rate factors, the measurement of derivatives and business growth. The figures for the Automotive Division also contain the elimination of intragroup transactions between the Automotive and Financial Services divisions. As the current financial liabilities for the primary Automotive Division were lower than the loans granted to the Financial Services Division, a negative amount was reported as of March 31, 2015.

The item "Put options and compensation rights granted to non-controlling interest shareholders" primarily comprises the liability for the obligation to acquire the shares held by the remaining free-float shareholders of MAN.

At EUR 214.2 billion, the Automotive Division's total assets as of March 31, 2015 were higher than at December 31, 2014 (EUR 197.4 billion).

6.2.5.2 *Financial Services Division balance sheet structure*

The Financial Services Division's total assets as of March 31, 2015 were EUR 161.6 billion, 5.1% above the figure as of December 31, 2014.

Lease assets and noncurrent financial services receivables increased due to both the positive business performance and the trend in exchange rates. Overall, noncurrent assets were 6.6% higher as of March 31, 2015 than at December 31, 2014. The 2.8% rise in current assets was also attributable to higher volumes and exchange rate effects. The Financial Services Division accounted for approximately 43.0% of the Volkswagen Group's assets as of March 31, 2015.

At EUR 19.3 billion at the end of the first quarter of 2015, the Financial Services Division's equity was 11.1% higher than at year-end 2014. In addition to earnings growth and currency translation, this rise is mainly the result of the capital increase at Volkswagen Financial Services AG carried out by Volkswagen AG at the beginning of the year in order to finance the growth in business and meet regulatory capital requirements. The equity ratio was 11.9% as of March 31, 2015 (December 31, 2014: 11.3%). Noncurrent liabilities increased by 4.6% and current liabilities increased by 4.1% compared with December 31, 2014. These increases are attributable respectively to the funding of the growth in volumes and exchange rate effects.

At EUR 24.9 billion, deposits from direct banking business were on a level with year-end 2014 (EUR 25.3 billion).

6.3 Outlook

Global economic growth proved to be robust in the first three months of 2015. While the economic upturn held steady in many industrialized nations, some emerging economies continued to record below-average growth. The Volkswagen Group's Board of Management expects the global economy to record slightly stronger growth in 2015 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. In addition, growth prospects are being hurt by geopolitical tensions and conflicts. The emerging economies of Asia will probably record the highest growth rates. While Volkswagen Group expects to see an economic upturn in the major industrialized nations, the rates of expansion will remain moderate.

Global new passenger car registrations were higher in the first quarter of 2015 than in the first quarter of 2014, although demand varied from region to region. Volkswagen Group also expects trends in the passenger car markets in the individual regions to be mixed for the full year. Overall, growth in global demand for new vehicles will probably be slower than in 2014. Volkswagen Group anticipates a slight increase in demand for automobiles in Western Europe and expects to see slight growth in the German market as well. The Central and Eastern European markets are likely to be down sharply year-on-year due primarily to the substantial fall in demand in Russia. In North America, Volkswagen Group expects last year's positive trend to continue at a noticeably weaker pace. Volkswagen Group assumes that the South American passenger car markets will fall appreciably short of the prior-year level. The markets in the Asia-Pacific region that are strategically important for the Volkswagen Group will probably continue to grow at a slower pace.

Global demand for light commercial vehicles will probably increase moderately in 2015. Volkswagen Group expects trends to vary from region to region.

In the markets for trucks and buses that are relevant for the Volkswagen Group, new registrations in 2015 will probably be noticeably lower than in the previous year.

Volkswagen Group expects automotive financial services to continue to grow in importance worldwide in 2015.

The Volkswagen Group is well positioned to deal with the mixed developments in the global automotive markets. The Company's strengths include in particular its unique brand portfolio, its diverse range of models, its steadily growing presence in all major world markets and its wide selection of financial services. Volkswagen Group offers an extensive array of attractive, environmentally friendly, cutting-edge, high-quality vehicles for all markets and customer groups. This ranges from motorcycles through compact, sports and luxury cars to heavy trucks and buses, and covers almost all segments. The Volkswagen Group's brands will press ahead with their product initiative in 2015, modernizing and expanding their offering by introducing new models. Our goal is to offer all customers the products and innovations they need, sustainably strengthening our competitive position in the process.

Volkswagen Group expects that it will moderately increase deliveries to customers year-on-year in 2015 in a persistently challenging market environment.

The difficult market environment, fierce competition, interest rate and exchange rate volatility, and fluctuations in raw material prices all pose challenges. Volkswagen Group anticipates a positive effect from the efficiency programs implemented by all brands and, increasingly, from the modular toolkits.

Depending on the economic conditions, Volkswagen Group expects the sales revenues of Volkswagen Group and its business areas to increase in 2015 by up to 4% above the prior-year figure. However, economic trends in Latin America and Eastern Europe will need to be continuously monitored in the Commercial Vehicles/Power Engineering Business Area.

In terms of operating profit, Volkswagen Group anticipates an operating return on sales of between 5.5% and 6.5% in 2015 in light of the challenging economic environment. The operating return on sales is expected to be in the 6.0% to 7.0% range in the Passenger Cars Business Area and between 2.0% and 4.0% in the Commercial Vehicles/Power Engineering Business Area. For the Financial Services Division, we are forecasting an operating profit at the prior-year level. Disciplined cost and investment management and the continuous optimization of its 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 52.7 billion in the first quarter of 2015, 10.3% higher than the figure for the first quarter of 2014 (EUR 47.8 billion). At EUR 3.3 billion, operating profit exceeded the figure for the first quarter of 2014 by 16.6%.

In the first three months of 2015, sales by the Volkswagen Passenger Cars brand rose by 0.5% over the figure for the prior-year period, with 1.1 million vehicles delivered. There was increased demand for the Sportsvan, the Golf and the new Passat models. Compared with the first quarter of 2014, sales revenue rose by 8.9% to EUR 26.3 billion in the first quarter of 2015. Operating profit improved by 16.8% to EUR 514 million, primarily due to sales revenue and cost optimization. Although the markets in South America and Russia were negative factors, there were positive effects from the efficiency program.

The Audi brand sold 389 thousand vehicles worldwide in the first quarter of 2015, 6.2% higher than in the prior-year period. A further 121 thousand (prior-year period: 115 thousand) Audi vehicles were sold by the FAW-Volkswagen Chinese joint venture. The compact models in the A3 family, the Q3 SUV model and the new TT were particularly popular with customers. At EUR 14.7 billion, sales revenue exceeded the figure for the prior-year period by EUR 1.7 billion. Operating profit rose by 8.2% to EUR 1.4 billion in the first three months of 2015, thanks to the positive effect of higher volumes and more favorable exchange rates. This was offset by high upfront investments in new products and technologies, as well as the expansion of the international production network. The financial key performance indicators for the Audi brand also include the Lamborghini and Ducati brands. 13,278 Ducati motorcycles were sold in the first three months of 2015, 1.6% above the figure for the prior-year period.

The ŠKODA brand lifted unit sales to 217 thousand vehicles between January and March 2015, 1.3% above the level of the prior-year period. The Octavia and the new Fabia were particularly popular. Sales revenue increased by 6.3% to EUR 3.2 billion during that period. Operating profit improved 30.9% to EUR 242 million due to higher volumes and a positive mix.

The SEAT brand's positive growth trend continued, with sales of 138 thousand vehicles in the first quarter of 2015, 15.1% higher than in the prior-year period. This figure includes the Q3 manufactured for Audi. There was strong customer demand for the models in the Leon family and for the Ibiza. Sales revenue amounted to EUR 2.2 billion, 22.1% higher than in the prior-year period. SEAT generated an operating profit of EUR 33 million compared with an operating loss of EUR 36 million in the first quarter of the previous year. This increase resulted mainly from improved volumes and better exchange rates, together with lower costs.

Unit sales by the Bentley brand declined by 7.9% to 2,630 vehicles in the first three months of 2015; by contrast, sales revenue rose to EUR 472 million, 4.7% above the level achieved in the first three months of 2014. Positive exchange rate effects more than offset the lower sales figures, and as a result operating profit rose by 8.9% to EUR 49 million during the first three months of 2015.

The Porsche brand sold 51 thousand vehicles worldwide in the first quarter of 2015, an increase of 22.1% compared with the first quarter of the previous year. At EUR 5.1 billion, sales revenue exceeded the figure for the prior-year period by 29.1%. Operating profit rose to EUR 765 million (prior-year period: EUR 698 million), with positive volume and exchange rate effects more than offsetting the negative impact of changes to the mix, increased structural costs and higher development costs for future projects and technologies. The Macan and the new 911 and Cayman derivatives were well received by customers.

Volkswagen Commercial Vehicles' sales rose by 10.4% in the first three months of 2015 to 121 thousand (prior-year period: 110 thousand) vehicles. The Multivan/Transporter and the Caddy were particularly popular with customers. Sales revenue rose to EUR 2.7 billion, 14.5% higher than in the prior-year period (EUR 2.4 billion). Higher volumes and more advantageous exchange rates had a positive impact on operating profit, which rose by 20.6% to EUR 165 million in the first quarter of 2015.

The Scania brand sold 18 thousand (prior-year period: 19 thousand) trucks and buses between January and March 2015. Due to exchange rate factors, sales revenue remained on a level with the figure for the prior-year period, at EUR 2.5 billion (EUR 2.5 billion). Operating profit declined to EUR 237 million in the first quarter of 2015, due in particular to lower volumes in Brazil and Russia.

At 22 thousand vehicles, unit sales by the MAN brand were 16.4% lower in the first three months of 2015 than in the prior-year period. Sales revenue decreased by 1.6% to EUR 3.1 billion. MAN's operating profit declined to EUR 34 million in the first quarter of 2015 compared with EUR 68 million in the first quarter of 2014, mainly as a result of the negative trend in the commercial vehicles business in South America.

In the first quarter of 2015, Volkswagen Financial Services generated an operating profit of EUR 403 million, 14.3% above the level for the first quarter of 2014, due to positive volume and exchange rate effects.

The following table provides an overview of key figures by brand and business field for the three-month periods ended March 31, 2015 and 2014:

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

	Vehicle Sales		Sales Revenue		Sales to Third Parties		Operating Result	
	2015	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**
	(thousand units)		**(in EUR million)**		**(in EUR million)**		**(in EUR million)**	
				(unaudited)				
Volkswagen Passenger Cars	1,117	1,112	26,291	24,153	17,891	16,895	514	440
Audi	389	367	14,651	12,951	9,657	8,429	1,422	1,314
ŠKODA	217	214	3,175	2,986	1,509	1,418	242	185
SEAT	138	120	2,182	1,787	817	764	33	−36
Bentley	3	3	472	451	281	275	49	45
Porsche[2]	51	42	5,078	3,934	4,618	3,623	765	698
Volkswagen Commercial Vehicles	121	110	2,698	2,356	1,249	1,148	165	136
Scania[2]	18	19	2,463	2,467	2,463	2,467	237	254
MAN	22	26	3,088	3,138	3,026	3,125	34	68
VW China[3]	963	946	—	—	—	—	—	—
Other	−431	−396	−13,507	−11,514	5,649	4,986	−536[4]	−602[4]
Volkswagen Financial Services	—	—	6,145	5,123	5,574	4,701	403	353
Volkswagen Group	**2,607**	**2,562**	**52,735**	**47,831**	**52,735**	**47,831**	**3,328**	**2,855**
Automotive Division[5]	2,607	2,562	45,806	42,054	46,444	42,533	2,856	2,425
of which: Passenger Cars Business Area	2,447	2,407	37,636	34,172	39,853	35,932	2,634	2,201
Commercial Vehicles/Power Engineering Business Area	161	155	8,170	7,881	6,591	6,601	222	224
Financial Services Division	—	—	6,928	5,777	6,291	5,298	473	430

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

2 Including financial services.

3 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 a proportionate operating profit of EUR 1,598 million (prior-year period: EUR 1,241 million).

4 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.

5 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 sold 1.1 million vehicles in the Europe/ Other markets region in the first quarter of 2015, 2.2% above the prior-year period. Sales revenue increased by 8.4% to EUR 32.9 billion due to volume, mix and exchange rate-related factors.

The Volkswagen Group lifted unit sales in the North American market by 9.4% to 210 thousand vehicles in the period from January to March 2015. The increase in volumes, the stronger U.S. dollar and positive mix effects are also reflected in sales revenue, which rose by 28.7% over the prior-year period to EUR 7.7 billion.

Conditions in South America increasingly deteriorated in the first three months of the year. The Volkswagen Group sold 143 thousand vehicles in these markets, a decrease of 14.9% compared with the first three months of 2014. This and the negative exchange rate trend led to a 16.2% decline in sales revenue, to EUR 2.6 billion, in the first three months of 2015.

The Asia-Pacific region again reported positive sales figures in the first three months of 2015. Including the Chinese joint ventures, 1.1 million vehicles were sold, 2.6% more than in the prior-year period. Sales revenue rose by 13.6% to EUR 9.6 billion due to volume and exchange rate factors. This figure does not include Volkswagen Group's Chinese joint ventures, which 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, 2015 and 2014:

	Key Figures by Market from January 1 to March 31[1]			
	Vehicle Sales		Sales Revenue	
	2015	2014	2015	2014
	(thousand units)		(in EUR million)	
	(unaudited)			
Europe/Other markets	1,138	1,113	32,855	30,315
North America	210	192	7,672	5,962
South America	143	168	2,583	3,082
Asia-Pacific[2]	1,116	1,088	9,625	8,472
Volkswagen Group[2]	**2,607**	**2,562**	**52,735**	**47,831**

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

Volkswagen Financial Services again supported the Volkswagen Group's sales growth in the first quarter of 2015 with its innovative products and services along the automotive value chain.

In March 2015, Porsche Volkswagen Servicios Financieros SpA started operating in Chile as part of the internationalization strategy, providing vehicle financing and insurance services for all models from the Volkswagen Passenger Cars, Audi, ŠKODA and Volkswagen Commercial Vehicles brands. The wholly-owned Volkswagen Group company is a joint venture between Volkswagen Financial Services AG and Porsche Bank AG. This market entry in Chile is designed to jointly boost sales.

In 2014, Volkswagen Financial Services AG launched a certification program for new and used car sales staff. Salespeople can take part in a professional training program to gain certification as a ''Financial products consultant for Volkswagen Financial Services''. The certification program was extended to car dealerships in February of this year. They are awarded certification once at least 65% of their salespeople have passed the examination. The aim of the program is to better qualify employees to advise customers about the range of financing, leasing, insurance and other services available from Financial Services.

In March 2015, long-term partners Volkswagen Financial Services AG and the German Nature and Biodiversity Conservation Union (NABU) stepped up their cooperation by extending their commitment to the protection of wetlands to an international level. Volkswagen Financial Services has made EUR 1 million available to the International Moor Conservation Fund that was established to administer funding for these activities.

Repeating last year's success, Volkswagen Financial Services again came top in the financial services category of the competition to find ''Germany's Best Employer''. This top-employer award is based on employees' evaluations of their own company.

The main refinancing sources for Volkswagen Financial Services are unsecured bonds placed on the capital markets, auto asset-backed securities (ABS) transactions and deposits from direct banking business. The ABS program's successful momentum continued in the first three months of 2015 with the successful placement of Driver 13, its thirteenth transaction involving collateralized financing contracts in the German market. In Japan, Volkswagen Financial Services AG marketed its fourth ABS transaction — Driver Japan Four — with a volume of approximately EUR 236 million in financing contracts in February 2015. In Australia, the second ABS transaction with a volume of around EUR 320 million was placed and met with high investor demand.

In August 2014, Volkswagen Financial Services securitized the first Chinese auto loans and sold them to investors. This Driver China One ABS transaction received four awards from financial magazines in January of this year. Investors value the comparability afforded by Volkswagen Financial Services Driver transactions, which are all structured on a similar basis, irrespective of whether they are German, Japanese, Brazilian, or Chinese loan receivables.

The number of new financing, leasing, service and insurance contracts signed in the first quarter of 2015 rose by 12.9% compared with the first quarter of 2014 to 1.2 million. As of March 31, 2015, the total number of contracts remained on a level with the December 31, 2014 figure (−0.4%). In the Customer Financing/Leasing area, the number of contracts rose slightly by 0.6% to 7.9 million. The number of contracts in the Service/Insurance area was 2.1% lower than in the first quarter of 2014, at 4.5 million. Based on unchanged credit eligibility criteria, the penetration rate, expressed as the proportion of leased or financed vehicles to total Volkswagen Group deliveries worldwide, increased to 29.1% (prior-year period: 28.6%).

Volkswagen Bank's direct banking business had approximately 1.4 million (March 31, 2014: 1.4 million) accounts at the end of the first quarter of 2015.

Volkswagen Financial Services had a total of 13,014 employees as of March 31, 2015, 1.5% above the level at December 31, 2014.

6.5 Recent Events

At its meeting on February 27, 2015, the Supervisory Board of Volkswagen AG appointed Mr. Matthias Müller as member of the Board of Management of Volkswagen AG with responsibility as "Chairman of the Board of Management of Dr. Ing. h.c. F. Porsche AG", effective March 1, 2015. Mr. Müller has assumed this Group function in addition to his position as Chairman of the Board of Management of Porsche AG. At the same meeting, the Supervisory Board also resolved to appoint Dr. Herbert Diess as a member of the Board of Management of Volkswagen AG, effective July 1, 2015. As a member of the Group Board of Management, Dr. Diess will take over the position of Chairman of the Volkswagen Passenger Cars brand from Prof. Dr. Martin Winterkorn, who will continue to act as Chairman of the Group Board of Management.

Mr. Andreas Renschler has been the member of the Group Board of Management responsible for Commercial Vehicles since February 1, 2015 as the successor to Dr. Leif Östling. Dr. Leif Östling was responsible for Commercial Vehicles from September 2012 until he stepped down on February 28, 2015.

Hon.-Prof. Dr. techn. h.c. Dipl.-Ing. ETH Ferdinand K. Piëch resigned with immediate effect from his position as Chairman of the Supervisory Board of Volkswagen AG and from all his mandates as a Supervisory Board member within the Volkswagen Group on April 25, 2015. Ursula Piëch resigned with immediate effect from all her Supervisory Board mandates within the Volkswagen Group on April 25, 2015. Mr. Berthold Huber has assumed the chairmanship of the Supervisory Board temporarily until a new chairman is elected.

Upon application by the Board of Management of Volkswagen AG, Dr. Louise Kiesling and Ms. Julia Kuhn-Piëch were appointed members of the Supervisory Board of Volkswagen AG by the Braunschweig Local Court on April 30, 2015 with immediate effect. The appointments were made pursuant to Section 104 of the German Stock Corporation Act (*Aktiengesetz*) and were occasioned by the recent resignations of Hon. Prof. Dr. techn. h.c. Dipl. Ing. ETH Ferdinand K. Piëch and Ms. Ursula Piëch from their mandates as Supervisory Board members.

On May 5, 2015 the Annual General Meeting elected Akbar Al Baker, Minister of State and Group Chief Executive of Qatar Airways, to the Supervisory Board. He succeeds Ahmad Al-Sayed for the rest of his term of office. Ahmad Al-Sayed stepped down from his office as a member of the Supervisory Board with effect from the end of the Annual General Meeting.

On May 4, 2015 Volkswagen AG's Supervisory Board decided that Volkswagen will create an integrated commercial vehicles group, putting in place a structured framework for its business involving mid-sized and heavy trucks and buses. Truck & Bus GmbH, a wholly-owned subsidiary of Volkswagen AG, will become the Volkswagen Group's new holding company for the MAN and Scania commercial vehicle brands. Volkswagen AG will transfer all the shares it holds in Scania AB to Truck & Bus GmbH, which already holds 75.28 per cent. of the voting rights in MAN SE. As a manufacturer of light commercial vehicles, Volkswagen Commercial Vehicles will also form part of the integrated commercial vehicles group.

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, 2015 are described in ''Developments since January 1, 2015 and Outlook''.

7.1 Business Overview

Volkswagen Group is one of the world's leading multibrand companies in the automotive industry. In 2014, Volkswagen Group achieved sales revenue of EUR 202,458 million, operating profit of EUR 12,697 million and profit after tax of EUR 11,068 million. Volkswagen Group delivered 10,137 thousand vehicles to its customers worldwide in 2014.

Volkswagen Group consists of two divisions: the Automotive Division and the Financial Services Division. The activities of the Automotive Division comprise the development of vehicles and engines, the production and sale of passenger cars, light commercial vehicles, trucks, buses and motorcycles, as well as the genuine parts, large-bore diesel engines, turbomachinery, special gear units, propulsion components and testing systems businesses. The Financial Services Division combines dealer and customer financing, leasing, banking and insurance activities, fleet management and mobility offerings.

The following table provides an overview of the sales volume (including the joint venture companies in China), sales revenue and operating profit for Volkswagen's Divisions during the years ended December 31, 2014, 2013 and 2012:

	Unit sales[1]			Sales revenue[1]			Operating profit[1]		
	2014	2013	2012	2014	2013	2012	2014	2013	2012[2]
	(Thousand vehicles)			(EUR million)			(EUR million)		
Volkswagen Group[3]	10,217	9,728	9,345	202,458[4]	197,007[4]	192,676[4]	12,697[4]	11,671[4]	11,498[4]
of which:									
Automotive Division[5]	10,217	9,728	9,345	177,538	175,003	172,822	10,780	9,807	9,913
Financial Services Division	—	—	—	24,920	22,004	19,854	1,917	1,863	1,585

1 Unaudited except where indicated.

2 Adjusted to reflect application of IAS 19R.

3 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 proportionate operating profits of EUR 5,182 million, EUR 4,296 million and EUR 3,678 million for the years ended December 31, 2014, 2013 and 2012, respectively.

4 Audited.

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

The Automotive Division comprises both the Passenger Cars Business Area and the Commercial Vehicles/Power Engineering Business Area. The Passenger Cars segment and the reconciliation are reported in the Passenger Cars Business Area. The Ducati brand is allocated to the Audi brand and is thus presented in the Passenger Cars reporting segment. The Commercial Vehicles/Power Engineering Business Area consists of the Commercial Vehicles and the Power Engineering segments. The Financial Services Division corresponds 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, 2014:

	Passenger Cars	Commercial Vehicles	Power Engineering	Financial Services	Total segments	Reconciliation	Volkswagen Group
				(EUR million)			
Sales revenue	164,065	30,205	3,732	24,920	222,922	−20,464	202,458
Segment profit or loss (operating profit or loss)	11,578	901	44	1,917	14,439	−1,742	12,697
as a percentage of sales revenue	7.1	3.0	1.2	7.7			6.3
Capex, including capitalized development costs	14,039	1,851	166	517	16,574	39	16,613

The Group consists of twelve brands with their origins in seven European countries: Volkswagen Passenger Cars, Audi, SEAT, ŠKODA, Bentley, Bugatti, Lamborghini, Porsche, Ducati, Volkswagen Commercial Vehicles, Scania and MAN. Each brand has its own character and operates as an independent entity in the market. The product spectrum ranges from motorcycles to low-consumption small cars and luxury vehicles. In the commercial vehicle sector, the products include pick-ups, buses and heavy trucks. As of December 31, 2014, Volkswagen Group's product range comprised around 335 passenger car, commercial vehicle and motorcycle models, and their derivatives.

Volkswagen Group is also active in other fields of business, manufacturing large-bore diesel engines, turbomachinery, special gear units, propulsion components and testing systems for the mobility sector. In addition, the Volkswagen Group offers a wide range of financial services, including dealer and customer financing, leasing, banking and insurance activities, fleet management and mobility offerings.

Volkswagen sells vehicles in more than 150 countries. Volkswagen's primary markets for its automobiles are Europe, Asia-Pacific and the Americas. The following table presents the regional markets for

Volkswagen's products and services and the percentages of sales revenue from third parties during the years ended December 31, 2014, 2013 and 2012 (in each case not including the Chinese joint ventures):

	Sales revenue from third parties[1]		
	2014	2013	2012
		(%)	
Germany	19.4	19.1	19.6
Europe and Other Regions (excluding Germany)	41.2	40.3	40.3
North America	13.6	13.9	13.0
South America	6.8	8.9	9.5
Asia-Pacific	18.8	17.8	17.6

[1] Unaudited.

Volkswagen launched a cash tender offer in March 2014 for all of the shares of Scania Aktiebolag, Södertälje (''**Scania**'') not already held directly or indirectly by Volkswagen. Volkswagen held 99.57% of the shares and 99.66% of the voting rights in Scania as of December 31, 2014. As of December 31, 2014, Volkswagen indirectly held 75.28% of the voting rights and 74.04% of the share capital of MAN SE (''**MAN**'') and had entered into a control and profit and loss transfer agreement with 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**''). See ''— *Basis of Presentation*''.

Volkswagen had an average of 583,423 employees worldwide (including the Chinese joint ventures) in 2014.

7.2 Basis of Presentation

In addition to Volkswagen AG, the Company Financial Statements comprise all significant German and non-German subsidiaries, including structured entities, that are controlled directly or indirectly by Volkswagen AG. This is the case if Volkswagen AG obtains power over the potential subsidiaries directly or indirectly from voting rights or similar rights, is exposed, or has rights to, positive or negative variable returns from its involvement with the subsidiaries and is able to influence those returns. In the case of the structured entities consolidated in the Volkswagen Group, the Group company is able to direct the material relevant activities remaining after the change in the structure even if it is not invested in the structured entity concerned and is thus able to influence the variable returns from its involvement. The structured entities are used primarily to enter into asset-backed securities transactions to refinance the financial services business and to invest surplus liquidity in special securities funds. 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 carried in the consolidated financial statements at cost less any impairment losses required to be recognized 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.

Due to a change to the internal management system as of January 1, 2013, light commercial vehicles are reported together with trucks and buses in the Commercial Vehicles segment. Prior to January 1, 2013, light commercial vehicles were allocated to the Passenger Cars and Light Commercial Vehicles segment. The segment designations and figures of the year 2012 were adjusted accordingly. The figures for the year 2012 were also adjusted to reflect the application of IAS 19R.

7.2.1 Scania

On February 21, 2014, Volkswagen announced that it would make a voluntary cash tender offer to the shareholders of Scania. The offer period began on March 17, 2014 and was extended to June 5, 2014, on which date the Scania shares were delisted from NASDAQ OMX Stockholm and trading in Scania shares ended.

Following settlement of the tender offer, Volkswagen initiated a compulsory acquisition procedure (''squeeze-out'') to acquire all remaining shares in Scania not tendered in the tender offer. On November 11, 2014 the court of arbitration ruled in the squeeze-out proceedings that all Scania shares outstanding will be transferred to Volkswagen AG. See ''*Business of the Volkswagen Group — Transactions Involving Scania and MAN — Scania*''.

When the offer was published, the present value of the put options granted amounting to approximately EUR 6.7 billion was recognized as a current liability without affecting profit or loss. The Group's retained earnings declined by the same amount.

On completion of the offer, the equity interest in Scania previously attributable to noncontrolling interest shareholders amounting to EUR 2,123 million was required to be reclassified from noncontrolling interests to the reserves attributable to the shareholders of Volkswagen AG. The difference of EUR 4,527 million reduced the retained earnings attributable to Volkswagen AG shareholders by the same amount.

The changes in the carrying amount of the liability of EUR 96 million that was recognized when the offer was published, which were due primarily to exchange rate movements, were recognized in the financial result in profit or loss.

Net of exchange rate effects, the shares already tendered resulted in a cash outflow of EUR 6,535 million as of December 31, 2014. This amount is reported within financing activities in the cash flow statement as an outflow from capital transactions with noncontrolling interests. A liability of EUR 78 million from put options and compensation rights granted to noncontrolling interest shareholders was recognized for the remaining shares that are subject to the squeeze-out.

7.2.2 MAN

Volkswagen acquired a majority stake in MAN on November 9, 2011 under the terms of a mandatory public offer. Following its approval by the Annual General Meeting of MAN 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, 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 control and profit and loss transfer agreement sets out that the noncontrolling interest shareholders of MAN are entitled to either a cash settlement in accordance with section 305 of the AktG amounting to EUR 80.89 per tendered ordinary or preferred share, or cash compensation in accordance with section 304 of the AktG in the amount of EUR 3.07 per ordinary or preferred share (after corporate taxes, before the shareholder's individual tax liability) for each full fiscal year. Following the 2013 MAN Annual General Meeting's approval of the conclusion of the 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 and the interest in Scania attributable to these noncontrolling interest shareholders, amounting to a total of EUR 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 EUR 3,125 million. The resulting difference of EUR 1,366 million reduces the reserves attributable to the shareholders of Volkswagen AG. From the effective dates set out above, MAN's profit or loss will be attributed in full to the shareholders of Volkswagen AG. As of December 31, 2014, 63,364 ordinary shares (December 31, 2013: 289,665 ordinary shares) and 27,705 preferred shares (December 31, 2013: 88,643 preferred shares) had been tendered.

Following the derecognition of the noncontrolling interests in the equity of MAN from Group equity, all shares of Scania that are held by MAN are attributable to the Volkswagen Group.

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 in accordance with section 305 of the AktG and the cash compensation in accordance with section 304 of the AktG for the noncontrolling interest shareholders of MAN attributable to the control and profit and loss transfer agreement between MAN and Truck & Bus GmbH. 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 EUR 493 million in 2013, which was recognized in the other financial result. It is not possible to predict the exact duration of the proceedings.

7.2.2.1 Ferrostaal

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.

7.2.3 Porsche

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.

7.2.4 Ducati

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 2014, at 32.3% (2013: 31.6%; 2012: 33.3%). 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 at low levels in Europe while major growth markets such as Brazil and Russia 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 85.6 million units in 2014 (Source: IHS).

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 foreseeable 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 decrease in sales volume. Generally, positive economic development is essential, as an increased demand for products generates an increased demand for transportation by truck. Macroeconomic conditions in relevant markets for the Volkswagen Group posed a challenge in 2014.

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 2014, 2013 and 2012:

	Deliveries of Passenger Cars			Change	Change
	2014	2013[1]	2012[2]	2014/2013[1]	2013/2012[1,2]
				(%)	
China[3]	3,672,886	3,268,724	2,812,028	+12.4	+16.2
Brazil	573,449	682,221	780,195	−15.9	−12.6
Russia	265,788	303,173	317,735	−12.3	−4.6
India	70,656	92,561	114,084	−23.7	−18.9

1 The delivery figures for 2013 have been updated to reflect subsequent statistical trends.

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

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 46.1% (2013: 45.7%; 2012: 44.3%) of its passenger cars in the BRIC countries in 2014.

In the wake of the global financial and economic crisis economic growth in certain emerging markets decelerates or in some cases stagnates. Moreover, regional political disputes may have an impact on future economic growth. Nevertheless 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, 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 development of exchange rates, which affect considerably the profitability of the cars sold in the different markets especially in markets where Volkswagen Group does not produce locally. The results are further influenced by 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, 2014, 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:

- 40% in FAW Volkswagen Automotive Company, Ltd., Changchun, China;
- 50% in Shanghai Volkswagen Automotive Company Ltd., Shanghai, China;
- 30% in SAIC Volkswagen Sales Company, Shanghai, China;
- 50% of Global Mobility Holding B.V., Amsterdam, The Netherlands (as the sole shareholder of Lease Plan Corporation N.V.);
- 25% plus one share in Sinotruk (Hong Kong) Limited, Hong Kong, China; and
- 29% of Bertrandt AG, Ehningen, Germany.

The net carrying amount of Volkswagen's equity-accounted investments increased by EUR 1,940 million, from EUR 7,934 million as of December 31, 2013 to EUR 9,874 million as of December 31, 2014, after increasing by EUR 625 million, from EUR 7,309 million as of December 31, 2012 to EUR 7,934 million as of December 31, 2013.

In 2014 as well as 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 addition, EUR 335 million of the increase in equity-accounted investments in 2014 related to the reclassification of the shares of Bertrandt because of the change in the method of inclusion after the acquisition of additional shares of Bertrandt in the amount of EUR 40 million.

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 increased by EUR 400 million, from EUR 3,588 million in 2013 to EUR 3,988 million in 2014, after decreasing by EUR 9,980 million, from EUR 13,568 million in 2012 to EUR 3,588 million in 2013. The increase in 2014 was due primarily to the income from the Chinese joint ventures, which was at a level above the high prior-year figures. 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.

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, 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. 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.

7.3.7 *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 5,425 million, or 4.3%, from EUR 127,089 million in 2013 to EUR 132,514 million in 2014, after rising by EUR 4,639 million, or 3.8%, from EUR 122,450 million in 2012 to EUR 127,089 million in 2013. The ratio of cost of materials to the Volkswagen Group's sales revenue was 65.4% in 2014 (2013: 64.5%; 2012: 63.6%). The increase in procurement costs in 2014 as well as in 2013 and 2012 was mainly due to increased production volumes.

The main raw materials required for vehicle production are steel, synthetic material, 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 are volatile, although their volatility was lower in 2014 than 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 but is increasingly using other mechanisms, such as an export licensing system or the imposition of higher raw material duties. 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 six 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*".

7.3.8 *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 cross-brand 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 2014, 2013 and 2012:

	2014	**2013**	**2012**	**Change 2014/2013**	**Change 2013/2012**
	(in EUR million)			**(%)**	
			(unaudited)		
Total research and development costs	13,120	11,743	9,515	+11.7	+23.4
of which capitalized development costs	4,601	4,021	2,615	+14.4	+53.8
Capitalization ratio (%)	35.1	34.2	27.5		
Amortization of capitalized development costs	3,026	2,464	1,951	+22.8	+26.3
Research and development costs recognized in the income statement	**11,545**	**10,186**	**8,851**	**+13.3**	**+15.1**
as % of sales revenue	5.7	5.2	4.6		

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 2012, 2013 and 2014 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 2012 to 2014 (capitalized and uncapitalized).

7.3.9 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, Czech koruna, Swedish krona, Argentine peso, Mexican peso, British pound sterling, South African rand, Brazilian real, Chinese renminbi, Russian ruble, South Korean won, Japanese yen 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 2014 amounted to EUR 2,323 million, while foreign exchange losses amounted to EUR 1,972 million (2013: EUR 1,758 million and EUR 2,486 million; 2012: EUR 2,437 million and EUR 2,329 million).

Significant exchange rate movements, as compared to the Euro, especially of the South African rand, the Australian dollar, the Argentine peso, the Brazilian real, British pound sterling, Chinese renminbi, the Japanese yen, the Russian ruble, the Swiss franc, the Turkish lira and the U.S. dollar, were observable in the past three years and thus had a corresponding effect on Volkswagen's results of operations. Losses arising from hedging strategies, together with the expenses of hedging transactions, may results in significant costs.

In accordance with studies by the Company, for example, a weakening of the following currencies against the euro by 10% in 2014 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:

Currency	**Effect on earnings (in EUR million) (unaudited)**
British pound sterling	910
U.S. dollar	900
Chinese renminbi	540
Swiss franc	180
Russian ruble	180
Swedish krona	170
Australian dollar	140
Korean won	140

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 and Mexico, 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 predominantly 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*").

7.3.10 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 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.

7.3.11 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.

7.3.12 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 25.2% in 2014 (2013: 26.4%; 2012: 14.2%). 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). 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, interest and similar income from the financial services business and 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. See "— *Critical Accounting Estimates — Revenue recognition*".

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 and Ducati since its initial consolidation on July 19, 2012, 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, including its consolidated subsidiaries. MAN Finance International GmbH has been reported within Volkswagen Financial Services since its acquisition by Financial Services AG as of January 1, 2014.

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. 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, income from foreign currency hedging derivatives and income from foreign exchange gains as well as income from cost allocations.

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 income from 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 fair value measurement at the closing rate. Foreign exchange losses from these items are included in other operating expenses.

Income from cost allocations comprises 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, 2014, 2013 and 2012. 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, 2014, 2013 and 2012:

	Period from January 1 to December 31			Change	Change
	2014	**2013**	**2012[1]**	**2014/2013**	**2013/2012**
	(in EUR million)			(%) (unaudited)	
Sales revenue	**202,458**	**197,007**	**192,676**	**+2.8**	**+2.2**
Cost of sales	−165,934	−161,407	−157,522	+2.8	+2.5
Gross profit	**36,524**	**35,600**	**35,154**	**+2.6**	**+1.3**
as % of sales revenue *(unaudited)*	18.0	18.1	18.2		
Distribution expenses	−20,292	−19,655	−18,850	+3.2	+4.3
Administrative expenses	−6,841	−6,888	−6,220	−0.7	+10.7
Other operating income	10,298	9,956	10,484	+3.4	−5.0
Other operating expenses	−6,992	−7,343	−9,070	−4.8	−19.0
Operating profit	**12,697**	**11,671**	**11,498**	**+8.8**	**+1.5**
as % of sales revenue *(unaudited)*	6.3	5.9	6.0		
Share of profits and losses of equity-accounted investments	3,988	3,588	13,568	+11.1	−73.6
Finance costs	−2,658	−2,366	−2,546	+12.3	−7.1
Other financial result	767	−465	2,967	>+100.0	>−100.0
Financial result	**2,097**	**757**	**13,989**	**>+100.0**	**−94.6**
as % of sales revenue *(unaudited)*	1.0	0.4	7.3		
Profit before tax	**14,794**	**12,428**	**25,487**	**+19.0**	**−51.2**
as % of sales revenue *(unaudited)*	7.3	6.3	13.2		
Income tax income/expense	−3,726	−3,283	−3,606	+13.5	−9.0
Profit after tax	**11,068**	**9,145**	**21,881**	**+21.0**	**−58.2**
as % of sales revenue *(unaudited)*	5.5	4.6	11.4		
Noncontrolling interests	84	52	169	61.5	−69.2
Profit attributable to Volkswagen AG hybrid capital investors	138	27	—	>+100.0	X
Profit attributable to shareholders of Volkswagen AG	**10,847**	**9,066**	**21,712**	**+19.6**	**−58.2**

1 Adjusted to reflect application of IAS 19R.

7.5.1 Results of Operations — 2014 compared with 2013

7.5.1.1 Sales revenue

The Volkswagen Group generated sales revenue of EUR 202.5 billion in 2014, 2.8% higher than in the previous year. The clearly negative exchange rate effects seen in the first half of the year in particular were offset by higher volumes and improvements in the mix. A large majority of sales revenue was recorded outside of Germany (80.6% in 2014 compared with 80.9% in 2013).

Volkswagen's sales revenue by source is as follows:

	Period from January 1 to December 31		Change
	2014	2013	2014/2013
	(in EUR million)		(%) (unaudited)
Vehicles	134,627	134,274[1]	+0.3
Genuine parts	13,642	13,564	+0.6
Used vehicles and third-party products	10,090	9,540[1]	+5.8
Engines, powertrains and parts deliveries	10,021	8,441	+18.7
Power Engineering	3,728	3,845	−3.0
Motorcycles	458	452	+1.3
Rental and leasing business	16,384	13,948	+17,5
Interest and similar income	6,375	6,034	+5.7
Other sales revenue	7,133	6,909	+3.2
	202,458	**197,007**	**+2.8**

1 Adjusted.

The slight increase in sales revenue from the sale of vehicles by EUR 0.4 billion, or 0.3%, in 2014 was due to the reasons described in the preceding paragraph. Sales revenue from the sale of genuine parts, used vehicles and third-party products increased year-on-year by 0.6% and 5.8% driven by volume. The total sales revenues of engines, powertrains and parts deliveries increased in 2014 by EUR 1.6 billion, or 18.7%, mainly due to parts deliveries to joint ventures in China. Power Engineering reported a decrease in sales revenue of EUR 0.1 billion, or 3.0% in 2014. The decline in sales revenue resulted from the Power Plants and Turbomachinery strategic business units of MAN Diesel & Turbo in particular.

Sales revenue from the Financial Services Division's rental and leasing business primarily relates to operating lease payments and the sale of used vehicles. 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. Compared with the prior year, sales revenue from the rental and leasing business rose in 2014 by EUR 2.4 billion, or 17.5%, and revenue from interest and similar income increased in 2014 by EUR 0.3 billion, or 5.7%, both mainly due to volume-related factors.

Other sales revenue comprises revenue from workshop services, among other things. Primarily due to volume-related factors, other sales revenue increased by EUR 0.2 billion, or 3.2%, in 2014 compared with the prior year.

Volkswagen's sales revenue by division is as follows:

	Period from January 1 to December 31		Change
	2014	2013	2014/2013
	(in EUR million) (unaudited)		(%) (unaudited)
Automotive Division[1]	177,538	175,003	+1.4
Financial Services Division	24,920	22,004	+13.3
Volkswagen Group	**202,458[2]**	**197,007[2]**	**+2.8**

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

2 Audited.

The Automotive Division's sales revenue rose from EUR 175.0 billion in 2013 to EUR 177.5 billion in 2014, a 1.4% increase. The clearly negative exchange rate effects seen in the first half of the year in particular were more than offset by positive volume and mix effects. As the Chinese joint ventures are accounted for using the equity method, growth in the Chinese passenger car market is mainly reflected in the Group's sales revenue only by deliveries of vehicles and vehicle parts.

The Financial Services Division generated sales revenue of EUR 24.9 billion in 2014. The 13.3% increase over the 2013 figure was mainly attributable to higher business volumes.

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)			
2014	39,372	83,485	27,619	13,868	38,113	**202,458**
2013	37,714	79,348	27,434	17,495	35,016	**197,007**

[1] Excluding Germany.

In Germany combined with the Rest of Europe and Other Regions (including Africa), sales revenue increased 5.0% to EUR 122.9 billion due to volume-related factors. Sales revenue in North America rose 0.7% to EUR 27.6 billion; mix effects were positive, while unfavorable changes in exchange rates and decreased volumes had a negative impact. In the highly competitive South American region, the lower sales figures and negative exchange rate effects resulted in a 20.7% decrease in sales revenue to EUR 13.9 billion in 2014. Sales revenue in the Asia-Pacific region amounted to EUR 38.1 billion in 2014, with the 8.8% increase over 2013 attributable to higher volumes. These figures do not include the sales revenue generated by Volkswagen's Chinese joint ventures, since these 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
	2014	2013	2014/2013
	(in EUR million)		(%) (unaudited)
Cost of sales	165,934	161,407	+2.8
as % of sales revenue *(unaudited)*	82.0	81.9	

Cost of sales increased by EUR 4.5 billion, or 2.8%, in 2014 compared with the prior year due to increased business volumes and upfront investments in new products and drive concepts. 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 1,359 million, or 13.3%, from EUR 10,186 million in 2013 to EUR 11,545 million in 2014, in particular because of the focus on the electrification of the Volkswagen Group's vehicle portfolio, an efficient range of engines and lightweight construction.

Cost of sales includes interest expenses of EUR 1,955 million in 2014 (compared with EUR 1,948 million in 2013) attributable to the financial services business. This item also includes impairment losses on intangible assets, property, plant and equipment, and lease assets in the amount of EUR 377 million (compared with EUR 346 million in 2013). 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.

Improvements in product costs had a positive impact on earnings, while increased depreciation charges resulting from Volkswagen's significant capital expenditures and higher upfront investments in new products had a negative effect. Cost of sales in 2013 had been impacted by contingency reserves in the areas of passenger cars and power engineering.

7.5.1.3 Distribution and administrative expenses

Although distribution expenses rose by 3.2% to EUR 20.3 billion due to the increase in business, the ratio of distribution expenses to sales revenue remained unchanged. By contrast, at EUR 6.8 billion, administrative expenses declined slightly between 2013 and 2014, both as an absolute figure and as a proportion of sales revenue.

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**
	2014	**2013**	**2014/2013**
	(in EUR million)		**(%) (unaudited)**
Distribution expenses	20,292	19,655	+3.2
as % of sales revenue *(unaudited)*	10.0	10.0	
Administrative expenses	6,841	6,888	−0.7
as % of sales revenue *(unaudited)*	3.4	3.5	
	27,133	**26,543**	**+2.2**

In the Automotive Division, distribution expenses rose in 2014 as compared with 2013 and the ratio of distribution expenses to sales revenue also increased slightly. Administrative expenses decreased by 4.5% in 2014 as compared with 2013 and the ratio of administrative expenses to sales revenue decreased.

In the Financial Services Division, higher volumes and compliance with regulatory requirements led to higher distribution and administrative expenses in 2014 than in the prior year. While the ratio of administrative expenses to sales revenue increased, the ratio of distribution expenses to sales revenue declined.

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
	2014	2013	2014/2013
	(in EUR million)		(%) (unaudited)
Income from reversal of valuation allowances on receivables and other assets	559	547	+2.2
Income from reversal of provisions and accruals	2,348	2,532	−7.3
Income from foreign currency hedging derivatives	1,181	1,785	−33.8
Income from foreign exchange gains	2,323	1,758	+32.1
Income from sale of promotional material	357	256	+39.5
Income from cost allocations	1,005	909	+10.6
Income from investment property	8	17	−52.9
Gains on asset disposals and the reversal of impairment losses	134	233	−42.5
Miscellaneous other operating income	2,383	1,919	+24.2
	10,298	**9,956**	**+3.4**
as % of sales revenue *(unaudited)*	5.1	5.1	

Other operating income increased by EUR 342 million, or 3.4%, in 2014, mainly due to currency-related factors, among other things. 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. 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
	2014	2013	2014/2013
	(in EUR million)		(%) (unaudited)
Valuation allowances on receivables and other assets	1,150	1,442	−20.2
Losses from foreign currency hedging derivatives	1,003	985	+1.8
Foreign exchange losses	1,972	2,486	−20.7
Expenses from cost allocations	566	408	+38.7
Expenses for termination agreements	193	76	>+100.0
Losses on disposal of noncurrent assets	105	151	−30.5
Miscellaneous other operating expenses	2,004	1,796	+11.6
	6,992	**7,343**	**−4.8**
as % of sales revenue *(unaudited)*	3.5	3.7	

Other operating expenses decreased by EUR 0.4 billion, or 4.8%, in particular due to currency and business-related factors.

7.5.1.6 Operating profit

In 2014, the Volkswagen Group generated an operating profit of EUR 12.7 billion, EUR 1.0 billion, or 8.8%, higher than in 2013. Positive volume and mix effects, as well as control of product costs, were able to offset negative exchange rate effects, increased depreciation charges, higher research and development costs, and greater fixed costs due to growth factors. Operating profit in 2013 had been negatively impacted by contingency reserves. The operating return on sales improved from 5.9% in 2013 to 6.3% in 2014.

Volkswagen's operating profit by division is as follows:

	Period from January 1 to December 31		Change
	2014	**2013**	**2014/2013**
	(in EUR million) (unaudited)		**(%) (unaudited)**
Automotive[1]	10,780	9,807	+9.9
as % of sales revenue of the Automotive Division[2]	6.1	5.6	
Financial Services	1,917	1,863	+2.9
as % of sales revenue of the Financial Services Division[2]	7.7	8.5	
Volkswagen Group	**12,697[3]**	**11,671[3]**	**+8.8**
as % of Group sales revenue[2]	6.3	5.9	

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

2 Operating return on sales.

3 Audited.

The Automotive Division's operating profit rose by EUR 1.0 billion, or 9.9%, to EUR 10.8 billion in 2014. The division recorded an operating return on sales of 6.1% in 2014 compared with 5.6% in 2013. The growth of the Chinese joint ventures is reflected in the Group's operating profit only by deliveries of vehicles and vehicle parts, as well as license revenue. The profit recorded by the joint venture companies is accounted for in the financial result using the equity method.

The Passenger Cars Business Area generated an operating profit of EUR 9.8 billion, 9.1% higher than the EUR 9.0 billion recorded in 2013. The operating return on sales was 6.8% in 2014 compared with 6.4% in 2013. In 2014, initially unfavorable exchange rate trends, higher depreciation charges as a result of the Group's significant capital expenditures, increased research and development costs — in particular for new drive concepts — and higher fixed costs due to growth factors had a negative impact. However, these effects were offset by increased volumes, improvements in the mix and lower product costs.

In the Commercial Vehicles/Power Engineering Business Area, operating profit improved to EUR 0.9 billion in 2014 compared with EUR 0.8 billion in 2013, while the operating return on sales amounted to 2.8% in 2014 compared with 2.3% in 2013. The difficult conditions in South America and Russia, as well as increased competitive pressure on prices and margins, had a negative impact. At EUR 44 million, operating profit in the Power Engineering segment in 2014 exceeded the prior-year figure of EUR −250 million, which had been impacted by project-specific contingency reserves.

Operating profit in the Financial Services Division rose by 2.9% from 2013 to EUR 1.9 billion in 2014, with the division again making a significant contribution to the Group's success. The increase was mainly due to higher business volumes. Aside from compliance with regulatory requirements, the main challenge in

2014 was the ongoing pressure on margins. The operating return on sales declined from 8.5% in 2013 to 7.7% in 2014. The return on equity before tax was 12.5% in 2014, as compared with 14.3% in 2013.

7.5.1.7 Financial result

Volkswagen's financial result increased by EUR 1.3 billion, or more than 100%, from EUR 0.8 billion in 2013 to EUR 2.1 billion in 2014.

The Automotive Division's financial result rose by EUR 1.4 billion to EUR 2.0 billion, including allocation of consolidation adjustments between the Automotive and Financial Services divisions.

The financial result of the Financial Services Division decreased from EUR 102 million in 2013 to EUR 48 million in 2014. 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
	2014	**2013**	**2014/2013**
	(in EUR million)		**(%) (unaudited)**
Share of profits of equity-accounted investments	4,007	3,652	+9.7
of which: from joint ventures	3,976	3,635	+9.4
of which: from associates	30	17	+76.5
Share of losses of equity-accounted investments	19	64	−70.3
of which: from joint ventures	6	6	0.0
of which: from associates	13	58	−77.6
	3,988	**3,588**	**+11.1**

The share of profits and losses of equity-accounted investments increased by EUR 0.4 billion in 2014 mainly due to the positive development of the Chinese joint ventures.

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 a proportionate operating profit of EUR 5,182 million in 2014, a 20.6% increase over the EUR 4,296 million amount in 2013.

7.5.1.9 *Finance costs*

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

	Period from January 1 to December 31		Change
	2014	**2013**	**2014/2013**
	(in EUR million)		**(%) (unaudited)**
Other interest and similar expenses	1,435	1,494	−3.9
Interest cost included in lease payments	18	19	−5.3
Interest expenses	**1,453**	**1,513**	**−4.0**
Net interest on the net defined benefit liability	788	752	+4.8
Interest cost on other liabilities	417	101	>+100.0
Interest cost on liabilities	**1,205**	**853**	**+41.3**
Finance costs	**2,658**	**2,366**	**+12.3**

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 292 million, or 12.3%, increase in finance costs in 2014 compared with the prior year was primarily due to increased 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
	2014	**2013**	**2014/2013**
	(in EUR million)		**(%) (unaudited)**
Income from profit and loss transfer agreements	20	18	+11.1
Cost of loss absorption	12	5	>+100.0
Other income from equity investments	251	69	>+100.0
Other expenses from equity investments	189	50	>+100.0
Income from marketable securities and loans[1]	86	147	−41.5
Other interest and similar income	749	786	−4.7
Gains and losses from fair value remeasurement and impairment of financial instruments	−72	−453	+84.1
Gains and losses from fair value changes of derivatives not included in hedge accounting	−181	−943[2]	+80.8
Gains and losses from fair value changes of derivatives included in hedge accounting	114	−33	>+100.0
Other financial result	**767**	**−465**	**>+100.0**

1 Including disposal gains / losses.

2 Adjusted.

The other financial result increased by EUR 1.2 billion in 2014 compared with the prior year. The increase was due primarily to lower expenses from the measurement of derivative financial instruments at the December 31, 2014 balance sheet date, while the figures for 2013 were impacted by expenses in connection with the control and profit and loss transfer agreement with MAN. Following the opening of the award proceedings in connection with the control and profit and loss transfer agreement with MAN in July 2013, the expected present value of the minimum statutory interest rate was recognized in the other financial result (EUR 0.5 billion). The movement in gains and losses from fair value changes of derivatives not included in hedge accounting is mainly due to currency movements, which influence the valuation of the Volkswagen Group's derivatives.

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
	2014	**2013**	**2014/2013**
	(in EUR million)		**(%) (unaudited)**
Current tax expense, Germany	2,073	2,173	−4.6
Current tax expense, abroad	1,559	1,560	−0.1
Current income tax expense	**3,632**	**3,733**	**−2.7**
of which prior-period income/expense	−230	278	>−100.0
Deferred tax income/expense, Germany	−145	−334	+56.6
Deferred tax income/expense, abroad	239	−116	>+100.0
Deferred tax income/expense	**94**	**−449**	**>+100.0**
Income tax income/expense	**3,726**	**3,283**	**+13.5**

Income tax expense decreased by EUR 443 million, or 13.5%, in 2014 compared with the prior year. The tax expense of EUR 3,726 million reported for 2014 was EUR 683 million lower than the expected tax expense of EUR 4,409 million that would have resulted from application of a tax rate applicable to undistributed profits of 29.8% to the profit before tax of the Volkswagen Group. This resulted primarily from tax-exempt income. A tax rate of 29.8% was used to measure deferred taxes in the German consolidated tax group in 2014 and 2013.

7.5.2 Results of Operations — 2013 compared with 2012

7.5.2.1 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[1]	134,537	+0.2
Genuine parts	13,564	12,070	+12.4
Used vehicles and third-party products	8,973[1]	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**

1 These figures were adjusted in the Company Annual Financial Statements for 2014.

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		Change 2013/2012
	2013	2012	
	(in EUR million) (unaudited)		(%) (unaudited)
Automotive Division[1]	175,003	172,822	+1.3
Financial Services Division	22,004	19,854	+10.8
Volkswagen Group	**197,007[2]**	**192,676[2]**	**+2.2**

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

2 Audited.

The Automotive Division's sales revenue increased by EUR 2.2 billion, or 1.3%, 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.

7.5.2.2 *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 2013/2012
	2013	2012[1]	
	(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.

7.5.2.3 *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 2013/2012
	2013	2012[1]	
	(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 billion in 2012 to EUR 2.3 billion in 2013, or by 13.7%, 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.

7.5.2.4 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
	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 net reversal of provisions and accruals. In the Automotive Division, currency-related factors led to an improvement in net other operating income from EUR 2.3 billion in 2012 to EUR 3.6 billion in 2013. Net 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.

7.5.2.5 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 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 1,199 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.

7.5.2.6 Operating profit

Volkswagen's operating profit by division is as follows:

	Period from January 1 to December 31		Change 2013/2012
	2013	**2012[1]**	
	(in EUR million) **(unaudited)**		**(%)** **(unaudited)**
Automotive[2]	9,807	9,913	−1.1
as % of sales revenue of the Automotive Division	5.6	5.7	
Financial Services	1,863	1,585	+17.6
as % of sales revenue of the Financial Services Division	8.5	8.0	
Volkswagen Group	**11,671[3]**	**11,498[3]**	**+1.5**
as % of Group sales revenue	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.

3 Audited.

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.

7.5.2.7 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.

7.5.2.8 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
	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 a proportionate operating profit of EUR 4,296 million in 2013, a 16.8% increase over the EUR 3,678 million amount in 2012.

7.5.2.9 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.

7.5.2.10 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.

7.5.2.11 Income tax income/expense

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

	Period from January 1 to December 31		Change
	2013	**2012**[1]	**2013/2012**
	(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.

7.6 Liquidity and Capital Resources

7.6.1 Sources of liquidity

Volkswagen primarily uses retained earnings and the capital and money markets as sources of refinancing by issuing bonds, commercial paper and notes, asset-backed securities (''**ABS**'') and deposits from the direct banking business.

In the capital market, Volkswagen successfully placed mandatory convertible notes in November 2012 and June 2013 as well as undated subordinated, or hybrid, notes in September 2013 and March 2014.

The following table sets forth information regarding the mandatory convertible notes.

Date of issuance	Mandatory Convertible Notes		
	Maturity	Coupon	Amount
November 9, 2012	November 9, 2015	5.50%	EUR 2,500,000,000
June 17, 2013	November 9, 2015	5.50%	EUR 1,200,000,000

The following table sets forth information regarding the issuance of undated subordinated, or hybrid, notes.

Date of issuance	Undated Subordinated Notes			
	First Call Date[1]	Relevant Swap Rate	Coupon	Amount
September 4, 2013	September 4, 2018	5 year	3.875%	EUR 1,250,000,000
September 4, 2013	September 4, 2023	10 year	5.125%	EUR 750,000,000
March 24, 2014	March 24, 2021	7 year	3.75%	EUR 1,250,000,000
March 24, 2014	March 24, 2026	12 year	4.625%	EUR 1,750,000,000

1 Beginning on the First Call Date for each issuance, the coupon will be calculated based upon the relevant swap rate plus a margin.

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 was extended through July 2018. On April 29, 2015 Volkswagen extended this syndicated credit facility in the same amount until April 2020 and has an option to extend the facility by a further year in 2016. Other Volkswagen Group companies have obtained syndicated credit lines totaling EUR 3.1 billion. Neither Volkswagen AG's nor the Volkswagen Group companies' syndicated credit lines had been drawn down in whole or in part as of December 31, 2014. In addition, Volkswagen Group companies have arranged committed bilateral credit lines with national and international banks in various other countries in the amount of EUR 12.5 billion, of which EUR 2.2 billion had not been drawn down as of December 31, 2014.

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).

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. 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. This extensive range of options means that the liquidity risk to the Volkswagen Group is extremely low.

7.6.2 Cash flows

The following table presents the main items in Volkswagen's cash flow statements for the years ended December 31, 2014, 2013 and 2012:

	For the year ended December 31,		
	2014	**2013**	**2012**
	(in EUR million)		
Cash and cash equivalents at beginning of period	**22,009**	**17,794**	**16,495**
Profit before tax	14,794	12,428	25,487
Income taxes paid	−4,040	−3,107	−5,056
Cash flows from operating activities	**10,784**	**12,595**	**7,209**
Cash flows from investing activities	**−19,009**	**−16,890**	**−19,482**
Cash flows from financing activities	**4,645**	**8,973**	**13,712**
Effect of exchange rate changes on cash and cash equivalents	294	−462	−141
Net change in cash and cash equivalents	**−3,375**	**4,216**	**1,298**
Cash and cash equivalents at end of period	**18,634**	**22,009**	**17,794**
Securities, loans and time deposits	18,893	17,177	14,352

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, amortization and impairment losses) and income. This results in cash flows from operating activities after accounting for changes in working capital, which also include changes in lease assets and in financial services receivables.

The Volkswagen Group generated gross cash flow of EUR 26.5 billion in 2014, 8.8% above the 2013 level. Funds tied up in working capital increased by EUR 4.0 billion to EUR 15.8 billion due to volume-related factors and a stronger performance by the financial services business. As a result, cash flows from operating activities amounted to EUR 10.8 billion in 2014 compared with EUR 12.6 billion in 2013). The Automotive Division's gross cash flow amounted to EUR 20.2 billion in 2014 compared with EUR 18.7 billion in 2013. The year-on-year increase was primarily due to earnings-related factors. In 2014, EUR 1.4 billion was released from working capital, which was slightly less than the EUR 1.9 billion released from working capital in 2013, due to volume-related factors. Cash flows from operating activities increased by EUR 1.0 billion to EUR 21.6 billion in 2014. The Financial Services Division's gross cash flow rose by 11.7% year-on-year to EUR 6.4 billion in 2014 due to improved earnings quality. Funds tied up in working capital increased to EUR 17.2 billion in 2014 (compared with EUR 13.7 billion in 2013) due to growth in business volumes.

The gross cash flow of the Volkswagen Group in 2013 was EUR 24.4 billion, EUR 4.3 billion, or 21.5%, more than in 2012. The year-on-year increase was due to earnings-related factors 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. Cash flows from operating activities rose by EUR 5.4 billion, or 74.7%, in 2013 compared to 2012. 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. The Financial Services Division's gross cash flow was EUR 5.7 billion in 2013, or 32.6% higher than in 2012, due to earnings-related factors. Funds tied up in working capital increased slightly to EUR 13.7 billion (2012: EUR 13.3 billion) as a result of volume growth.

7.6.2.2 *Cash flows from investing activities*

Investing activities include investing activities attributable to operating activities (additions to property, plant and equipment and equity investments, additions to capitalized development costs) and investments in securities and loans.

At EUR 16.5 billion, the Volkswagen Group's investing activities attributable to operating activities in 2014 were 10.2% above the 2013 level of EUR 14.9 billion. Investments in property, plant and equipment, investment property and intangible assets, excluding capitalized development costs (capex) increased to EUR 12.0 billion in 2014 (compared with EUR 11.4 billion in 2013), while capitalized development costs rose to EUR 4.6 billion (compared with EUR 4.0 billion in 2013). In the Automotive Division, investing activities attributable to operating activities were lower, at EUR 15.5 billion in 2014 compared with EUR 16.2 billion in 2013. Capex rose to EUR 11.5 billion in 2014 (compared with EUR 11.0 billion in 2013), resulting in a capex ratio of 6.5% in 2014 (compared with 6.3% in 2013). Volkswagen invested mainly in its production facilities and in models that were launched in 2014 or are planned for launch in 2015. These are primarily vehicles in the Golf, Passat, Touran, Audi A3, Audi A4, Audi TT, Audi Q7, ŠKODA Fabia and ŠKODA Superb series, as well as the Porsche Macan and the Porsche Panamera. Other investment priorities were the ecological focus of the model range, the growing use of electric drives and the modular toolkits. At EUR 4.6 billion, capitalized development costs were higher in 2014 than in 2013 (EUR 4.0 billion). In the Financial Services Division, mainly because of increased capex and the intragroup acquisition of MAN Finance International GmbH from MAN, investing activities attributable to operating activities recorded a cash outflow of EUR 1.0 billion. In the previous year, the sale of the interest in LeasePlan Corporation N.V. Amsterdam, The Netherlands (''**LeasePlan**'') to Volkswagen AG had led to a cash inflow.

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 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.

7.6.2.3 *Cash flows from financing activities*

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.

Cash inflows from financing activities in 2014 amounted to EUR 4.6 billion compared with EUR 9.0 billion in 2013. The purchase price for the Scania shares acquired — reported as a capital transaction with noncontrolling interests — was recognized in the amount of EUR 6.5 billion. The placement of dual-tranche hybrid notes with an aggregate principal amount of EUR 3.0 billion via Volkswagen International Finance N.V. in March 2014 resulted in a cash inflow. The placement consisted of a EUR 1.25 billion note that carries a coupon of 3.750% 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 among other factors. EUR 3.0 billion of the hybrid notes was classified as a capital contribution, which increased net liquidity. The capital increase implemented in June 2014 by issuing new preferred shares in the amount of EUR 2.0 billion also had a positive impact. The dividend paid out to the shareholders of Volkswagen AG rose by EUR 0.2 billion to EUR 1.9 billion.

Volkswagen AG carried out a capital increase at Volkswagen Financial Services AG in the first quarter of 2014 in order to finance the growth in business volumes and meet regulatory capital requirements. The capital increase resulted in an increase in the Financial Services Division of EUR 2.3 billion and a corresponding outflow from financing activities in the Automotive Division.

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.

7.6.2.4 Cash and cash equivalents

Cash and cash equivalents were EUR 18.6 billion as of December 31, 2014, compared with EUR 22.0 billion as of December 31, 2013 and EUR 17.8 billion as of December 31, 2012.

7.6.2.5 Noncurrent and current financial services receivables

The following table shows noncurrent and current financial services receivables as of December 31, 2014, 2013 and 2012:

	December 31			Change	Change
	2014	**2013**	**2012**	**2014/2013**	**2013/2012**
	(in EUR million)			(%) (unaudited)	
Noncurrent receivables from financing business	**43,252**	**37,334**	**35,791**	**+15.9**	**+4.3**
of which:					
customer financing	41,681	35,965	34,460	+15.9	+4.4
dealer financing	1,570	1,368	1,330	+14.8	+2.9
direct banking	1	1	1	—	—
Current receivables from financing business	**34,704**	**29,839**	**28,832**	**+16.3**	**+3.5**
of which:					
customer financing	21,163	17,998	17,277	+17.6	+4.2
dealer financing	13,343	11,658	11,389	+14.5	+2.4
direct banking	198	183	167	+8.2	+9.6
	77,956	**67,173**	**64,624**	**+16.1**	**+3.9**

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, Porsche or Porsche Holding), see "*Business of the Volkswagen Group — Volkswagen's Divisions and their Products and Services — Financial Services Division*".

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*".

The following table shows receivables from customer financing, receivables from dealer financing, receivables from the operating lease business and receivables from finance leases as of December 31, 2014, 2013 and 2012:

	2014	2013	2012	Change 2014/2013	Change 2013/2012
	(in EUR million)			(%) (unaudited)	
Receivables from customer financing	**62,844**	**53,963**	**51,737**	**+16.5**	**+4.3**
of which:					
Noncurrent receivables	41,681	35,965	34,460	+15.9	+4.4
Current receivables	21,163	17,998	17,277	+17.6	+4.2
Receivables from dealer financing	**14,913**	**13,026**	**12,719**	**+14.5**	**+2.4**
of which:					
Noncurrent receivables	1,570	1,368	1,330	+14.8	+2.9
Current receivables	13,343	11,658	11,389	+14.5	+2.4
Receivables from operating lease business	**281**	**214**	**204**	**+31.3**	**+4.9**
of which:					
Noncurrent receivables	—	—	—	—	—
Current receivables	281	214	204	+31.3	+4.9
Receivables from finance leases	**24,038**	**22,196**	**21,868**	**+8.3**	**+1.5**
of which:					
Noncurrent receivables	14,625	13,864	13,994	+5.5	−0.9
Current receivables	9,413	8,332	7,875	+13.0	+5.8

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, Porsche or Porsche Holding), see "*Business of the Volkswagen Group — Volkswagen's Divisions and their Products and Services — Financial Services Division*".

The increase in receivables from customer financing in 2014 and 2013 was primarily due to business expansion and positive currency effects. Receivables from dealer financing, receivables from the operating lease business and receivables from finance leases increased in 2014 and 2013, primarily due to business expansion.

The receivables from customer and dealer financing are collateralized by vehicles or real property liens. Refer to note 16 to the Company Annual Financial Statements for additional information relating to the financing receivables.

7.7 Sources of Refinancing and Other Sources of Liquidity

The following table presents Volkswagen's total debt (sum of noncurrent and current liabilities) as of December 31, 2014, 2013 and 2012:

	As of December 31,		
	2014	2013	2012
	(in EUR million)		
Total debt	261,020	234,297	227,523
Of which non-current	130,314	115,672	121,996
Of which current	130,706	118,625	105,526

The following table presents an overview of Volkswagen's noncurrent and current financial liabilities as of December 31, 2014, 2013 and 2012:

	December 31					
	2014		2013		2012	
	current	non-current	current	non-current	current	non-current
			(in EUR million)			
Bonds	19,586	42,852	16,645	39,677	12,822	36,883
Commercial paper and notes	10,053	13,787	9,281	11,953	9,206	12,687
Liabilities to banks	11,109	9,692	11,305	7,659	9,670	10,621
Deposit business	24,353	980	22,310	1,015	21,974	1,943
Loans and miscellaneous liabilities	429	743	396	850	355	1,074
Bills of exchange	—	—	—	—	0	—
Finance lease liabilities	34	362	50	363	33	396
	65,564	**68,416**	**59,987**	**61,517**	**54,060**	**63,603**

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.

The deposits from direct banking business contained in the Volkswagen Group's financial liabilities of EUR 134.0 billion in 2014 (2013: EUR 121.5 billion; 2012: EUR 117.7 billion) decreased by EUR 0.1 million (2013: EUR 5.5 million) as a result of a fair value adjustment from portfolio hedging.

Structured entities are used to enter into asset-backed securities transactions to refinance the financial services business and to invest surplus liquidity in special securities funds. Receivables from the customer financing and the leasing business serve as collateral.

Asset-backed securities transactions amounting to EUR 19,301 million were entered into in 2014 (compared with EUR 15,575 million in 2013) to refinance the financial services business; these are included in bonds, commercial paper and notes, and liabilities from loans. The corresponding carrying amount of the receivables from the customer and dealer financing and the finance lease business amounted to EUR 21,485 million in 2014 (compared with EUR 18,897 million in 2013). Collateral furnished in asset-backed securities transactions amounted to EUR 28,192 million in total in 2014 (compared with EUR 24,820 million in 2013). These asset-backed securities transactions did not result in the receivables from financial services business being derecognized, as the Group retains nonpayment and late payment risks. The difference between the assigned receivables and the related liabilities is the result of different terms and conditions and the share of the securitized paper and notes held by the Volkswagen Group itself.

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. The assigned receivables cannot be assigned again or pledged elsewhere as collateral. The claims of the holders of commercial paper and notes are limited to the assigned receivables and the receipts from those receivables are earmarked for the repayment of the corresponding liability. As of December 31, 2014, the fair value of the assigned receivables still recognized in the balance sheet was EUR 22,102 million compared with EUR 19,664 million as of December 31, 2013. The fair value of the related liabilities was EUR 19,480 million at December 31, 2014 (December 31, 2013: EUR 15,879 million).

The following overview illustrates the utilization of the Volkswagen Group's money and capital market programs as of December 31, 2014:

	Authorized volume on December 31, 2014	Amount utilized on December 31, 2014
	(in EUR billion)	
Commercial paper	26.7	4.6
Bonds	117.4	61.8
of which hybrid issues		5.0
Asset-backed securities	55.4	28.0

In 2014, 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 3.5% (2013: between 0.1% and 4.0%; 2012: between 0.3% and 4.0%). The average interest rate for overnight deposit accounts was 0.5% as of December 31, 2014 (December 31, 2013: 0.6%; December 31, 2012: 1.1%).

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, 2014, 2013 and 2012:

	As of December 31,		
	2014	2013	2012
	(in EUR million)		
Liabilities under guarantees	674	847	846
Liabilities under warranty contracts	58	155	96
Assets pledged as security for third-party liabilities	1,411	1,468	1,487
Other contingent liabilities	2,359	1,750	2,188
	4,502	**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 amounted to EUR 802 million as of December 31, 2014 (December 31, 2013: EUR 601 million; December 31, 2012: EUR 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 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 1.4 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, 2014, 2013 and 2012:

	As of December 31,		
	2014	**2013**	**2012**
	(in EUR million)		
Purchase commitments in respect of			
property, plant and equipment	10,350	8,658	7,925
intangible assets	1,140	925	525
investment property	2	10	1
Obligations from			
loan commitments to unconsolidated subsidiaries	279	107	95
irrevocable credit commitments to customers	4,025	3,348	3,183
long-term leasing and rental contracts	5,721	5,333	4,963
Miscellaneous other financial obligations	5,768	5,988	5,412

The other financial obligations from long-term leasing and rental contracts are partly offset by expected income from subleases in the amount of EUR 968 million as of December 31, 2014 (December 31, 2013: EUR 902 million; December 31, 2012: EUR 626 million).

The miscellaneous other financial obligations contain obligations under an irrevocable credit commitment to LeasePlan in the amount of EUR 1.3 billion and with a term until December 2015. As of December 31, 2014 the loan had not been drawn down.

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 price and the present value of the 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 59,935 million as of December 31, 2014 (December 31, 2013: EUR 59,243 million; December 31, 2012: EUR 59,112 million). Of this total, EUR 16,967 million was attributable to brand names (December 31, 2013: EUR 17,029 million; December 31, 2012: EUR 17,079 million), EUR 23,577 million to goodwill (December 31, 2013: EUR 23,730 million; December 31, 2012: EUR 23,889 million), EUR 6,413 million to capitalized development costs for products under development (December 31, 2013: EUR 5,063 million; December 31, 2012: EUR 3,599 million) and EUR 9,324 million to capitalized development costs for products in use (December 31, 2013: EUR 9,139 million; December 31, 2012: EUR 9,262 million). The reported brand names mainly relate to Porsche (EUR 13,823 million), Scania Vehicles and Services (EUR 1,036 million), MAN Truck & Bus (EUR 1,127 million), MAN Diesel & Turbo (EUR 415 million) and Ducati (EUR 404 million).

EUR 18,825 million of the goodwill reported as of December 31, 2014 related to Porsche (December 31, 2013: EUR 18,825 million; December 31, 2012: EUR 18,825 million), EUR 2,978 million to Scania Vehicles and Services (December 31, 2013: EUR 3,158 million; December 31, 2012: EUR 3,260 million), EUR 595 million to MAN Truck & Bus (December 31, 2013: EUR 576 million; December 31, 2012: EUR 708 million), EUR 250 million to MAN Diesel & Turbo (December 31, 2013: EUR 247 million; December 31, 2012: EUR 257 million), EUR 290 million to Ducati (December 31, 2013: EUR 290 million; December 31, 2012: EUR 290 million), EUR 146 million to ŠKODA (December 31, 2013: EUR 148 million; December 31, 2012: EUR 161 million) and EUR 191 million to Porsche Holding (December 31, 2013: EUR 181 million; December 31, 2012: 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 1.0% is applied to the cost of capital in individual cases. Country-specific and business-specific discount factors before tax of at least 6.1% (2013: 6.6%; 2012: 6.6%) for the passenger cars segment, 9.8% (2013: 11.2%; 2012: 10.5%) for the commercial vehicles segment and 12.6% (2013: 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 2014 (2013: EUR 0.2 billion; 2012: EUR 0.1 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. 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 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 "— *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 on a regular basis and adjusted if required.

Depreciation was based mainly on the following useful lives:

	Useful life
Buildings	25 to 50 years
Site improvements	10 to 20 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. 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 profit or loss.

7.9.6 Lease 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 2014 amounted to EUR 121 million (2013: EUR 107 million; 2012: EUR 99 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 other observable inputs as far as possible. If no observable inputs are available, 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. 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
	2014	2013	2012	2014/2013	2013/2012
	(in EUR million)			(%) (unaudited)	
Financial assets	32	32	119	—	−73.1
Financial liabilities	249	218	60	+14.2	>+100.0

Financial liabilities measured using Level 3 inputs increased in 2013 and 2014, in each case compared with the prior year, due to several factors. The transfers out of Level 3 consisted of commodity futures for which observable quoted prices are now available for measurement purposes due to the decline in their remaining maturities; consequently, no extrapolation of fair value is 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, financial liabilities and other receivables and financial assets

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.

Other receivables and financial assets (except for derivatives) are recognized at amortized cost.

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"). Appropriate derivatives such as swaps, forward transactions and options are used as 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 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 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 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. 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.

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.

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.

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 for tax loss carryforwards are usually measured on the basis of future taxable income over a planning period of five fiscal years. 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 in retained earnings in other comprehensive income, 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		
	2014	**2013**	**2012**	**2014**	**2013**	**2012**
			(%)[1]			
Discount rate at December 31	2.30	3.70	3.20	4.35	5.51	4.66
Payroll trend	3.33	3.36	2.78	3.43	3.24	3.87
Pension trend	1.80	1.80	1.80	2.60	3.02	2.29
Employee turnover rate	0.99	1.03	1.02	3.38	3.76	4.22
Annual increase in health care costs	—	—	—	4.67	5.51	6.08

1 Weighted average values have been given for all assumptions.

Refer to note 29 to each of the Company Annual Financial Statements for 2014, 2013 and 2012 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 *ex gratia* payments are recognized at the balance sheet.

Refer to note 30 to each of the Company Annual Financial Statements for 2014, 2013 and 2012 for additional information on other provisions.

7.10 Related Party Transactions

Volkswagen's related party transactions are described under "*Related Party Transactions*", note 43 to the Company Annual Financial Statements for 2014 and note 42 to each of the Company Annual Financial Statements for 2013 and 2012.

7.11 Recent Accounting Pronouncements

Volkswagen Aktiengesellschaft has complied with all International Financial Accounting Standards (IFRSs) as adopted by the EU in effect for periods beginning on or after January 1, 2014.

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.

The following table sets forth information regarding the notes previously issued by Volkswagen Group of America Finance, LLC.

	Rule 144A Notes		
Date of issuance	**Maturity**	**Coupon**	**Amount**
November 20, 2014	November 20, 2017	1.600%	USD 750,000,000
November 20, 2014	November 20, 2019	2.450%	USD 750,000,000
November 20, 2014	November 20, 2017	3 month USD LIBOR + 0.44%	USD 500,000,000
May 23, 2014	May 23, 2017	1.250%	USD 1,450,000,000
May 23, 2014	May 23, 2019	2.125%	USD 1,000,000,000
May 23, 2014	May 23, 2017	3 month USD LIBOR + 0.37%	USD 500,000,000
May 23, 2014	May 23, 2016	3 month USD LIBOR + 0.22%	USD 250,000,000
May 23, 2014	November 23, 2015	3 month USD LIBOR + 0.17%	USD 300,000,000

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 2014, Volkswagen Group achieved sales revenue of EUR 202,458 million, operating profit of EUR 12,697 million and profit after tax of EUR 11,068 million. Volkswagen Group delivered 10,137 thousand vehicles to its customers worldwide in 2014.

Volkswagen Group consists of two divisions: the Automotive Division and the Financial Services Division. The activities of the Automotive Division comprise the development of vehicles and engines, the production and sale of passenger cars, light commercial vehicles, trucks, buses and motorcycles, as well as the genuine parts, large-bore diesel engines, turbomachinery, special gear units, propulsion components and testing systems businesses. The Financial Services Division combines dealer and customer financing, leasing, banking and insurance activities, fleet management and mobility offerings.

The following table provides an overview of the sales volume (including the joint venture companies in China), sales revenue and operating profit for Volkswagen's Divisions during the years ended December 31, 2014, 2013 and 2012:

	Unit sales[1]			Sales revenue[1]			Operating profit[1]		
	2014	2013	2012	2014	2013	2012	2014	2013	2012[2]
	(Thousand vehicles)			(EUR million)			(EUR million)		
Volkswagen Group[3]	10,217	9,728	9,345	202,458[4]	197,007[4]	192,676[4]	12,697[4]	11,671[4]	11,498[4]
of which:									
Automotive Division[5]	10,217	9,728	9,345	177,538	175,003	172,822	10,780	9,807	9,913
Financial Services Division	—	—	—	24,920	22,004	19,854	1,917	1,863	1,585

1 Unaudited except where indicated.

2 Adjusted to reflect application of IAS 19R.

3 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 proportionate operating profits of EUR 5,182 million, EUR 4,296 million and EUR 3,678 million for the years ended December 31, 2014, 2013 and 2012, respectively.

4 Audited.

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

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, 2014:

	Passenger Cars	Commercial Vehicles	Power Engineering	Financial Services	Total segments	Reconciliation	Volkswagen Group
				(EUR million)			
Sales revenue	164,065	30,205	3,732	24,920	222,922	−20,464	202,458
Segment profit or loss (operating profit or loss)	11,578	901	44	1,917	14,439	−1,742	12,697
as a percentage of sales revenue	7.1	3.0	1.2	7.7			6.3

The Group consists of twelve brands with their origins in seven European countries: Volkswagen Passenger Cars, Audi, SEAT, ŠKODA, Bentley, Bugatti, Lamborghini, Porsche, Ducati, Volkswagen Commercial Vehicles, Scania and MAN. Each brand has its own character and operates as an independent entity in the market. The product spectrum ranges from motorcycles to low-consumption small cars and luxury vehicles. In the commercial vehicle sector, the products include pick-ups, buses and heavy trucks. As of December 31, 2014, Volkswagen Group's product range comprised around 335 passenger car, commercial vehicle and motorcycle models, and their derivatives.

Volkswagen Group is also active in other fields of business, manufacturing large-bore diesel engines, turbomachinery, special gear units, propulsion components and testing systems for the mobility sector. In addition, the Volkswagen Group offers a wide range of financial services, including dealer and customer financing, leasing, banking and insurance activities, fleet management and mobility offerings.

Volkswagen sells vehicles in more than 150 countries. The primary markets for its automobiles are Europe, Asia-Pacific and the Americas.

The following table presents the regional markets for Volkswagen's products and services and the percentages of sales revenue from third parties during the years ended December 31, 2014, 2013 and 2012 (in each case not including the Chinese joint ventures):

	Sales revenue from third parties[1]		
	2014	**2013**	**2012**
		(%)	
Germany	19.4	19.1	19.6
Europe and Other Regions (excluding Germany)	41.2	40.3	40.3
North America	13.6	13.9	13.0
South America	6.8	8.9	9.5
Asia-Pacific	18.8	17.8	17.6

1 Unaudited.

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, Dr. Ing. h.c. F. Porsche AG (''**Porsche AG**''), Scania AB (''**Scania**''), MAN SE (''**MAN**''), 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, 2015:

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	100%	100%
MAN SE, Munich	Germany	74.04%	75.28%
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%

Volkswagen launched a cash tender offer in March 2014 for all of the shares of Scania not already held directly or indirectly by Volkswagen. Volkswagen held 99.57% of the shares and 99.66% of the voting rights in Scania as of December 31, 2014. See ''— *Transactions Involving Scania and MAN — Scania*''. As of December 31, 2014, Volkswagen indirectly held 75.28% of the voting rights and 74.04% of the share capital of MAN and had entered into a control and profit and loss transfer agreement with MAN. Volkswagen indirectly held 49.9% of the share capital of 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 had an average of 583,423 employees worldwide (including the Chinese joint ventures) in 2014.

9.2 Transactions Involving Scania and MAN

9.2.1 Scania

On March 14, 2014, Volkswagen AG published an offer to the shareholders of Scania Aktiebolag, Södertälje, 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 offered SEK 200 for each Scania share, regardless of share class. One of the conditions of the offer was that it resulted in the Volkswagen Group holding more than 90 percent of the total number of Scania shares.

Starting on May 7, 2014, Volkswagen acquired a total of 2.4 million Scania shares outside the offer (10,941 A shares and 2,400,679 B shares). This corresponds to 0.30% of Scania shares and 0.06% of the voting rights.

The condition for the Volkswagen Group to hold more than 90% of the total number of Scania shares was satisfied on May 13, 2014, and Volkswagen initiated a squeeze-out for the Scania shares that were not tendered in the course of the offer.

At the end of the second extended acceptance period on June 5, 2014, the number of shares tendered under the terms of the offer, together with the shares already held by Volkswagen either directly or indirectly, amounted to a total of 796.6 million Scania shares, comprising 398.7 million A shares and 397.8 million B shares. This corresponds to 99.57% of Scania shares and 99.66% of the voting rights. Scania shares were delisted from the NASDAQ OMX Stockholm at the end of June 5, 2014.

The court of arbitration with jurisdiction has now decided that the remaining shares will be transferred to Volkswagen. On January 14, 2015, it was confirmed to Volkswagen that the period for appealing against this decision had ended. As of that date, Volkswagen controls 100% of the shares in Scania. A judicial decision has yet to be taken on the appropriate settlement. Volkswagen has paid the undisputed redemption amount to the noncontrolling interest shareholders in Scania, consisting of SEK 200 plus interest of SEK 5.02 per share for the period from May 13, 2014 until the payment date of April 21, 2015. See ''— *Volkswagen's Divisions and their Products and Services — Volkswagen's brands — Scania*'' and ''*Management's Discussion and Analysis of Financial Condition and Results of Operations — Basis of Presentation — Scania*''.

9.2.2 MAN

Volkswagen acquired a majority stake in MAN on November 9, 2011 under the terms of a mandatory public offer. Following its approval by the Annual General Meeting of MAN 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, 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 control and profit and loss transfer agreement sets out that the noncontrolling interest shareholders of MAN are entitled under the AktG to either a cash settlement or cash compensation. 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 in accordance with section 305 of the AktG and the cash compensation in accordance with section 304 of the AktG for the noncontrolling interest shareholders of MAN attributable to the control and profit and loss transfer agreement between MAN and Truck & Bus GmbH. It is not possible to predict the exact duration of the proceedings. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations — Basis of Presentation — MAN*".

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 own a vehicle. These factors can cause consumer demand to vary substantially from year to year in different geographic markets and in individual segments of automobiles.

In 2014, 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 3.6% from 82.6 million vehicles in 2013 to 85.6 million vehicles in 2014; worldwide sales of trucks with a gross vehicle weight in excess of 6 tonnes decreased by 6.7% to a total of approximately 2.4 million vehicles (2013: approximately 2.6 million vehicles). North America reported significantly stronger demand than in the previous year (a 7.3% increase) while demand in South America declined by 15.7%. Demand in the Asia-Pacific region remained at the prior-year level. In particular, China had a 14.5% decrease in sales in 2014. The Central and Eastern Europe region registered a decline of 15.1% in 2014, with weakness in Russia being the main contributor. In the Western European market, demand decreased by 9.1% in 2014 after a decline of 1.8% in 2013. (Source: IHS).

China, North America and Western Europe were the world's largest automotive markets in 2014. The share of each market in the worldwide sales of passenger cars and light commercial vehicles in 2014 was 27.0% for China, 22.9% for North America and 15.9% for Western Europe (Source: IHS). 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 and vehicle safety as well as fuel economy standards. 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 has increased or will increase the cost of manufacturing vehicles. For example, the CO_2 targets that governments in the EU, the U.S. and China have imposed on the auto industry could be extended to other parts of the globe, increasing the pressure for new product development and investment in new technologies. 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.

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 and the recent recovery path in Western Europe and North America.

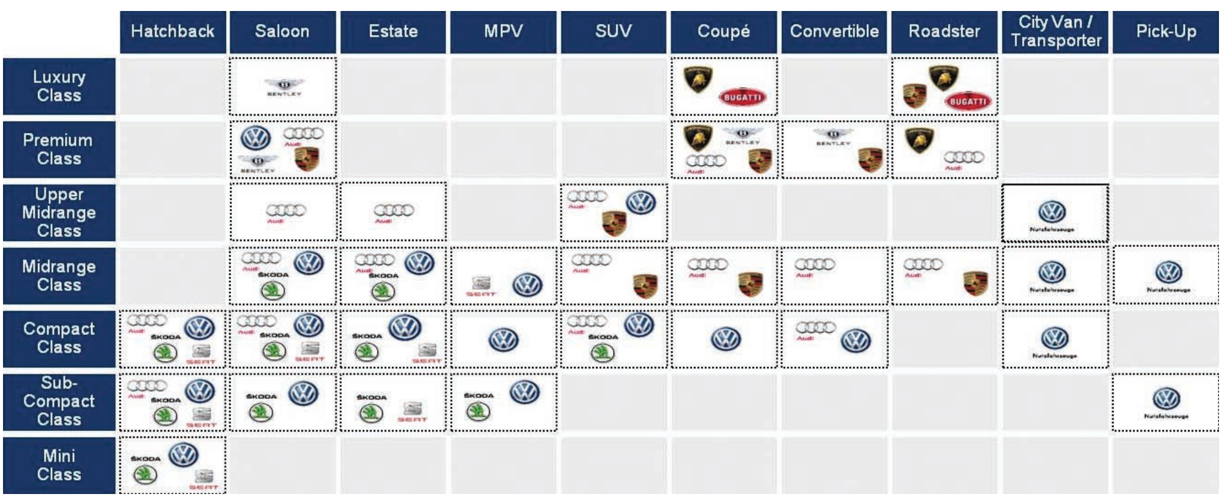
Volkswagen believes that, in the medium to long term, the global automotive market will mainly be affected by (i) a shift of purchasing power to new growth markets, such as Brazil, Russia, India and China, (ii) increasing awareness of and requirements for environmental protection and sustainable vehicles, 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/TRP (city delivery van/transporter) 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, 2014.



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, 2014, 2013 and 2012. 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]		
	2014	2013	2012	2014	2013	2012	2014	2013	2012[3]
	(Thousand vehicles)			(EUR million)			(EUR million)		
Volkswagen Passenger Cars	4,583	4,704	4,850	99,764	99,397	103,942	2,476	2,894	3,643
Audi	1,444	1,349	1,299	53,787	49,880	48,771	5,150	5,030	5,365
ŠKODA	796	719	727	11,758	10,324	10,438	817	522	712
SEAT	501	459	429	7,699	6,874	6,485	– 127	– 152	– 156
Bentley	11	11	9	1,746	1,679	1,453	170	168	100
Porsche[4]	187	155	62	17,205	14,326	5,879	2,718	2,579	943
Volkswagen Commercial Vehicles	442	436	437	9,577	9,370	9,450	504	448	421
Scania[4]	80	80	67	10,381	10,360	9,314	955	974	930
MAN[5]	120	140	134	14,286	15,861	15,999	384	319	813
VW China[6]	3,506	3,038	2,609	—	—	—	–	—	—
Other	– 1,454	– 1,364	– 1,279	– 45,885	– 40,047	– 36,929	– 2,052[7]	– 2,725[7]	– 2,682[7]
Volkswagen Financial Services		—	—	22,139	18,983	17,872	1,702	1,614	1,408
Volkswagen Group[6]	**10,217**	**9,728**	**9,345**	**202,458[8]**	**197,007[8]**	**192,676[8]**	**12,697[8]**	**11,671[8]**	**11,498[8]**
Automotive Division	10,217	9,728	9,345	177,538[9]	175,003[9]	172,822[9]	10,780[9]	9,807[9]	9,913[9]
of which:									
Passenger Cars Business Area	9,575	9,071	8,706	143,601	140,077	138,571	9,835	9,013	8,968
Commercial Vehicles/Power Engineering Business Area	642	657	639	33,937	34,927	34,251	945	794	945
Financial Services Division	—	—	—	24,920	22,004	19,854	1,917	1,863	1,585

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

2 Unaudited except where indicated.

3 Adjusted to reflect application of IAS 19R.

4 Includes financial services; Porsche as from August 1, 2012.

5 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.

6 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 a proportionate operating profit of EUR 5,182 million (2013: EUR 4,296 million; 2012: EUR 3,678 million).

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 134,627 million EUR 134,274 million and EUR 134,537 million during the years ended December 31, 2014, 2013 and 2012, respectively, which corresponds to 66.5%, 68.2% and 69.8%, respectively, of Volkswagen's consolidated sales revenue during such periods. During the years ended December 31, 2014, 2013 and 2012, the Automotive Division generated sales revenue of EUR 13,642 million, EUR 13,564 million and EUR 12,070 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, 2014, 2013 and 2012. 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.

	2014	**2013**	**2012**
		(unaudited)	
Deliveries (thousand units)	6,119[1]	6,022[1]	5,738
Vehicle sales (thousand units)	4,583	4,704	4,850
Production (thousand units)	6,156[1]	6,017[1]	5,772
Sales revenue before consolidation (in EUR million)	99,764	99,397	103,942
Sales revenue from third parties (in EUR million)	68,396	71,426	77,110
Operating profit (in EUR million)	2,476	2,894	3,643
As percentage of the brand's sales revenue (before consolidation)	2.5	2.9	3.5

1 The Saveiro model is reported in the Volkswagen Passenger Cars brand retrospectively as of January 1, 2013.

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). Since 1983, Volkswagen Passenger Cars brand products 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.

9.4.1.1.2 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.

	2014	2013	2012
		(unaudited)	
Deliveries (thousand units)	1,744	1,578	1,457
Vehicle sales (thousand units)	1,444	1,349	1,299
Production (thousand units)	1,803	1,608	1,468
Sales revenue before consolidation (in EUR million)	53,787	49,880	48,771
Sales revenue from third parties (in EUR million)	36,105	34,560	33,461
Operating profit (in EUR million)	5,150	5,030	5,365
As percentage of the brand's sales revenue (before consolidation)	9.6	10.1	11.0

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.

	2014	2013	2012
		(unaudited)	
Deliveries (thousand units)	1,037	921	939
Vehicle sales (thousand units)	796	719	727
Production (thousand units)	1,050	932	943
Sales revenue before consolidation (in EUR million)	11,758	10,324	10,438
Sales revenue from third parties (in EUR million)	6,144	5,379	5,633
Operating profit (in EUR million)	817	522	712
As percentage of the brand's sales revenue (before consolidation)	7.0	5.1	6.8

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).

	2014	2013	2012
	(unaudited)		
Deliveries (thousand units)	391	355	321
Vehicle sales (thousand units)	501	459	429
Production (thousand units)	395	353	321
Sales revenue before consolidation (in EUR million)	7,699	6,874	6,485
Sales revenue from third parties (in EUR million)	3,412	3,044	2,785
Operating profit (in EUR million)	−127	−152	−156
As percentage of the brand's sales revenue (before consolidation)	−1.6	−2.2	−2.4

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

	2014	2013	2012
	(unaudited)		
Deliveries (units)	11,020	10,120	8,510
Vehicle sales (units)	10,930	10,564	9,186
Production (units)	11,033	10,876	9,107
Sales revenue before consolidation (in EUR million)	1,746	1,679	1,453
Sales revenue from third parties (in EUR million)	1,175	1,122	1,274
Operating profit (in EUR million)	170	168	100
As percentage of the brand's sales revenue (before consolidation)	9.7	10.0	6.9

Bugatti

In 2014, Volkswagen delivered 45 Bugatti brand vehicles worldwide. In 2013 and 2012, the number of vehicles delivered to customers was 47 and 31, respectively. In 2014, Volkswagen produced 43 Bugatti brand vehicles (2013: 41 vehicles, 2012: 42 vehicles).

Lamborghini

Volkswagen generally includes sales of the Lamborghini brand in the sales of the Audi brand. During the years ended December 31, 2014, 2013 and 2012, respectively, Volkswagen produced 2,650, 2,122 and 2,197 Lamborghini brand vehicles and delivered 2,530, 2,121 and 2,083 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.

	2014	2013	2012[1]
	(unaudited)		
Deliveries (thousand units)	190	162	60
Vehicle sales (thousand units)	187	155	62
Production (thousand units)	203	166	64
Sales revenue before consolidation (in EUR million)	17,205	14,326	5,879
Sales revenue from third parties (in EUR million)	15,727	13,175	5,442
Operating profit (in EUR million)	2,718	2,579	943
As percentage of the brand's sales revenue (before consolidation)	15.8	18.0	16.0

1 August 1, 2012 to December 31, 2012.

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 and Macan 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.

	2014	2013	2012
	(unaudited)		
Deliveries (thousand units)	447[1]	462[1]	550
Vehicle sales (thousand units)	442	436	437
Production (thousand units)	396[1]	418[1]	487
Sales revenue before consolidation (in EUR million)	9,577	9,370	9,450
Sales revenue from third parties (in EUR million)	4,826	4,651	4,920
Operating profit (in EUR million)	504	448	421
As percentage of the brand's sales revenue (before consolidation)	5.3	4.8	4.5

1 The Saveiro model is reported in the Volkswagen Passenger Cars brand retrospectively as of January 1, 2013.

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

Volkswagen owns, directly or indirectly, 100% of the share capital and 100% of the voting rights in Scania AB, based in Södertälje, Sweden. See ''— *Transactions Involving Scania and MAN — Scania*'' and ''— *Management's Discussion and Analysis of Financial Condition and Results of Operations — Basis of Presentation — Scania*''.

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. Since July 22, 2008, Volkswagen has fully consolidated Scania.

Figures in the following table include financial services activities of the Scania brand.

	2014	2013	2012
		(unaudited)	
Deliveries (thousand units)	80	80	67
Vehicle sales (thousand units)	80	80	67
Production (thousand units)	82	83	67
Sales revenue before consolidation (in EUR million)	10,381	10,360	9,314
Sales revenue from third parties (in EUR million)	10,381	10,360	9,314
Operating profit (in EUR million)[1]	955	974	930
As percentage of the brand's sales revenue (before consolidation)	9.2	9.4	10.0

In addition to its production of trucks, buses and coaches, 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, 2015, Volkswagen indirectly held a 74.04% interest in the share capital, corresponding to 75.28% 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 the financial services activities, to the extent indicated, and the power engineering activities of the MAN brand.

	2014[1]	2013[2]	2012[2]
	(unaudited)		
Deliveries (thousand units)	120	140	134
Vehicle sales (thousand units)	120	140	134
Production (thousand units)	116	141	124
Sales revenue before consolidation (in EUR million)	14,286	15,861	15,999
Sales revenue from third parties (in EUR million)	14,092	15,744	15,900
Operating profit (in EUR million)	384	319	813
As percentage of the brand's sales revenue (before consolidation)	2.7	2.0	5.1

1 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.

2 Including financial services activities.

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.

9.4.1.2 Significant equity interests

As of March 31, 2015, 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, 2015, 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 21 countries and regions, and Suzuki sells its products in approximately 200 countries and regions. During the fiscal year ended March 31, 2014, Suzuki sold approximately 2.7 million cars and approximately 2.0 million motorcycles and all-terrain vehicles worldwide. Suzuki's main markets for automobiles are India and Japan. During the fiscal year ended March 31, 2014, Suzuki employed more than 57,000 employees (Source: Suzuki Annual Report/ Company Profile 2014).

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.

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, 2014, 2013 and 2012:

	For the year ended December 31,			Change	Change
	2014	**2013**	**2012**	**2014/2013**	**2013/2012**
		(units)		**(in %)**	
Europe/Other markets	**22,687,225**	**21,948,556**	**22,350,407**	**+3.4%**	**−1.8%**
Western Europe	**13,628,830**	**12,936,567**	**13,170,957**	**+5.4%**	**−1.8%**
Germany	3,272,210	3,172,363	3,308,951	+3.1%	−4.1%
United Kingdom	2,806,578	2,544,123	2,292,587	+10.3%	+11.0%
France	2,168,150	2,158,313	2,283,423	+0.5%	−5.5%
Italy	1,471,055	1,403,604	1,518,436	+4.8%	−7.6%
Spain	969,094	808,864	777,275	+19.8%	+4.1%
Central and Eastern Europe	**3,912,711**	**4,205,170**	**4,298,806**	**−7.0%**	**−2.2%**
Russia	2,490,920	2,791,018	2,949,165	−10.8%	−5.4%
Czech Republic	205,686	176,432	186,354	+16.6%	−5.3%
Poland	367,712	332,769	312,707	+10.5%	+6.4%
Other markets	**5,145,684**	**4,806,789**	**4,880,644**	**+7.1%**	**−1.5%**
Turkey	767,681	853,378	777,761	−10.0%	+9.7%
South Africa	629,465	638,140	615,138	−1.4%	+3.7%
North America	**19,598,830**	**18,501,169**	**17,268,576**	**+5.9%**	**+7.1%**
United States	16,612,627	15,694,264	14,605,097	+5.9%	+7.5%
Mexico	1,135,044	1,063,385	987,335	+6.7%	+7.7%
Canada	1,851,159	1,743,520	1,676,144	+6.2%	+4.0%
South America	**5,232,469**	**5,858,473**	**5,772,517**	**−10.7%**	**+1.5%**
Brazil	3,328,061	3,581,991	3,636,285	−7.1%	−1.5%
Argentina	646,863	901,119	799,646	−28.2%	+12.7%
Asia-Pacific	**38,041,965**	**36,292,483**	**33,540,068**	**+4.8%**	**+8.2%**
China	23,132,866	21,422,600	18,637,489	+8.0%	+14.9%
Japan	5,372,267	5,203,106	5,216,015	+3.3%	−0.2%
India	2,944,364	2,994,265	3,263,985	−1.7%	−8.3%
Worldwide	**85,560,489**	**82,600,681**	**78,931,568**	**+3.6%**	**+4.6%**

(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, 2014, 2013 and 2012:

	For the year ended December 31,			Change	Change
	2014	**2013**	**2012**	**2014/2013**	**2013/2012**
		(units)		**(in %)**	
Europe/Other markets	**4,270,652**	**4,076,709**	**4,052,752**	**+4.8%**	**+0.6%**
Western Europe	**3,204,947**	**3,008,711**	**3,023,369**	**+6.5%**	**−0.5%**
Germany	1,212,766	1,159,277	1,175,502	+4.6%	−1.4%
United Kingdom	555,703	494,857	434,802	+12.3%	+13.8%
France	265,543	260,647	279,127	+1.9%	−6.6%
Italy	198,679	183,647	196,960	+8.2%	−6.8%
Spain	213,654	181,152	175,809	+17.9%	+3.0%
Central and Eastern Europe	**644,499**	**369,367**	**644,345**	**+0.8%**	**−0.8%**
Russia	265,788	303,173	317,735	−12.3%	−4.6%
Czech Republic	105,574	87,241	85,347	+21.0%	+2.2%
Poland	101,995	81,215	74,569	+25.6%	+8.9%
Other markets	421,206	428,631	385,038	−1.7%	+11.3%
Turkey	152,605	150,605	123,811	+1.3%	+21.6%
South Africa	108,900	114,357	109,109	−4.8%	+4.8%
North America	**890,485**	**888,778**	**841,540**	**+0.2%**	**+5.6%**
United States	599,734	611,748	596,078	−2.0%	+2.6%
Mexico	195,359	189,977	164,890	+2.8%	+15.2%
Canada	95,392	87,053	80,572	+9.6%	+8.0%
South America	**731,049**	**907,988**	**1,010,085**	**−19.5%**	**−10.1%**
Brazil	573,449	682,221	780,195	−15.9%	−12.6%
Argentina	111,613	173,195	169,048	−35.6%	+2.5%
Asia-Pacific	4,045,337	3,636,315	3,169,558	+11.2%	+14.7%
China[1]	3,672,886	3,68,724	2,812,028	+12.4%	+16.2%
Japan	104,218	100,535	82,078	+3.7%	+22.5%
India	70,656	92,561	114,084	−23.7%	−18.9%
Worldwide	**9,937,790**	**9,509,790**	**9,073,935**	**+4.5%**	**+4.8%**

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, 2014, 2013 and 2012:

	For the year ended December 31,			Change	Change
	2014[1]	**2013[1]**	**2012[1]**	**2014/2013**	**2013/2012**
		(in %)		**(in %)**	
Western Europe	23.5	23.3	23.0	+0.2	+0.3
Central and Eastern Europe	16.5	15.2	15.0	+1.3	+0.2
North America	4.5	4.8	4.9	−0.3	−0.1
South America	14.0	15.5	17.5	−1.5	−2.0
Asia-Pacific[2]	10.6	10.0	9.5	+0.6	+0.5
Worldwide	11.6	11.5	11.5	+0.1	+0.0

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 Chrysler, 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 11.6%, based on the total number of vehicles delivered to customers, Volkswagen ranked second worldwide after Toyota in 2014. In Western Europe, Volkswagen is the market leader for passenger cars and light commercial vehicles with a market share of 23.5% (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

Due to a beginning stabilization of the economic situation in some of the major markets in Western Europe, sales of passenger cars and light commercial vehicles increased in 2014 by 5.4% to 13.6 million vehicles, which corresponds to 15.9% of worldwide light vehicle sales (Source: IHS).

In 2014, Volkswagen delivered 3.2 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 7.0% to 3.9 million vehicles in 2014, which corresponds to 4.6% 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 2014, Volkswagen delivered 644,499 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 2014 with a market share of 16.5% (Source: IHS and Volkswagen Group data).

(iii) North America

In North America, sales of passenger cars and light commercial vehicles increased by 5.9% in 2014 to 19.6 million vehicles, which corresponds to 22.9% 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 2014, Volkswagen delivered 890,485 passenger cars and light commercial vehicles to customers in North America. This corresponds to 9.0% of Volkswagen's worldwide passenger and light commercial vehicle sales in 2014. In the market for passenger cars and light commercial vehicles in North America, the Volkswagen Group ranked eighth in 2014 with a market share of 4.5% (Source: IHS and Volkswagen Group data).

(iv) South America

In South America, sales of passenger cars and light commercial vehicles decreased by 10.7% in 2014 to approximately 5.2 million vehicles. This represents 6.1% of worldwide vehicle sales in 2014 (Source: IHS). South America was an important market for Volkswagen in 2014 with respect to sales of passenger cars and light commercial vehicles.

Volkswagen delivered 731,049 vehicles to customers in South America in 2014. The Volkswagen Group ranked third with a market share of 14.0% in the region in 2014 (Source: IHS and Volkswagen Group data).

(v) Asia-Pacific

In the Asia-Pacific region, sales of passenger cars and light commercial vehicles increased by 4.8% in 2014 to approximately 38.0 million vehicles, which corresponds to 44.5% 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 2014. 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, more stringent emission standards, a decline in government support, and vehicle registration restrictions in densely-populated urban areas may have a negative impact on demand for vehicles.

In 2014, Volkswagen (including its Chinese joint ventures) delivered approximately 4.0 million vehicles to customers in the Asia-Pacific region, which corresponds to 40.7% 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 10.6% in 2014 (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 2014, worldwide sales of trucks with a gross vehicle weight in excess of 6 tonnes decreased by 6.7% to a total of approximately 2.4 million vehicles (2013: approximately 2.6 million vehicles). Sales of buses in 2014 were below the previous year's level (Source: IHS). In 2014, Scania delivered a total of 79,782 trucks and buses to customers worldwide (2013: 80,464). In 2014, MAN SE delivered a total of 120,088 trucks and buses to customers worldwide (2013: 140,333).

9.4.1.5 Procurement

9.4.1.5.1 Overview

The procurement volume of Volkswagen during the years ended December 31, 2014, 2013 and 2012 was EUR 145.5 billion, EUR 135.0 billion and EUR 128.7 billion, respectively, for goods (including raw materials, vehicle parts and components) and services. This represents an increase of 7.7% compared to 2013 and corresponds to approximately 72.0% 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, 2014, 2013 and 2012, and the percentage changes compared to the prior year, categorized by brand and procurement market:

	For the year ended December 31,			Change	Change
	2014	**2013**	**2012**	**2014/2013**	**2013/2012**
	(in EUR billion) (unaudited)			(in %)	
Volkswagen Passenger Cars	85.5	79.0	77.0	+8.2	+2.5
Audi[1]	25.7	23.6	22.7	+8.9	+4.3
ŠKODA	7.1	6.5	6.6	+9.2	−1.5
SEAT	4.4	3.9	3.7	+12.8	+6.7
Bentley	0.8	0.7	0.6	+14.3	+9.7
Porsche[2]	5.0	3.7	1.4	+35.1	—
Volkswagen Commercial Vehicles	2.6	2.4	2.4	+8.3	+1.3
Scania	6.5	6.4	5.2	+1.6	+22.3
MAN	7.8	8.8	9.1	−11.4	−3.4
Volkswagen Group	**145.5**	**135.0**	**128.7**	**+7.8**	**+4.9**
Europe/Other markets	93.4	87.9	88.1	+6.3	−0.3
North America	6.3	6.3	6.2	—	+2.3
South America	6.7	8.9	8.0	−24.7	+12.0
Asia-Pacific	39.1	31.9	26.4	+22.6	+20.6

1 Audi includes Lamborghini and Ducati (from August 2012).

2 Porsche from August 2012.

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 2014, Volkswagen purchased more than three million tonnes of steel and more than 500 thousand tonnes 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 2014.

During the year ended December 31, 2014, Volkswagen paid EUR 115.2 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 28% of Volkswagen's procurement requirements in 2014.

As an effort to reduce production costs, Volkswagen endeavors to procure raw materials and pre-products from local suppliers. Furthermore, Volkswagen hedges price and to a limited extent also 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 2014, the procurement volume of the general procurement sub-division amounted to EUR 30.2 billion.

9.4.1.6 Production

9.4.1.6.1 Production locations

Volkswagen had 118 operating production locations worldwide (including the Porsche and Ducati brands) as of December 31, 2014. Vehicles were manufactured at 69 of these locations, including 39 locations in Europe (of which 13 locations were in Germany); 6 locations in South America; 17 locations in Asia-Pacific; 3 locations in North America; and 4 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 10.5 million vehicles in 2014 and approximately 10.3 million vehicles in 2015, which corresponds to a capacity utilization of its vehicle production plants worldwide of 95% in each of 2014 and 2015 (excluding MAN, Scania and Ducati and including the Chinese joint ventures).

As of March 31, 2015 Volkswagen had 118 operating locations and is currently constructing or expanding 7 production locations for passenger cars and light commercial vehicles in Wrzesnia (Poland), San José (Mexico), Changsha (China), 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, Russia 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 mostly uses 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 2014, an average of 66,672 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 fleet 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.

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 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 51 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 62% of Volkswagen's vehicles delivered in the United States, approximately 60% of its vehicles delivered in Germany and approximately 44% 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, 2014, 2013 and 2012.

	2014		**2013**		**2012**	
	Current	**Noncurrent**	**Current**	**Noncurrent**	**Current**	**Noncurrent**
			(in EUR million)			
Receivables from financing business						
Customer financing	21,163	41,681	17,998	35,965	17,277	34,460
Dealer financing	13,343	1,570	11,658	1,368	11,389	1,330
Direct banking	198	1	183	1	167	1
	34,704	**43.252**	**29,839**	**37,334**	**28,832**	**35,791**
Receivables from operating leases	281	—	214	—	204	—
Receivables from finance leases	9,413	14,625	8,332	13,864	7,875	13,994
	44,398	**57,877**	**38,386**	**51,198**	**36,911**	**49,785**

Volkswagen's Financial Services Division is represented in growth markets 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:

Customer segments	Financing	Leasing & Fleet management	Insurance	Service
Private customers	• Customer financing	• Private leasing	• Car insurance • Personal insurance	Other services centering around the automobile • Service & Maintenance • Fuel cards • Tire replacement
Dealers	• Dealer financing	• Leasing of office and business furniture and equipment	• Dealer insurance • Car • Personal • Buildings	
Major/fleet customers		• Financial leasing • Operating leasing • Fleet management	• Product packages for leasing & fleet customers • Extension of manufacturer's warranty	

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 specific market environment. 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 in case of damages.

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, France, Italy, The Netherlands, Spain, Sweden, Switzerland, Turkey and the United Kingdom, 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 vehicle services which are rendered as part of fleet contracts, but can also be purchased individually by retail and fleet customers.

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 (business unit direct banking), a division of Volkswagen Bank, Volkswagen Group offers direct bank services in Germany. During the years ended December 31, 2014, 2013 and 2012, 1,184,000, 1,161,500 and 1,123,000 customers were served, respectively. Customer deposits at Volkswagen Financial Services totaled EUR 23.8 billion, EUR 21.3 billion and EUR 22.0 billion, as of December 31, 2014, 2013 and 2012, respectively.

In Germany, Volkswagen Bank (business unit direct banking) 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 (business unit direct banking) provides services related to cashless payment systems for commercial customers.

The securities accounts, fund units, mortgage loans and insurance policies that Volkswagen Bank (business unit direct banking) 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 and quantifiable. In the third step, the risk type limits for credit risk, residual value risk, operational risk and market price risk are further broken down to branch and subsidiary level, taking into account the planned business and risk 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 of VWFS AG is responsible for establishing and implementing VWFS AG's overall risk strategy, which 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 respective portfolios, 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 unexpected 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 keep the risk position at or below the acceptable limit level.

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, 2014, 2013 and 2012 were EUR 11,545 million, EUR 10,186 million and EUR 8,851 million, respectively, which corresponded to 5.7%, 5.2% and 4.6% 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 2012, 2013 and 2014 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 45,742 people worldwide in over 48 locations as of December 31, 2014 (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 2012 through 2015, 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 2012 through 2015, 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 2012 through 2015, 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 and Daimler AG. 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.

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 in Europe 532 models or model variants with CO_2 emissions below 130g CO_2/km; 416 models emit less than 120g CO_2/km and 85 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 Non-core Asset Portfolio

In addition to its core activities involving Passenger Cars, Commercial Vehicles, Power Engineering and Financial Services, Volkswagen holds a portfolio of non-core assets. Consistent with its focus on core activities and the execution of its strategy, Volkswagen reviews its non-core asset portfolio on an ongoing basis and may take measures to optimize the portfolio.

9.8 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, 2015:

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. 3,350	group owned
Audi plant, Ingolstadt, Germany	approx. 6,670	approx. 3,150	group owned
ŠKODA plant, Mladá Boleslav, Czech Republic	approx. 6,430	approx. 1,000	group owned
Audi plant, Neckarsulm, Germany	approx. 1,215	approx. 1,610	group owned
SEAT plant, Martorell, Spain	approx. 2,630	approx. 1,080	group owned

9.9 Employees

Including the Chinese joint ventures, Volkswagen had an average of 583,423, 563,066 and 533,469 employees during the years ended December 31, 2014, 2013 and 2012, respectively. Volkswagen's companies based in Germany had an average of 265,274, 255,397 and 237,080 employees during the years ended December 31, 2014, 2013 and 2012, respectively.

As of December 31, 2014, 7,129 employees had entered into early retirement agreements with Volkswagen. Volkswagen continuously analyzes 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.

9.10 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.

9.11 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.

9.12 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 Representatives, 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 for identification, recording and assessment of risks, countermeasures and relevant management controls. See ''— *Risk Management*''.

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 2014, the ombudsmen passed on 51 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 89 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.

9.13 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.

9.14 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.

9.14.1 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 market laws*''.

9.14.2 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 expected in the first half of 2015. For more information, please refer to ''*— Volkswagen's Divisions and their Products and Services — Automotive Division — Significant equity interests — Suzuki*''.

9.14.3 Patent infringement claims in the United States

The Company, Audi AG and Volkswagen Group of America, Inc. have been sued in the United States for patent infringement. In addition, 13 patent infringement actions against Volkswagen Group of America, Inc. are currently pending. The lawsuits were, for the most part, filed by patent exploitation companies. Although the amount of damages claimed has not been specified in each case, the Company anticipates double-digit of millions of Euros to be paid for costs of defending a lawsuit and potentially to be paid as damages if the plaintiffs prevail and a settlement cannot be reached. Moreover, there are reputational risks associated with these proceedings.

9.14.4 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.

9.14.5 Investigations of Scania AB and MAN SE

In 2011, the European Commission opened antitrust proceedings against European truck manufacturers including MAN and Scania. In November 2014, the European Commission sent a statement of objections to MAN, Scania and the other truck manufacturers concerned informing the truck manufacturers of the objections raised against them and giving them the right to comment extensively on the objections raised and to exercise other rights of defense before any potential decision is reached. The statement of objections is currently under review. Given the fact that the issues are still being clarified, it is too early to judge whether the European Commission's investigation will result in financial liabilities for MAN and Scania, and if so to assess their amount. As a consequence, neither Scania nor MAN have recognized provisions or contingent liabilities.

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'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.

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

Assembly, manufacturing and other operations in the United States, carried out by Volkswagen Group of America, Inc. or one of its subsidiaries, must meet substantial regulatory requirements under various federal and state laws. These laws substantially restrict airborne and waterborne emissions, discharges of pollutants and the disposal of waste from Volkswagen Group of America, Inc.'s facilities, as well as the handling of hazardous materials. These requirements may require Volkswagen Group of America, Inc. 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 facility 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 has rolled 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 fuel 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 some light commercial vehicles, EC type approval or national type approval for new types of vehicles must comply with the stricter Euro 6 standards since 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. Regulation 510/2011 setting performance standards to reduce CO_2 emissions for new light commercial vehicles became effective in 2011, 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 vans, 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. A failure to meet the annual CO_2 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 updated Tier 3 program implements increasingly more stringent vehicle and fleet average requirements starting in model year (MY) 2017 and is mostly aligned with California's LEVIII program starting 2 MYs earlier
- 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 (ZEVI until MY2017 and ZEVII starting MY2018): 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. Volkswagen is complying under the ZEVI as an intermediate volume manufacturer with Partial Zero Emission Vehicles and is subject to sell Zero Emission Vehicles under ZEVII as a large volume manufacturer.

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 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 Regulation (EU) No 575/2013 of June 26, 2013 (''**CRR**'') and 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 acts as the parent company of the financial holding group under the CRR and the Banking Act.

Volkswagen Bank GmbH holds the requisite 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 German Banking Act. Volkswagen Versicherung AG is a direct insurer (guarantee insurance) with reinsurance business under the German Insurance Supervision Act (*Versicherungsaufsichtsgesetz*).

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*

The European Central Bank (''**ECB**''), the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*, ''**BaFin**''), and the German Central Bank (*Deutsche Bundesbank*), are the central supervisory authorities for the Volkswagen financial holding group.

Regulation (EU) No 1022/2013 of October 22, Regulation (EU) No 1024/2013 October 15, 2013 (''**SSM Regulation**'') and Regulation 468/2014 of the European Central Bank of April 16, 2014 (''**SSM Framework Regulation**'') create a single supervisory mechanism (''**SSM**'') for the oversight of banks and other credit institutions of banks established in those member states that have the Euro as their common currency (''**Eurozone**'') as well as any member states that decide to join the SSM. Under the SSM, specific tasks related to financial stability and banking supervision have been given to the ECB. The SSM became fully operational on November 4, 2014 and empowers the ECB to directly supervise banks in the euro area and in other EU member states which decide to join the ''Banking Union''. The ECB has assumed the tasks conferred on it by the SSM Regulation on November 4, 2014. Within the framework of Articles 4 and 6 of the SSM Regulation, the ECB directly supervises credit institutions, financial holding companies or mixed financial holding companies that are significant at the highest level of consolidation within the participating member states.

The ECB has determined that Volkswagen Financial Services AG and its consolidated financial holding group (''**Supervised Group**'') is a significant group within the meaning of Article 6 (4) of the SSM Regulation, and that all its subsidiaries within the Supervised Group that are subject to prudential supervision on a consolidated basis in accordance with the CRR are significant supervised entities within the meaning of Article 6 (4) of the SSM Regulation.

The list of group entities subject to the prudential supervision on a consolidated basis consists of Volkswagen Financial Services AG, Volkswagen Bank GmbH and MAN Financial Services SAS. Therefore, the ECB has directly supervised these entities since November 4, 2014. Certain preparatory tasks have been undertaken prior to such date which involved a comprehensive assessment of Eurozone banks, the results of which have been published. The effects of the direct supervision by the ECB assuming its banking supervision function cannot currently yet be fully assessed and it is unclear whether this will result in additional costs as the framework for banking supervision within the Banking Union develops further.

The ECB co-operates and in particular exchanges information with national supervisory authorities in exercising its direct supervision of significant institutions. With respect to certain supervisory tasks under the SSM Regulation, BaFin is required to assist the ECB in its supervisory tasks relating to the Supervised Group and to follow the ECB's instructions. Where we describe the fulfillment of banking supervisory tasks relevant for regulated Volkswagen entities in the following, we refer to the ''**competent authorities**'' for carrying out such supervisory tasks.

The Banking Act, the CRR and Directive 2013/36/EU of June 26, 2013 (''**CRD IV**'') and related regulations and publications form the legal basis for the supervision of the business activities of the financial holding group, Volkswagen Bank GmbH 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 CRR and the Banking Act also stipulates the regulatory requirements which must be observed by credit institutions and financial services institutions as well as financial holding companies when operating their respective businesses.

As part of their statutory responsibilities, the competent authorities 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 the competent authorities.

If the competent authorities discover violations of regulatory laws, they 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, the competent authorities 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, the competent authorities 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, the competent authorities 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.

10.2.2 Capital adequacy requirements

Credit institutions and financial holding groups subject to prudential supervision 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, 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 mainly include foreign currency risks, commodity risks and trading book position risks. These requirements must also be fulfilled by German banking and financial holding groups on a consolidated basis. The CRR as well as the Banking Act contain detailed provisions for the calculation of own funds and the risk positions (''**risk weighted assets**'') that are to be backed by own funds. The minimum requirement for the most important form of capital, ''Common Equity Tier 1'' capital (primarily consisting of share capital, retained earnings and other reserves), is to maintain at least a 4.5% ratio of Common Equity Tier 1 capital to risk weighted assets. The minimum requirement for core capital, which consists of Common Equity Tier 1 capital and Additional Tier 1 capital, is to maintain at least a 6% ratio. The competent authorities have additional powers to request an increase of own funds under certain circumstances. Additionally, banks are required to add capital reserves at least 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. The competent authorities may further impose an anti cyclical capital buffer of up to 2.5% of risk weighted assets, consisting of Common Equity Tier 1 capital which is designed to be accumulated during phases of excessive credit growth. Additional buffers may apply to institutions depending on systemic relevance.

The laws relating to banking supervision in the EU and Germany are subject to an ongoing development and final rulemaking in areas such as the supervisory review and evaluation process (''**SREP**'') to enhance the link between an institution's risk profile, its risk management and risk mitigation systems, as well as its capital planning process. These developments are likely to result in increased costs for Volkswagen Bank GmbH as it adapts to the new requirements and complies with them.

10.2.3 *Liquidity requirements*

As a credit institution, pursuant to CRR and the Banking Act Volkswagen Bank GmbH 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.

From October 1, 2015, Volkswagen Bank GmbH and Volkswagen Financial Services AG will incrementally be subject to a liquidity coverage ratio requirement (intended to ensure that banks have enough high quality liquid assets to cover the difference between the expected cash outflows and the expected capped cash inflows over a 30-day stressed period) under CRR. The liquidity coverage requirement will be phased-in so as to fully apply from January 1, 2018. Separately, a net stable funding requirement (meaning a minimum amount of long-term stable sources for refinancing) may be introduced at a later stage. Procuring the assets required to meet such new liquidity and funding requirements could lead banks to incur considerable extra costs.

For information on liquidity risks of the Volkswagen Group see "— *We are subject to liquidity risks*."

10.2.4 *Organization and risk management*

The CRD IV package and the Banking Act contain strict 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.

According to the Banking Act, institutions and financial holding groups must maintain a proper business organization that includes appropriate and effective risk management.

Under the applicable 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 corporate law framework.

The 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 GmbH does not currently reach or exceed such threshold. BaFin is given powers to impose additional separation requirements.

The ECB, the European Banking Authority ("**EBA**") and the BaFin regularly assess risks and vulnerabilities in the European and German banking sectors, in particular by conducting stress tests on credit institutions such as Volkswagen Bank GmbH. 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 Volkswagen Bank GmbH.

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 Recovery and resolution measures

Credit institutions such as Volkswagen Bank GmbH and financial holding companies such as Volkswagen Financial Services AG are subject to the German Recovery and Resolution Act (*Sanierungs- und Abwicklungsgesetz*, "**SAG**") which has become effective on January 1, 2015.

The SAG confers additional crisis prevention measures on the competent authorities which are aimed at preventing the occurrence of a financial crisis at an early stage.

The resolution powers of the German Federal Agency for Financial Markets Stabilisation (*Bundesanstalt für Finanzmarktstabilisierung*, "**FMSA**") include the right to write off capital instruments in an institution and (subsequently) to write off or to convert into equity, certain debts (instruments counting towards the institution's own funds as well as other liabilities) of a failing or failed institution or ("**bail in**"). The holders of relevant capital instruments or affected creditors would be bound by such resolution measures. In exercising these powers the FMSA needs to ensure that no shareholder or creditor suffers losses that exceed the losses it would have suffered in insolvency proceedings. Alternatively, or in connection with such resolution measures, the FMSA may transfer all or part of the assets of Volkswagen Bank GmbH or Volkswagen Financial Services AG to another entity and exercise ancillary powers to facilitate the resolution. The SAG also provides for certain safeguards to ensure an orderly resolution. The imposition of any resolution measure would in particular not give rise to an exercise of termination or set-off rights. Potential investors of Volkswagen Bank GmbH and Volkswagen Financial Services AG incur the risk of losing their entire investment including the principal amount plus any accrued interest as well as the risk of affected debts being transferred to another entity.

Volkswagen Bank GmbH is required to comply with a minimum requirement for own funds and eligible liabilities ("**MREL**") which may be written off or converted into Common Equity Tier 1 capital instruments. While primarily concerned with globally systemically important institutions, international agreements between regulators on raising the total loss-absorbing capacity ("**TLAC**") of banks may also affect Volkswagen Bank GmbH and its creditors.

In addition, Regulation (EU) No 806/2014 of July 15, 2014 (the "**SRM Regulation**") will apply from January 1, 2016 onwards. The SRM Regulation provides for resolution tools that reflect the resolution tools under the SAG and envisages the creation of a single resolution mechanism ("**SRM**"). Within the SRM, the these resolution powers are exercised on a coordinated SSM-wide basis for entities subject to the direct supervision by the ECB, in particular by assigning significant coordination tasks to the newly established single resolution board. Separately, credit institutions will need to make contributions to a single resolution fund and such contributions may exceed the amount of contributions currently made by Volkswagen Bank GmbH to the German Bank Restructuring Fund, thereby leading to increased costs. Also, the SSM and the SRM combined may result in further costs at least at an initial stage to adapt and possibly on an ongoing basis as newly established regulatory authorities and the extension of powers of existing authorities requires funding which is raised from supervised institutions.

A draft act that aims at adapting the SAG to the SRM Regulation and facilitating the recovery and resolution of banks has been published by the German Federal Finance Ministry on March 10, 2015.

10.2.6 Holders of significant interests

The Banking Act also includes a number of requirements and empowers the competent authorities to take action with respect to individuals and companies owning a significant interest in an institution. For example, the competent authorities 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 GmbH and Volkswagen Leasing GmbH, Volkswagen Financial Services AG, Volkswagen AG and Porsche SE have been reported to BaFin as holders of significant interests.

10.2.7 Deposit protection

As a deposit taking credit institution, Volkswagen Bank GmbH 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.

Directive 2014/49/EU of the European parliament and of the Council of April 16,2014 on deposit guarantee schemes (recast) (''**DGSD**'') provides for amendments to the legal framework governing deposit guarantee schemes. A draft of an Act is currently being discussed in the German Federal Parliament (*Bundestag*). The DGSD aims at enhancing the financial resources of mandatory deposit protection schemes on the basis of contributions by credit institutions and at improving the position of depositors by providing for a widened scope of protected depositors, better information and faster pay-outs as well as clearer rules for cross-border failures of credit institutions. These changes may, once finalized and implemented in Germany, expose Volkswagen Bank GmbH to additional, and possibly considerable, costs, the extent of which cannot be foreseen at this time.

Volkswagen Bank GmbH 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 20% of the liable capital of the credit institution relevant for deposit protection. Until December 31, 2014, a 30% limit applied. The current 20% limit will incrementally be reduced to 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 GmbH.

10.2.8 Current developments

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 the Banking Act, see ''*Organization and risk management*.''

Legislation that has been recently enacted or proposed with a view to enhancing the global financial system not only targets financial institutions but also financial markets as such. In particular the key provisions of Directive 2014/65/EU of May 15, 2014 (''**MiFID 2**'') and Regulation (EU) No 600/2014 (''**MiFIR**'') of May 15, 2014 will incrementally become effective from January 3, 2017 onwards. While all market participants will need to comply with changes to market infrastructure legislation, financial institutions within the Volkswagen Group will be materially affected due to regulatory requirements targeted at institutions (such as investor protection measures) as well as their function as financial market infrastructure intermediaries. Ongoing and forthcoming changes to the regulatory set-up and structure of financial markets are therefore likely to result in increased costs for affected Volkswagen entities as a result of the need to adapt internal processes and systems.

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%
Dr. Wolfgang Porsche Holding 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	Salzburg	—	50.73%	50.73%
Kiesling, Dr. 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, Diana	Austria	—	50.73%	50.73%
Porsche, Dr. Dr. Christian	Austria	—	50.73%	50.73%
Porsche, Dr. Ferdinand Oliver	Austria	—	50.73%	50.73%
Porsche, Dr. Geraldine	Austria	—	50.73%	50.73%
Porsche, Dr. Oliver	Austria	—	50.73%	50.73%
Porsche, Dr. Wolfgang	Austria	—	50.73%	50.73%
Porsche, Felix Alexander	Germany	—	50.73%	50.73%
Porsche, Ferdinand Rudolf Wolfgang	Austria	—	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, Mag. 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-Schröder, Dipl. Design. Stephanie	Austria	—	50.73%	50.73%
Porsche Wolfgang 1. Beteiligungs GmbH & Co. KG	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.

In 2014, Volkswagen rendered supplies and services to related parties totaling EUR 16,577 million (EUR 14,731 million in 2013 and EUR 15,651 million in 2012). Volkswagen's total sales revenue amounted to EUR 202,458 million in 2014 (EUR 197,007 million in 2013 EUR 192,676 million in 2012). 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 43 to the Company Annual Financial Statements for 2014 and note 42 to each of the Company Annual Financial Statements for 2013 and 2012.

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, which contains the fundamental agreement concerning the creation of an integrated automotive group with Porsche and establishes the concept and the individual transaction steps (the ''**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 Salzburg'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 Salzburg 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.

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 Dr. jur. Hans Michel Piëch, Dr. jur. Ferdinand Oliver Porsche, Dr. Louise Kiesling, Dr. rer. comm. Wolfgang Porsche and Julia Kuhn-Piëch. See ''*Board of Management and Supervisory Board — Supervisory Board*''.

As described under ''— *Contractual relationships*'', 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 eight 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 ages as of March 31, 2015 are listed below.

Name	Age	Position at Volkswagen AG
Prof. Dr. Dr. h. c. mult. Martin Winterkorn . . .	67	Chairman, Research and Development, Chairman of the Executive Board of Porsche Automobil Holding SE
Dr. rer. pol. h. c. Francisco Javier Garcia Sanz	57	Procurement
Prof. Dr. rer. pol. Dr.-Ing. E. h. Jochem Heizmann	62	China
Christian Klingler	46	Sales and Marketing
Prof. Dr. rer. pol. Horst Neumann	65	Human Resources and Organization
Matthias Müller	61	Chairman of the Board of Management of Dr. Ing.h. c. F. Porsche AG
Hans Dieter Pötsch	63	Finance and Controlling, Chief Financial Officer of Porsche Automobil Holding SE
Andreas Renschler	56	Commercial Vehicles
Prof. Rupert Stadler	51	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 was a member of the executive, administrative, or supervisory bodies and/or a partner in the enterprise or company listed below as of December 31, 2014:

- 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 was a member of the executive, administrative, or supervisory bodies and/or a partner in the following enterprises or companies as of December 31, 2014:

- 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. Heizmann 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 was a member of the executive, administrative, or supervisory bodies and/or a partner in the following enterprises or companies as of December 31, 2014:

- 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 was a member of the executive, administrative, or supervisory bodies and/or a partner in the enterprise or company listed below as of December 31, 2014:

- Messe Frankfurt GmbH, Frankfurt am Main (Member of the Supervisory Board)

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 was not a member of the executive, administrative, or supervisory bodies and/or a partner in any enterprises or companies as of December 31, 2014.

Matthias Müller was born in Chemnitz (Saxony) on June 9, 1953. Mr. Müller completed his high school education in Ingolstadt followed by an apprenticeship as a toolmaker with AUDI AG. After his apprenticeship, he studied computer science at Munich University of Applied Sciences. After obtaining his master's degree (Diplom-Informatiker), Mr. Müller resumed his career with AUDI AG in 1978.In 1984, Mr. Müller became Head of the Systems Analysis Division. He completed practical training at the Japanese Ministry for International Trade and Industry (MITI) in Tokyo in 1992. In 1993, Mr. Müller was appointed Head of Project Management A3 at AUDI AG. He became Head of Product Management of AUDI AG, Seat and Lamborghini in 1995. From 2007, Mr. Müller was Head of Product Management of the Volkswagen Group and the VW brand as well as General Representative of the Volkswagen Group. Since 2010, Mr. Müller has been Chairman of the Executive Board of Dr. Ing. h.c. F. Porsche AG and Member of the Executive Board of Porsche Automobil Holding SE. In his function as Chairman of the Executive Board of Dr. Ing. h.c. F. Porsche AG, Mr. Müller was appointed Member of the Board of Management of Volkswagen Aktiengesellschaft with effect from March 1, 2015.

Mr. Müller was not a member of the executive, administrative, or supervisory bodies and/or a partner in any enterprises or companies as of December 31, 2014.

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 was a member of the executive, administrative, or supervisory bodies and/or a partner in the following enterprises or companies as of December 31, 2014:

- Bertelsmann Management SE, Gütersloh (Member of the Supervisory Board)
- Bertelsmann SE & Co. KGaA, Gütersloh (Member of the Supervisory Board)

Andreas Renschler was born on March 29, 1958 in Stuttgart (Germany). After completing his training as a banker (1979) and graduating with degrees in business engineering (1983) and business administration (1987), Mr. Renschler began his career at Daimler-Benz AG in 1988. Following various posts at Daimler-Benz AG he took charge of the M Class unit, serving as President and CEO of Mercedes-Benz US. He returned to Germany in 1999 as Senior Vice President, Executive Management Development, at the company then known as DaimlerChrysler AG. Mr. Renschler was appointed President of smart GmbH in the same year. He was assigned to Mitsubishi Motors in Japan in spring 2004 and subsequently named member of the Daimler AG Board of Management with responsibility for the Daimler Trucks Division. He was appointed member of the Daimler AG Board of Management in charge of Manufacturing and Procurement at Mercedes-Benz Cars & Mercedes-Benz Vans in 2013.

Mr. Renschler was a member of the executive, administrative, or supervisory bodies and/or a partner in the enterprise or company listed below as of December 31, 2014:

- Deutsche Messe AG, Hanover (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 was a member of the executive, administrative, or supervisory bodies and/or a partner in the enterprise or company listed below as of December 31, 2014:

- FC Bayern München AG, Munich (Vice Chairman of the Supervisory Board)

13.1.2 Remuneration of members of the Board of Management

The following table shows the remuneration of the Board of Management members in 2014.

	Component of remuneration			
	Total	**Fixed**	**Variable[1]**	**Pension expense**
	(in EUR)			
Prof. Dr. Dr. h. c. mult. Martin Winterkorn	15,861,478	1,917,478	13,944,000	0
Dr. rer. pol. h. c. Francisco Javier Garcia Sanz	7,369,172	1,279,486	5,507,000	582,686
Prof. Dr. rer. pol. Jochem Heizmann	7,231,999	1,148,767	5,039,400	1,043,832
Christian Klingler	7,306,632	1,284,335	5,273,200	749,097
Dr.-Ing. E. h. Michael Macht[2]	4,328,033	831,938	3,076,034	420,061
Prof. Dr. rer. pol. Horst Neumann	6,482,244	1,209,044	5,273,200	0
Dr. h.c. Leif Östling[3]	7,686,108	1,272,056	5,273,200	1,140,852
Hans Dieter Pötsch	6,799,868	1,292,868	5,507,000	0
Prof. Rupert Stadler	6,899,347	1,153,102	5,273,200	473,045
Total	**69,964,881**	**11,389,074**	**54,166,234**	**4,409,573**

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.

2 Left the Company as of July 31, 2014.

3 Left the Company as of February 28, 2015.

Pension obligations for members of the Board of Management amounted to EUR 138,046,434 as of December 31, 2014. EUR 8,229,691 was added to the pension provisions in 2014. Retired members of the Board of Management and their surviving dependents received EUR 22,792,616 in 2014. Obligations for pensions for this group of persons amounted to EUR 165,668,945 as of December 31, 2014.

13.1.3 Shares held by members of the Board of Management

As of December 31, 2014, 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, 2014.

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; this applies also in the absence of the Supervisory Board Chairman. 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 with Porsche, 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: Berthold Huber (Deputy Chairman), Bernd Osterloh, Dr. rer. comm. Wolfgang Porsche, Stephan Weil and Stephan Wolf. The Executive Committee of the Supervisory Board met seven times during 2014.

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: Berthold Huber (Deputy Chairman), Bernd Osterloh and Stephan Weil. The Mediation Committee was not required to meet in 2014.

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), Annika Falkengren and Babette Fröhlich. The Audit Committee met four times in 2014.

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: Dr. rer. comm. Wolfgang Porsche and Stephan Weil. The Nomination Committee met once in 2014.

13.2.2 Members of the Supervisory Board

The names of the members of the Supervisory Board of Volkswagen AG and their respective ages are listed below. Information regarding their principal business activities performed outside Volkswagen AG, including other principal directorships, listed below is as of December 31, 2014 unless otherwise indicated.

Name, Position	Age	Principal activities outside Volkswagen AG
Berthold Huber* Deputy Chairman IG Metall	65	• AUDI AG, Ingolstadt (Deputy Chairman)[1] • Porsche Automobil Holding SE, Stuttgart[1] • Siemens AG, Munich (Deputy Chairman)[1]
Dr. Hussain Ali Al-Abdulla Board Member of Qatar Investment Authority and Board Member of Qatar Holding LLC	58	• Gulf Investment Corporation, Safat, Kuwait[3] • Masraf Al Rayan, Doha (Chairman)[3] • Qatar Investment Authority, Doha[3] • Qatar Holding LLC, Doha[3]
Akbar Al Baker Minister of State, Qatar and Group Chief Executive of Qatar Airways	54	• Arab Air Carriers Organisation (Chairman)[3] • International Air Transport Association[3] • Heathrow Airport Holdings Limited[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	48	• MAN SE, Munich[1] • MAN Truck & Bus AG, Munich (Deputy Chairman)[1]
Annika Falkengren President and Group Chief Executive of Skandinaviska Enskilda Banken AB	53	• Securitas AB, Stockholm[3]
Dr. jur. Hans-Peter Fischer* Chairman of the Board of Management of Volkswagen Management Association	55	• Volkswagen Pension Trust e.V., Wolfsburg[3]
Uwe Fritsch* Chairman of the Works Council at the Volkswagen AG Braunschweig plant	59	• Eintracht Braunschweig GmbH & Co. KGaA, Braunschweig[3] • Phantoms Basketball Braunschweig GmbH, Braunschweig[3]
Babette Fröhlich* IG Metall, Department head for coordination of Executive Board duties and planning	49	• MTU Aero Engines AG, Munich[1]

Name, Position	Age	Principal activities outside Volkswagen AG
Olaf Lies Minister of Economic Affairs, Labor and Transport for the Federal State of Lower Saxony	47	• Deutsche Messe AG, Hanover[1] • Demografieagentur für die niedersächsische Wirtschaft GmbH, Hanover (Chairman)[3] • JadeWeserPort Realisierungs GmbH & Co. KG, Wilhelmshaven[3] • Container Terminal Wilhelmshaven JadeWeserPort-Marketing GmbH & Co. KG, Wilhelmshaven[3] • JadeWeserPort Realisierungs-Beteiligungs GmbH, Wilhelmshaven (Chairman)[3]
Dr. Louise Kiesling[4] Entrepreneur	57	
Julia Kuhn-Piëch[4] Self-employed real estate manager	34	• MAN Truck & Bus AG, Munich[1]
Hartmut Meine* Director of the Lower Saxony and Saxony-Anhalt Regional Office of IG Metall	63	• Continental AG, Hanover[1] • KME Germany GmbH, Osnabrück[1]
Peter Mosch* Chairman of the General Works Council of AUDI AG	43	• AUDI AG, Ingolstadt[1] • Porsche Automobil Holding SE, Stuttgart[1] • Audi Pensionskasse — Altersversorgung der AUTO UNION GmbH, VVaG, Ingolstadt[1]
Bernd Osterloh* Chairman of the General and Group Works Councils of Volkswagen AG	58	• Autostadt GmbH, Wolfsburg[1] • Porsche Automobil Holding SE, Stuttgart[1] • Wolfsburg AG, Wolfsburg[1] • Allianz für die Region GmbH, 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	73	• 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 Holding Gesellschaft m.b.H., Salzburg[3] • Porsche Ibérica S.A., Madrid[3] • Porsche Italia S.p.A., Padua[3] • Schmittenhöhebahn AG, Zell am See[3] • Volksoper Wien GmbH, Vienna[3]

Name, Position	Age	Principal activities outside Volkswagen AG
Dr. jur. Ferdinand Oliver Porsche Member of the Board of Management of Familie Porsche AG Beteiligungsgesellschaft	54	• 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- und Handelsgesellschaft mbH & Co. KG, Ludwigsburg[3]
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	71	• 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 Holding Gesellschaft m.b.H., Salzburg[3] • Porsche Ibérica S.A., Madrid[3] • Porsche Italia S.p.A., Padua[3] • Schmittenhöhebahn AG, Zell am See[3]
Stephan Weil Minister-President of the Federal State of Lower Saxony	56	
Stephan Wolf* Deputy Chairman of the General and Group Works Council of Volkswagen AG	48	• Wolfsburg AG, Wolfsburg[1] • Sitech Sitztechnik GmbH, Wolfsburg[3] • Volkswagen Pension Trust e.V., Wolfsburg[3]
Thomas Zwiebler* Chairman of the Works Council of Volkswagen Commercial Vehicles	50	

* Employee representative.

1 Membership of statutory supervisory boards in Germany.

2 Group appointments to statutory supervisory boards.

3 Comparable appointments in Germany and abroad.

4 Information regarding principal activities outside Volkswagen AG as of May 15, 2015.

Hon.-Prof. Dr. techn. h.c. Dipl.-Ing. ETH Ferdinand K. Piëch resigned with immediate effect from his position as Chairman of the Supervisory Board of Volkswagen AG and from all his mandates as a Supervisory Board member within the Volkswagen Group on April 25, 2015. Ursula Piëch resigned with immediate effect from all her Supervisory Board mandates within the Volkswagen Group on April 25, 2015. Mr. Berthold Huber has assumed the chairmanship of the Supervisory Board temporarily until a new chairman is elected.

Upon application by the Board of Management of Volkswagen AG, Dr. Louise Kiesling and Ms. Julia Kuhn-Piëch were appointed members of the Supervisory Board of Volkswagen AG by the Braunschweig Local Court on April 30, 2015 with immediate effect. The appointments were made pursuant to Section 104 of the German Stock Corporation Act (*Aktiengesetz*) and were occasioned by the recent resignations of Hon. Prof. Dr. techn. h.c. Dipl. Ing. ETH Ferdinand K. Piëch and Ms. Ursula Piëch from their mandates as Supervisory Board members.

On May 5, 2015 the Annual General Meeting elected Akbar Al Baker, Minister of State and Group Chief Executive of Qatar Airways, to the Supervisory Board. He succeeds Ahmad Al-Sayed for the rest of his term of office. Ahmad Al-Sayed stepped down from his office as a member of the Supervisory Board with effect from the end of the Annual General Meeting.

The following family relationships exist between the members of the Supervisory Board: Dr. jur. Hans Michel Piëch and Dr. rer. comm. Wolfgang Porsche are cousins. In addition, Dr. jur. Ferdinand Oliver Porsche is a nephew of the aforementioned members of the Supervisory Board. Julia Kuhn-Piëch is the daughter of Dr. jur. Hans Michel Piëch and Dr. Louise Kiesling is a niece of Dr. jur. Hans Michel Piëch. Julia Kuhn-Piëch and Dr. Louise Kiesling are cousins. There are no family relationships among the remaining members of the Supervisory Board.

Former Chairman of the Supervisory Board Hon.-Prof. Dr. techn. h.c. Dipl.-Ing. ETH Ferdinand K. Piëch and former member of the Supervisory Board Ursula Piëch are married. Former Chairman of the Supervisory Board Hon.-Prof. Dr. techn. h.c. Dipl.-Ing. ETH Ferdinand K. Piëch and member of the Supervisory Board Dr. jur. Hans Michel Piëch are brothers. Former Chairman of the Supervisory Board Hon.-Prof. Dr. techn. h.c. Dipl.-Ing. ETH Ferdinand K. Piëch and member of the Supervisory Board Dr. rer. comm. Wolfgang Porsche are cousins.

13.2.3 Remuneration 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 remuneration each year, in addition to reimbursement of their expenses:

- Fixed remuneration of EUR 6,000, payable after the end of the year.
- Variable remuneration 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 remuneration 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, remuneration 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 remuneration. Members of the Supervisory Board who are also members of the Supervisory Board of other companies of the Volkswagen Group may receive additional remuneration from these companies.

In 2014, the aggregate remuneration of the Supervisory Board of the Company amounted to EUR 12,149,450. 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 remuneration (including attendance fees) amounted to EUR 808,500 and the variable components of remuneration amounted to EUR 11,340,950.

The following table shows the remuneration of the Supervisory Board members in 2014.

	Component of remuneration		
	Fixed	Variable	Total
		(in EUR) (unaudited)	
Hon.-Prof. Dr. techn. h.c. Dipl.-Ing. ETH Ferdinand K. Piëch[1]	171,500	1,303,800	1,475,300
Berthold Huber[2]	38,000	899,000	937,000
Dr. Hussain Ali Al-Abdulla	11,000	387,500	398,500
Ahmad Al-Sayed[3]	10,000	387,500	397,500
Jürgen Dorn[2]	47,000	435,150	482,150
Annika Falkengren	15,000	581,250	596,250
Dr. jur. Hans-Peter Fischer[2]	12,000	387,500	399,500
Uwe Fritsch[2]	12,000	387,250	399,250
Babette Fröhlich[2]	15,000	581,250	596,250
Olaf Lies[4]	12,000	387,500	399,500
Hartmut Meine[2]	12,000	387,500	399,500
Peter Mosch[2]	30,500	674,250	704,750
Bernd Osterloh[2]	15,000	581,250	596,250
Dr. jur. Hans Michel Piëch	97,000	449,500	546,500
Ursula Piëch[1]	23,000	449,500	472,500
Dr. jur. Ferdinand Oliver Porsche	95,500	868,000	963,500
Dr. rer. comm. Wolfgang Porsche	150,000	643,250	793,250
Stephan Weil[2]	15,000	581,250	596,250
Stephan Wolf[2]	15,000	581,250	596,250
Thomas Zwiebler[2]	12,000	387,500	399,500
Supervisory Board members who left in the previous year	—	—	—
Total	**808,500**	**11,340,950**	**12,149,450**

1 Hon.-Prof. Dr. techn. h.c. Dipl.-Ing. ETH Ferdinand K. Piëch resigned with immediate effect from his position as Chairman of the Supervisory Board and from all his mandates as a Supervisory Board member within the Volkswagen Group on April 25, 2015. Ursula Piëch resigned with immediate effect from all her Supervisory Board mandates within the Volkswagen Group on April 25, 2015.

2 In accordance with the guidelines of the German Federation of Trade Unions, these employee representatives have requested that their Supervisory Board remuneration be remitted to the Hans-Böckler Foundation.

3 Resigned effective May 5, 2015.

4 Under section 5(3) of the Ministers' Act of Lower Saxony, these Supervisory Board members must remit the remuneration paid for their activities on the Supervisory Board to the State of Lower Saxony to the extent that the remuneration exceeds EUR 6,200 per year. Remuneration in this context means Supervisory Board remuneration 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, 2014, Jürgen Dorn held indirectly 250 preferred shares in the Company, Dr. jur. Hans-Peter Fischer held indirectly 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, 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, 2014. Former Supervisory Board member Ursula Piëch held 30 ordinary shares in the Company as of December 31, 2014.

Members of the Supervisory Board Dr. jur. Hans Michel Piëch, Dr. jur. Ferdinand Oliver Porsche and Dr. rer. comm. Wolfgang Porsche, together with former Chairman of the Supervisory Board Hon.-Prof. Dr. techn. h.c. Dipl.-Ing. ETH Ferdinand K. Piëch, 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 ''*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.

For example, dual mandates are held by 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 member of the Board of Management of Volkswagen AG, Dr. rer. pol. h.c. Francisco Javier Garcia Sanz, 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 and a member of the Board of Directors of Ducati Motor Holdings S.p.A.

The members of the Board of Management of Volkswagen AG, 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. 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.

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.

Dr. jur. Hans Michel Piëch, Dr. jur. Ferdinand Oliver Porsche, Dr. rer. comm. Wolfgang Porsche, Berthold Huber and Peter Mosch are members of the Supervisory Board of Volkswagen AG and members of the Supervisory Board of AUDI AG.

Prior to his resignation with immediate effect on April 25, 2015, former Chairman of the Supervisory Board of Volkswagen AG Hon.-Prof. Dr. techn. h.c. Dipl.-Ing. ETH Ferdinand K. Piëch held dual mandates as a member of the Board of Directors of Scania AB, as Chairman of the Supervisory Board of MAN SE, as a member of the Supervisory Board of Dr. Ing. h.c. F. Porsche AG, as a member of the Supervisory Board of AUDI AG, as a member of the Board of Directors of Ducati Motor Holdings S.p.A. and as a member of the Board of Directors of Scania CV AB.

Prior to her resignation with immediate effect on April 25, 2015, former member of the Supervisory Board of Volkswagen AG Ursula Piëch was also a member of the Supervisory Board of AUDI AG.

Prior to his resignation with effect from February 28, 2015, former member of the Management Board of Volkswagen AG Dr. h.c. Leif Östling was a member of the Board of Directors of Scania AB and a member of the Supervisory Board of MAN SE.

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.

Dr. Louise Kiesling, Ms. Julia Kuhn-Piëch, Dr. jur. Hans Michel Piëch, Dr. jur. Ferdinand Oliver Porsche and Dr. rer. comm. Wolfgang Porsche are members of the Supervisory Board of Volkswagen AG and, together with former Chairman of the Supervisory Board of Volkswagen AG Hon.-Prof. Dr. techn. h.c. Dipl.-Ing. ETH Ferdinand K. Piëch, 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.$ 1.2628 per EUR 1.00, the noon buying rate on December 31, 2014. On May 15, 2015, the euro market bid price at noon New York time and as indicated by Bloomberg was EUR 0.8751 per U.S.$1.00, which equates to U.S.$1.1427 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
2012	1.3463	1.2062	1.2909	1.3186
2013	1.3816	1.2774	1.3283	1.3779
2014	1.3927	1.2628	1.3571	1.2628

Year Ending December 31, 2015	High	Low	Average	Period End
First Quarter	1.2015	1.0524	1.1246	1.0741
April, 2015	1.1174	1.0582	1.0822	1.1162

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.$1,000,000,000 1.650% Guaranteed Notes due 2018 (the "A Notes"), the U.S.$750,000,000 2.400% Guaranteed Notes due 2020 (the "B Notes"), the U.S.$750,000,000 Floating Rate Guaranteed Notes due 2016 (the "C Notes") and the U.S.$300,000,000 Floating Rate Guaranteed Notes due 2018 (the "D Notes" and, together with the A Notes, the B Notes and the C 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 22, 2015 (the "**Issue Date**") pursuant to a fiscal and paying agency agreement dated May 20, 2015 (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 Rule144A ("**Rule 144A**") under the U.S. Securities Act of 1933, as amended (the "**Securities 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, the custodian for and registered in the name of Cede & Co., as nominee of DTC.

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 Global Notes may be held only through DTC (or any successor clearing system) and its participants. Investors may hold their interests in the Global Notes directly through DTC if they are participants in or indirectly through organizations which are participants in such system.

Noteholders will hold beneficial interests in the Global Notes through DTC 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 19, 2015 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).

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 succeeding paragraph.

For so long as DTC or its nominee is the registered owner or holder of a 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 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 and its participants (including Euroclear Bank SA/NV (''**Euroclear**'') and Clearstream Banking, société anonyme (''**Clearstream, Luxembourg**'') and its indirect participants, 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 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 Global Note shall be limited to transfers of such Global Note, in whole but not in part, to another nominee of DTC or to a successor of DTC 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 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, if then applicable.

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 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;

(ii) if a payment default has occurred and is continuing; or

(iii) 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 1.650% per annum in the case of the A Notes (the ''**A Note Rate of Interest**'') and 2.400% per annum in the case of the B Notes (the ''**B Note Rate of Interest''**), payable semi-annually in arrears on May 22 and November 22 in each year (each, a ''**Fixed Rate Interest Payment Date**'') commencing on November 22, 2015 up to (and including) May 22, 2018 in the case of the A Notes (the ''**A Note Maturity Date**'') and May 22, 2020 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) and by applying the A Note Rate of Interest or the B Note Rate of Interest, as relevant, 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 Fixed Rate Note divided by 1,000.

(b) Floating Interest Rate:

(i) Each of the C Notes and the D Notes (together, the ''**Floating Rate Notes**'') bears interest from and including the Issue Date at a floating interest rate of U.S.$ LIBOR plus 0.28% per annum in the case of the C Notes (the ''**C Note Rate of Interest**'') and U.S.$ LIBOR plus 0.47% per annum in the case of the D Notes (the ''**D Note Rate of Interest**'' and, together with the A Note Rate of Interest, the B Note Rate of Interest and the C Note Rate of Interest, the ''**Rates of Interest**'' and each, a ''**Rate of Interest**''), payable quarterly in arrears on February 22, May 22, August 22 and November 22 in each year (each, a ''**Floating Rate Interest Payment Date**'') commencing on August 22, 2015 up to (and including) November 22, 2016 in the case of the C Notes (the ''**C Note Maturity Date**'') and May 22, 2018 in the case of the D Notes (the ''**D Note Maturity Date**'' and, together with the A Note Maturity Date, the B Note Maturity Date and the C 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 and the D 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 or the D 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 15 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 Citigroup Global Markets Inc., Goldman, Sachs & Co., Morgan Stanley & Co. LLC and Société Générale 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 15^{th} day (whether or not such 15^{th} 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 relevant Tax Jurisdiction or having or having had a permanent establishment in the relevant Tax Jurisdiction, (x) having a current or former relationship with the relevant Tax Jurisdiction (other than merely the holding of such Notes or receipt of interest, principal or premiums in respect thereof or activities (including enforcement) incidental thereto), 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 relevant Tax Jurisdiction 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 the income tax laws or regulations of the relevant Tax Jurisdiction 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 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 (*allgemeine Schuldenbereinigung*) 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**'') 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 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 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 or any of the Tranche D 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 or any of the Tranche D 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 or any of the Tranche D Noteholders, and 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 or any of the Tranche C 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 or the D 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 or D 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 or D 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 and/or the Tranche D 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 or the D 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 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 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 and/or the D Notes and create and issue further A Notes, B Notes, C Notes and/or D 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 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 or the D 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 or the D Notes, as the case may be, and references in these Conditions to the ''A Notes'', the ''B Notes'', the ''C Notes'' or the ''D 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 for communication by it 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. 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.

16. 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.

17. 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.

The Guarantee of the Guarantor is governed by German law.

(b) 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.

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.

(c) 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 its 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.

(d) 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.

(e) 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.

18. 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.$1,000,000,000 1.650% Guaranteed Notes due 2018 (the "**A Notes**"),
U.S.$750,000,000 2.400% Guaranteed Notes due 2020 (the "**B Notes**"),
U.S.$750,000,000 Floating Rate Guaranteed Notes due 2016 (the "**C Notes**") and
U.S.$300,000,000 Floating Rate Guaranteed Notes due 2018 (the "**D Notes**"
and, together with the A Notes, the B Notes and the C 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 Holder to require performance of the obligations undertaken herein directly from the Guarantor, and to enforce such obligations directly against the Guarantor.

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[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."

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.

This Guarantee and Negative Pledge may be amended in accordance with Condition 11. Should the Conditions of a Note be amended in accordance with Condition 11 this Guarantee shall also apply to payments due under the amended 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, 2015

Volkswagen Aktiengesellschaft
as Guarantor

By: ____________________

By: ____________________

Citibank, N.A., London Branch
as Fiscal Agent

By: ____________________

17. BOOK-ENTRY, DELIVERY AND FORM

The information set out below in connection with DTC is subject to any change in or reinterpretation of the rules, regulations and procedures of DTC currently in effect. The information in this section concerning DTC 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 clearing system are advised to confirm the continued applicability of the rules, regulations and procedures of such 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

The Notes that are initially offered and sold in the United States to Qualified Institutional Buyers 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 DTC. DTC is referred to as the ''depositary.'' Noteholders will hold beneficial interests in the Notes through DTC in book-entry form. This means that the Issuer will not issue certificates to each holder. 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**'') 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 DTC.

Beneficial interests in the Global Notes may be held only through DTC (or any successor clearing system) and its participants. Investors may hold their interests in the Global Notes directly through DTC if they are participants in or indirectly through organizations which are participants in such system.

As used in this Offering Memorandum, ''**Global Notes**'' refers to both the Rule 144A Global Notes and the Regulation S Global Notes.

So long as DTC or its nominee is the registered holder of a Global Note, DTC or such nominee, as the case may be, will be considered the sole owner or holder of the Notes represented by the applicable Global Note for all purposes set forth under the Fiscal and Paying Agency Agreement and the Notes (except as the context otherwise requires in respect of additional amounts).

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). 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 Transfers within Global Notes

Subject to the procedures and limitations described herein, including under ''*Purchase and Transfer Restrictions*,'' 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.

17.3 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 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 set forth under "*Purchase and Transfer Restrictions*."

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 "*Purchase and Transfer Restrictions — Rule 144A*."

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 "*Purchase and Transfer Restrictions*" and in accordance with Rule 904 of Regulation S under the Securities Act. No representation can be made 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 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.

17.4 Transfers or Exchanges from Global Notes to Definitive Notes

No Global Note may be exchanged in whole or in part for Notes in definitive registered form ("**Definitive Notes**") unless:

- the depositary 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;
- a payment default has occurred and is continuing; or
- 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 is located.

17.5 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. 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*''.

17.6 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*'', or upon specific request for removal of the legend on a Rule 144A Note that is a Definitive Note, the Issuer will deliver only Definitive Notes that bear such legend or will refuse to remove such legend, as the case may be, unless there is delivered to the Issuer and the Registrar such satisfactory evidence, which may include an opinion of counsel, as may reasonably be required by the Issuer that neither the legend nor the restrictions on transfer set forth therein are required to ensure compliance with the provisions of the Securities Act. 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 40^{th} 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.

17.7 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 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.

17.8 Clearing and Settlement

Under the rules, regulations, and procedures creating and affecting DTC and its operations (the ''**Rules**''), DTC is required to make book-entry transfers of Notes among DTC participants on whose behalf it acts with respect to Notes accepted into DTC's book-entry settlement system as described below (the ''**DTC Notes**'') and to receive and transmit distributions of the nominal amount and interest on the DTC Notes. DTC participants and indirect DTC participants with which beneficial owners of DTC Notes (''**owners**'') have accounts with respect to the DTC Notes similarly are required to make book-entry transfers and receive and transmit such payments on behalf of their respective owners. Accordingly, although owners who hold DTC Notes through DTC participants or indirect DTC participants will not possess Notes, the Rules by virtue of the requirements described above, provide a mechanism by which such owners will receive payments and will be able to transfer their interests with respect to the Notes.

Transfers of ownership or other interests in the Notes in DTC may be made only through DTC participants. Indirect DTC participants are required to effect transfers through a DTC participant. DTC has no knowledge of the actual beneficial owners of the Notes. DTC's records reflect only the identity of the DTC participants to whose accounts the Notes are credited, which may not be the beneficial owners. DTC participants will remain responsible for keeping account of their holdings on behalf of their customers and for forwarding all notices concerning the Notes to their customers.

So long as DTC, or its nominee, is the registered holder of a Global Note, payments on the applicable Notes will be made in immediately available funds to DTC. DTC's practice is to credit DTC participants' accounts on the applicable payment date in accordance with their respective holdings shown on its records, unless DTC has reason to believe that it will not receive payment on that date. Payments by DTC participants to beneficial owners will be governed by standing instructions and customary practices, and will be the responsibility of the DTC participants and not of DTC, or any other party, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment to DTC is the responsibility of the paying agent. Disbursement of payments for DTC participants will be DTC's responsibility, and disbursement of payments to the beneficial owners will be the responsibility of DTC participants and indirect DTC participants.

Because DTC can only act on behalf of DTC participants, who in turn act on behalf of indirect DTC participants, and because owners of beneficial interests in the Notes holding through DTC will hold interests in the Notes through DTC participants or indirect DTC participants, the ability of the owners of the beneficial interests to pledge Notes to persons or entities that do not participate in DTC, or otherwise take actions with respect to the Notes, may be limited.

DTC will take any action permitted to be taken by an owner only at the direction of one or more DTC participants to whose account with DTC such owner's DTC Notes are credited. Additionally, DTC has advised the Issuer that it will take such actions with respect to any percentage of the beneficial interest of owners who hold Notes through DTC participants or indirect participants only at the direction of and on behalf of DTC participants whose account holders include undivided interests that satisfy any such percentage.

To the extent permitted under applicable law and regulations, DTC may take conflicting actions with respect to other undivided interests to the extent that such actions are taken on behalf of DTC participants whose account holders include such undivided interests.

Ownership of interests in the Global Notes will be shown on, and the transfer of those ownership interests will be effected only through records maintained by, DTC, the DTC participants and the indirect DTC participants. Transfers between participants in DTC will be effected in the ordinary way in accordance with DTC rules.

17.9 Limitation on Responsibilities

Although the foregoing sets out the procedures of the depositaries established in order to facilitate the transfer of interests in the Global Notes among their participants, none of the depositaries is under any obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time.

DTC has no knowledge of the actual beneficial owners of interests in a Global Note. DTC's records reflect only the identity of the DTC participants to whose accounts those Global Notes are credited, which may or may not be the beneficial owners of interests in a Global Note.

None of the Issuer, the Guarantor or the Initial Subscribers, nor any of their respective agents will have any responsibility for the performance by any depositary or their respective participants of their respective obligations under the rules and procedures governing their operations.

17.10 Initial Settlement

Upon the issue of a Global Note deposited with DTC or a nominee therefor, DTC or its nominee, as the case may be, will credit, on its internal system, the respective nominal amount of the individual beneficial interest represented by such relevant DTC Note or Notes to the accounts of persons who have accounts with DTC. Such accounts initially will be designated by or on behalf of the relevant dealers. Ownership of beneficial interest in a DTC Note will be limited to DTC participants or indirect DTC participants. Ownership of beneficial interests in DTC Notes will be shown on, and the transfer of that ownership will be effected only through, records maintained by DTC or its nominee (with respect to interests of DTC participants) and the records of DTC Participants (with respect to interests of indirect DTC participants).

Investors that hold their interests in a DTC Note will follow the settlement procedures applicable to global bond issues. Investors' securities custody accounts will be credited with their holdings against payment in same-day funds on the settlement date.

17.11 Secondary Market

Since the purchaser determines the place of delivery, it is important to establish at the time of the trade where both the purchaser's and seller's accounts are located to ensure that settlement can be made on the desired value date. Although DTC has agreed to the following procedures in order to facilitate transfers of interests in Global Notes deposited with DTC or a custodian therefor among participants of DTC, DTC is under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. Neither the Issuer nor any agent of the Issuer will have any responsibility for the performance by DTC or its participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

Secondary market trading between DTC participants will be settled using the procedures applicable to global bond issues in same-day funds.

17.12 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 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.

The laws of some jurisdictions require that certain persons take physical delivery in definitive form of securities that they own. Consequently, the ability to transfer beneficial interests in the Global Notes is limited to such extent.

18. TAX CONSIDERATIONS

18.1 U.S. Federal Income Tax Considerations

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 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**"). Discount 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 of.

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 U.S. source capital gain or loss and will be 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, among others, 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; or
- 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.

Subject to the discussion under ''— *FATCA Withholding*'' below, 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.

18.1.3 FATCA Withholding

U.S. tax rules commonly referred to as FATCA impose a 30% withholding tax on certain U.S. source payments, including interest (and OID if any), and after December 31, 2016, on the gross proceeds received from a disposition of property of a type which can produce U.S. source interest if paid to a foreign financial institution, whether as a beneficial owner or intermediary, unless the financial institution collects and reports certain information regarding U.S. financial account holders (including certain account holders that are foreign entities with U.S. owners), or otherwise qualifies for an exemption. These rules also generally impose a withholding tax of 30% on such payments made to certain non-U.S. entities that are not classified as financial institutions unless they provide the withholding agent with certain documentation containing information about their identity and their FATCA status, and if required a certification identifying their direct and indirect substantial U.S. owners. Under certain circumstances, an investor may be eligible for a refund or credit of such withheld taxes.

These rules generally apply to interest payments made on the Notes. The withholding also will generally apply to payments of gross proceeds from a sale or redemption of the Notes after December 31, 2016. If withholding does apply, there will be no additional amounts paid in respect of such withholding.

Prospective investors are urged to consult with their own tax advisers regarding the possible implications of these rules on their investment in the Notes.

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 adviser.

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 taxation of savings income (the "**EU 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 applies instead a withholding system in relation to such payments deducting tax at a rate of 35% (unless during that transitional period it elects to provide information in accordance with the EU Savings Directive). 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 put an end to the former withholding tax regime as from January 1, 2015 and implemented the automatic exchange of information as from that date. Austria has undertaken to implement an automatic exchange of information in the future, but has not announced a date for implementation.

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 Council of the European Union formally adopted a Council Directive amending the EU Savings Directive on March 24, 2014 (the ''**Amending Directive**''). The Amending Directive, if implemented would broaden 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, which legislation must apply from January 1, 2017. The changes made under the Amending Directive include extending the scope of the EU 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.

However, the European Commission has proposed the repeal of the Savings Directive from January 1, 2017 in the case of Austria and from January 1, 2016 in the case of all other Member States (subject to on-going requirements to fulfill administrative obligations such as the reporting and exchange of information relating to, and accounting for withholding taxes on, payments made before those dates). This is to prevent overlap between the Savings Directive and a new automatic exchange of information regime to be implemented under Council Directive 2011/16/EU on Administrative Cooperation in the field of Taxation (as amended by Council Directive 2014/107/EU). The proposal also provides that, if it proceeds, Member States will not be required to apply the new requirements of the Amending Directive.

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 EU Savings Directive (as amended from time to time) or any law implementing or complying with, or introduced in order to conform to the EU 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 EU Savings Directive (as amended from time to time) or any such law.

18.4 The Proposed EU Financial Transactions Tax ("FTT")

On February 14, 2013 the European Commission published a proposal (the ''**Commission's 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 Commission's Proposal has 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.

Under the Commission's Proposal 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 (a) by transacting with a person established in a Participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a Participating Member State.

Joint statements issued by Participating Member States indicate an intention to implement the FTT by January 1, 2016.

However, the FTT remains subject to negotiation between the Participating Member States and the scope of any such tax is uncertain. It may therefore be altered prior to any implementation. Additional EU Member States may decide to participate and/or certain of the Participating Member States may decide to withdraw.

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 19, 2015 (the "**Subscription Agreement**") with the Initial Subscribers named below (the "**Initial Subscribers**"), for whom Citigroup Global Markets Inc., Goldman, Sachs & Co., Morgan Stanley & Co. LLC and Société Générale 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
Citigroup Global Markets Inc.	U.S.$ 250,000,000	U.S.$187,500,000	U.S.$187,500,000	U.S.$ 75,000,000
Goldman, Sachs & Co.	U.S.$ 250,000,000	U.S.$187,500,000	U.S.$187,500,000	U.S.$ 75,000,000
Morgan Stanley & Co. LLC	U.S.$ 250,000,000	U.S.$187,500,000	U.S.$187,500,000	U.S.$ 75,000,000
Société Générale	U.S.$ 250,000,000	U.S.$187,500,000	U.S.$187,500,000	U.S.$ 75,000,000
Total	**U.S.$1,000,000,000**	**U.S.$750,000,000**	**U.S.$750,000,000**	**U.S.$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 and, if begun, must be brought to an end after a limited period. Any stabilization action or over-allotment must be conducted by the Initial Subscribers in accordance with all applicable laws and rules.

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 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 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.

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.

This EEA selling restriction is in addition to any other selling restrictions set out in this Offering Memorandum.

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 the Laws of Hong Kong) (the ''**SFO**'') and any rules made under the SFO; or (ii) in other circumstances which do not result in the document being a ''prospectus'' as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32 of the Laws of Hong Kong) (the ''**Companies Ordinance**'') or which do not constitute an offer to the public within the meaning of the Companies 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, any advertisement, invitation or document relating to the Notes, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are or are likely to be accessed or read by, the public in 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 SFO and any rules made thereunder.

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 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:

(a) It is a Qualified Institutional Buyer; is aware the sale of the Notes to it is being made in reliance on Rule 144A; and is acquiring such Notes for its own account or the account of a Qualified Institutional Buyer as to which the purchaser exercises sole investment discretion:

(b) 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.

(c) It agrees that it will deliver to each person to whom it transfers the Rule 144A Notes notice of any restrictions on transfer of such Rule 144A Notes.

(d) 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.

(e) 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.

(f) 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.

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**''). THE NOTES EVIDENCED BY THIS RESTRICTED GLOBAL NOTE MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (A)(1) TO A PERSON WHO THE HOLDER REASONABLY BELIEVES IS A ''QUALIFIED INSTITUTIONAL BUYER'' (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER 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, (2) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 904 OF REGULATION S (''**REGULATION S**'') UNDER THE SECURITIES ACT, OR (3) PURSUANT TO AN EXEMPTION FROM REGISTRATION IN ACCORDANCE WITH RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE), 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 HEREOF, 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.''

(g) 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.

(h) 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.

(i) 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:

(a) 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.

(b) 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.

(c) 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.

(d) 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 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 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.

(e) 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.''

(f) 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.

(g) 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 annual consolidated financial statements of Volkswagen Aktiengesellschaft as of and for the years ended (a) December 31, 2014 with comparative financial information as of and for the year ended December 31, 2013 and (b) December 31, 2013 with comparative information as of and for the year ended December 31, 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

Unaudited condensed consolidated interim financial statements (IFRS) of Volkswagen Aktiengesellschaft

as of and for the three-month period ended March 31, 2015

Interim Consolidated Financial Statements (Condensed)
INCOME STATEMENT
FOR THE PERIOD JANUARY 1 TO MARCH 31

€ million	VOLKSWAGEN GROUP		DIVISIONS AUTOMOTIVE[1]		DIVISIONS FINANCIAL SERVICES	
	2015	2014	2015	2014	2015	2014
Sales revenue	**52,735**	**47,831**	**45,806**	**42,054**	**6,928**	**5,777**
Cost of sales	−42,425	−38,869	−36,973	−34,432	−5,453	−4,437
Gross profit	**10,309**	**8,962**	**8,834**	**7,622**	**1,475**	**1,340**
Distribution expenses	−4,976	−4,765	−4,675	−4,485	−301	−280
Administrative expenses	−1,815	−1,653	−1,419	−1,294	−396	−359
Other operating income/expense	−190	311	116	582	−305	−271
Operating profit	**3,328**	**2,855**	**2,856**	**2,425**	**473**	**430**
Share of profits and losses of equity-accounted investments	1,146	994	1,135	984	11	10
Other financial result	−506	−492	−520	−519	14	27
Financial result	**639**	**502**	**615**	**465**	**24**	**36**
Profit before tax	**3,968**	**3,357**	**3,471**	**2,890**	**497**	**467**
Income tax expense	−1,036	−890	−916	−765	−119	−125
Profit after tax	**2,932**	**2,468**	**2,554**	**2,125**	**378**	**342**
of which attributable to						
Noncontrolling interests	2	51	−4	37	6	15
Volkswagen AG hybrid capital investors	43	21	43	21	—	—
Volkswagen AG shareholders	2,887	2,395	2,516	2,067	371	327
Basic earnings per ordinary share (€)[2]	**5.74**	**4.86**				
Diluted earnings per ordinary share (€)[2]	**5.74**	**4.86**				
Basic earnings per preferred share (€)[2]	**5.80**	**4.92**				
Diluted earnings per preferred share (€)[2]	**5.80**	**4.92**				

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	2015	2014
Profit after tax	**2,932**	**2,468**
Pension plan remeasurements recognized in other comprehensive income		
Pension plan remeasurements recognized in other comprehensive income, before tax	−5,508	−1,335
Deferred taxes relating to pension plan remeasurements recognized in other comprehensive income	1,635	395
Pension plan remeasurements recognized in other comprehensive income, net of tax	−3,873	−940
Share of other comprehensive income of equity-accounted investments that will not be reclassified to profit or loss, net of tax	−2	−3
Items that will not be reclassified to profit or loss	**−3,875**	**−943**
Exchange differences on translating foreign operations		
Unrealized currency translation gains/losses	2,526	−126
Transferred to profit or loss	—	—
Exchange differences on translating foreign operations, before tax	2,526	−126
Deferred taxes relating to exchange differences on translating foreign operations	0	0
Exchange differences on translating foreign operations, net of tax	2,526	−126
Cash flow hedges		
Fair value changes recognized in other comprehensive income	−9,443	−110
Transferred to profit or loss	1,142	−80
Cash flow hedges, before tax	−8,301	−190
Deferred taxes relating to cash flow hedges	2,421	56
Cash flow hedges, net of tax	−5,880	−134
Available-for-sale financial assets		
Fair value changes recognized in other comprehensive income	420	−90
Transferred to profit or loss	−40	58
Available-for-sale financial assets, before tax	380	−32
Deferred taxes relating to available-for-sale financial assets	−11	−20
Available-for-sale financial assets, net of tax	369	−52
Share of other comprehensive income of equity-accounted investments that may be reclassified subsequently to profit or loss, net of tax	631	−115
Items that may be reclassified subsequently to profit or loss	**−2,353**	**−426**
Other comprehensive income, before tax	−10,273	−1,800
Deferred taxes relating to other comprehensive income	4,046	431
Other comprehensive income, net of tax	**−6,228**	**−1,369**
Total comprehensive income	**−3,295**	**1,098**
of which attributable to		
Noncontrolling interests	2	19
Volkswagen AG hybrid capital investors	43	21
Volkswagen AG shareholders	−3,340	1,058

BALANCE SHEET
AS OF MARCH 31, 2015 AND DECEMBER 31, 2014

			DIVISIONS			
	VOLKSWAGEN GROUP		AUTOMOTIVE*		FINANCIAL SERVICES	
€ million	2015	2014	2015	2014	2015	2014
Assets						
Noncurrent assets	**232,980**	**220,106**	**135,012**	**128,231**	**97,967**	**91,875**
Intangible assets	60,285	59,935	60,045	59,697	240	237
Property, plant and equipment	47,189	46,169	44,992	44,080	2,197	2,089
Lease assets	30,085	27,585	2,832	2,815	27,253	24,770
Financial services receivables	60,873	57,877	—	—	60,873	57,877
Investments, equity-accounted investments and other equity investments, other receivables and financial assets	34,549	28,541	27,143	21,639	7,405	6,902
Current assets	**142,848**	**131,102**	**79,189**	**69,180**	**63,658**	**61,923**
Inventories	35,005	31,466	31,861	28,269	3,144	3,197
Financial services receivables	46,278	44,398	−504	−464	46,782	44,862
Other receivables and financial assets	28,593	25,254	19,310	15,677	9,283	9,577
Marketable securities	14,824	10,861	12,224	9,197	2,600	1,664
Cash, cash equivalents and time deposits	18,148	19,123	16,299	16,499	1,849	2,624
Total assets	**375,827**	**351,209**	**214,201**	**197,411**	**161,626**	**153,798**
Equity and Liabilities						
Equity	**89,267**	**90,189**	**69,966**	**72,815**	**19,301**	**17,374**
Equity attributable to Volkswagen AG shareholders	81,610	84,950	62,600	67,828	19,010	17,122
Equity attributable to Volkswagen AG hybrid capital investors	7,457	5,041	7,457	5,041	—	—
Equity attributable to Volkswagen AG shareholders and hybrid capital investors	89,067	89,991	70,057	72,870	19,010	17,122
Noncontrolling interests	200	198	−91	−55	291	253
Noncurrent liabilities	**144,661**	**130,314**	**77,870**	**66,438**	**66,792**	**63,876**
Financial liabilities	71,764	68,416	11,680	10,643	60,084	57,773
Provisions for pensions	35,402	29,806	34,852	29,361	549	445
Other liabilities	37,496	32,092	31,337	26,434	6,158	5,658
Current liabilities	**141,899**	**130,706**	**66,366**	**58,158**	**75,533**	**72,547**
Put options and compensation rights granted to noncontrolling interest shareholders	3,816	3,703	3,816	3,703	—	—
Financial liabilities	66,635	65,564	−2,011	−847	68,647	66,411
Trade payables	20,902	19,530	18,723	17,838	2,179	1,692
Other liabilities	50,546	41,909	45,839	37,465	4,707	4,444
Total equity and liabilities	**375,827**	**351,209**	**214,201**	**197,411**	**161,626**	**153,798**

* Including allocation of consolidation adjustments between the Automotive and Financial Services divisions, primarily intragroup loans.

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, 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**
Balance at Jan. 1, 2015	**1,218**	**14,616**	**71,197**	**−1,777**	**−1,715**	**1,263**	**148**	**5,041**	**89,991**	**198**	**90,189**
Profit after tax	—	—	2,887	—	—	—	—	43	2,930	2	2,932
Other comprehensive income, net of tax	—	—	−3,871	2,524	−5,879	369	629	—	−6,228	0	−6,228
Total comprehensive income	**—**	**—**	**−983**	**2,524**	**−5,879**	**369**	**629**	**43**	**−3,297**	**2**	**−3,295**
Capital increase[1]	0	0	—	—	—	—	—	2,469	2,469	—	2,469
Dividend payment	—	—	—	—	—	—	—	−128	−128	—	−128
Capital transactions involving a change in ownership interest	—	—	0	—	—	—	—	—	0	0	0
Other changes	—	—	0	—	—	—	—	32	32	0	32
Balance at Mar. 31, 2015	**1,218**	**14,616**	**70,214**	**747**	**−7,594**	**1,632**	**777**	**7,457**	**89,067**	**200**	**89,267**

1 Volkswagen AG recorded an inflow of cash funds amounting to €3,000 million, less a discount of €29 million and transaction costs of €19 million, from the hybrid capital issued in March 2014. Additionally, there were noncash effects from the deferral of taxes amounting to €13 million. Volkswagen AG recorded an inflow of cash funds amounting to €2,500 million, less a discount of €29 million and transaction costs of €14 million, from the hybrid capital issued in March 2015. Additionally, there were noncash effects from the deferral of taxes amounting to €11 million. The hybrid capital is required to be classified as equity instruments granted.

2 The other changes in retained earnings in 2014 are primarily a result of the recognition of a liability outside profit or loss 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	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**
Cash and cash equivalents at beginning of period	**18,634**	**22,009**	**16,010**	**19,285**	**2,624**	**2,724**
Profit before tax	3,968	3,357	3,471	2,890	497	467
Income taxes paid	–807	–1,656	–885	–1,506	77	–150
Depreciation and amortization expense[2]	4,385	3,852	2,984	2,818	1,401	1,034
Change in pension provisions	110	11	105	9	5	2
Other noncash income/expense and reclassifications[3]	–429	590	–578	561	148	29
Gross cash flow	**7,225**	**6,154**	**5,097**	**4,773**	**2,128**	**1,382**
Change in working capital	**–3,607**	**–4,656**	**–405**	**–2,522**	**–3,201**	**–2,134**
Change in inventories	–2,226	–1,941	–2,316	–2,145	91	204
Change in receivables	–3,046	–4,097	–2,921	–3,976	–125	–121
Change in liabilities	4,028	3,260	3,339	2,693	689	567
Change in other provisions	1,578	1,263	1,555	1,191	23	73
Change in lease assets (excluding depreciation)	–2,144	–1,873	–104	–253	–2,041	–1,619
Change in financial services receivables	–1,796	–1,269	41	–30	–1,837	–1,238
Cash flows from operating activities	**3,619**	**1,498**	**4,692**	**2,251**	**–1,073**	**–752**
Cash flows from investing activities attributable to operating activities	**–3,325**	**–2,924**	**–3,189**	**–2,302**	**–136**	**–622**
of which: Investments in intangible assets (excluding capitalized development costs), property, plant and equipment, and investment property	–2,140	–1,676	–2,071	–1,625	–69	–51
capitalized development costs	–1,137	–1,191	–1,137	–1,191	—	—
acquisition and disposal of equity investments	–104	–177	–34	400	–70	–576
Net cash flow[4]	***294***	***–1,426***	***1,503***	***–52***	***–1,209***	***–1,375***
Change in investments in securities and loans	–3,712	591	–3,135	345	–577	246
Cash flows from investing activities	**–7,037**	**–2,333**	**–6,324**	**–1,957**	**–713**	**–376**
Cash flows from financing activities	**1,480**	**4,028**	**533**	**2,698**	**947**	**1,330**
of which: capital transactions with noncontrolling interests	0	—	0	—	—	—
capital contributions/capital redemptions	2,458	2,953	1,357	691	1,101	2,262
Effect of exchange rate changes on cash and cash equivalents	630	–40	574	–68	57	27
Net change in cash and cash equivalents	**–1,308**	**3,153**	**–525**	**2,924**	**–783**	**229**
Cash and cash equivalents at Mar. 31	**17,326**	**25,162**	**15,485**	**22,209**	**1,841**	**2,953**
Securities, loans and time deposits	23,283	16,505	14,956	9,090	8,327	7,415
Gross liquidity	**40,609**	**41,667**	**30,441**	**31,299**	**10,168**	**10,368**
Total third-party borrowings	–138,400	–122,549	–9,670	–13,585	–128,731	–108,964
Net liquidity at Mar. 31	**–97,791**	**–80,881**	**20,772**	**17,714**	**–118,563**	**–98,596**
For information purposes: at Jan. 1	–96,453	–82,318	17,639	16,869	–114,092	–99,186

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

2 Net of impairment reversals.

3 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.

4 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 2014 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, 2015 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, 2015.

A number of amendments to International Financial Reporting Standards resulting from the Annual Improvements Project 2013 became effective on January 1, 2015. These relate to changes to IFRS 1, IFRS 3, IFRS 13 and IAS 40, and do not materially affect the Volkswagen Group's net assets, financial position and results of operations.

IFRIC 21 has also been required to be applied since January 1, 2015. IFRIC 21 governs the accounting for levies that do not fall within the scope of IAS 12 ''Income Taxes''. In particular, it provides guidance on when a liability has to be recognized for payment of a levy. This Interpretation also does not materially affect the Volkswagen Group's net assets, financial position and results of operations.

A discount rate of 1.5% (December 31, 2014: 2.3%) was applied to German pension provisions in the accompanying interim consolidated financial statements. The reduction in the discount rate increased pension provisions and deferred taxes attributable to pension provisions and also 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 2014 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 policies and methods applied is published in the notes to the consolidated financial statements in the 2014 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 German and non-German subsidiaries, including structured entities, that are controlled directly or indirectly by Volkswagen AG. This is the case if Volkswagen AG obtains power over the potential subsidiaries directly or indirectly from voting rights or similar rights, is exposed, or has rights to, positive or negative variable returns from its involvement with the subsidiaries, and is able to influence those returns.

INTERESTS IN JOINT VENTURES

Through its 50% interest in the joint venture Global Mobility Holding B.V., Amsterdam, the Netherlands, the Volkswagen Group holds a 50% indirect stake in the joint venture's subsidiary, LeasePlan Corporation N.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. 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, less purchase price reductions, plus accumulated pro rata preferred dividends. Additionally, Volkswagen AG has a preemptive right of purchase at any applicable 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 €1.3 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.

In fiscal year 2013, the put option and the certificates of deposit were prolonged by two years until January 2016.

DISCLOSURES ON THE CONSOLIDATED FINANCIAL STATEMENTS

1. Sales revenue

STRUCTURE OF GROUP SALES REVENUE

€ million	Q1 2015	Q1 2014
Vehicles	34,814	31,817
Genuine parts	3,574	3,333
Used vehicles and third-party products	2,758	2,479
Engines, powertrains and parts deliveries	2,531	2,276
Power Engineering	799	804
Motorcycles	133	126
Rental and leasing business	4,654	3,743
Interest and similar income	1,694	1,533
Other sales revenue	1,779	1,719
	52,735	**47,831**

2. Cost of sales

Cost of sales includes interest expenses of €489 million (previous year: €465 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 lease assets. The impairment losses identified on the basis of updated impairment tests amount to a total of €122 million (previous year: €34 million).

3. Research and development costs in the Automotive Division

€ million	Q1 2015	Q1 2014	%
Total research and development costs	3,318	3,166	4.8
of which: capitalized development costs	1,137	1,191	−4.5
Capitalization ratio in %	34.3	37.6	
Amortization of capitalized development costs	730	709	3.0
Research and development costs recognized in the income statement	**2,911**	**2,684**	**8.5**

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 two mandatory convertible notes with identical features and an aggregate principal amount of €3.7 billion via a subsidiary, Volkswagen International Finance N.V. Amsterdam (issuer). Both mandatory convertible notes mature on November 9, 2015. The current minimum conversion price is €147.61, and the corresponding maximum conversion price is €177.13. 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 voluntary conversion right was exercised in the reporting period, with a total of €100 thousand of the notes being converted into 564 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 €147.61. 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 25,031,501 no-par value preferred shares of Volkswagen AG, based on the current maximum conversion ratio.

			Q1	
			2015	**2014***
Weighted average number of shares outstanding				
Ordinary shares: basic		million	295.1	295.1
diluted		million	295.1	295.1
Preferred shares: basic		million	205.7	195.2
diluted		million	205.7	195.2
Profit after tax	€	million	2,932	2,468
Noncontrolling interests	€	million	2	51
Profit attributable to Volkswagen AG hybrid capital investors	€	million	43	21
Profit attributable to Volkswagen AG shareholders	€	million	2,887	2,395
Earnings per share				
Ordinary shares: basic	€		5.74	4.86
diluted	€		5.74	4.86
Preferred shares: basic	€		5.80	4.92
diluted	€		5.80	4.92

* 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, 2015

€ million	**Carrying amount at Jan. 1, 2015**	**Additions/ Changes in consolidated Group**	**Disposals/ Other changes**	**Depreciation and amortization**	**Carrying amount at Mar. 31, 2015**
Intangible assets	59,935	1,237	–103	991	60,285
Property, plant and equipment	46,169	2,054	–861	1,895	47,189
Lease assets	27,585	3,697	–301	1,498	30,085

6. Inventories

€ million	Mar. 31, 2015	Dec. 31, 2014
Raw materials, consumables and supplies	4,205	3,941
Work in progress	3,623	3,552
Finished goods and purchased merchandise	22,951	20,156
Current lease assets	4,078	3,679
Prepayments	148	139
	35,005	**31,466**

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, 2015	Dec. 31, 2014
Trade receivables	13,391	11,472
Miscellaneous other receivables and financial assets	15,202	13,782
	28,593	**25,254**

In the period January 1 to March 31, 2015, impairment losses and reversals of impairment losses on noncurrent and current financial assets reduced operating profit by €195 million (previous year: €132 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 those 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, 2015, a total of 359,369 ordinary shares and 117,653 preferred shares had been tendered.

On March 14, 2014, Volkswagen AG published an offer to the shareholders of Scania Aktiebolag, Södertälje, (''Scania'') to acquire all Scania shares. The offer was completed on May 13, 2014 and Volkswagen initiated a squeeze-out for the Scania shares that were not tendered in the course of the offer. Scania shares were delisted from the NASDAQ OMX Stockholm at the end of June 5, 2014. The Group's retained earnings were reduced by the total value of the offer amounting to €6,650 million as a capital transaction with noncontrolling interest shareholders recognized directly in equity. At the same time, the equity interest in Scania previously attributable to the noncontrolling interest shareholders in Scania amounting to €2,123 million was reclassified from noncontrolling interests to the reserves attributable to the shareholders of Volkswagen AG. The remaining noncontrolling interests are largely attributable to shareholders of RENK AG and AUDI AG.

In March 2015, Volkswagen AG placed unsecured subordinated hybrid notes with an aggregate principal amount of €2.5 billion via a subsidiary, Volkswagen International Finance N.V. Amsterdam (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 (€1.1 billion and a coupon of 2.50%) is after seven years, and the first call date for the second tranche (€1.4 billion and a coupon of 3.50%) is after 15 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.

In the first quarter of the fiscal year, Volkswagen AG issued 564 newly created preferred shares (notional value: €1,443.84) resulting from the exercise of mandatory convertible notes. The subscribed capital is composed of 295,089,818 no-par value ordinary shares and 180,642,042 preferred shares, and amounts to €1,218 million (December 31, 2014: €1,218 million).

9. Noncurrent financial liabilities

€ million	Mar. 31, 2015	Dec. 31, 2014
Bonds, commercial paper and notes	59,147	56,639
Liabilities to banks	10,216	9,692
Deposit business	915	980
Other financial liabilities	1,486	1,105
	71,764	**68,416**

10. Current financial liabilities

€ million	Mar. 31, 2015	Dec. 31, 2014
Bonds, commercial paper and notes	30,739	29,639
Liabilities to banks	11,464	11,109
Deposit business	23,944	24,353
Other financial liabilities	488	463
	66,635	**65,564**

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 2014 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 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.

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, 2014	Level 1	Level 2	Level 3
Noncurrent assets				
Other equity investments	2,922	2,922	—	—
Other financial assets	2,047	—	2,023	24
Current assets				
Other financial assets	1,551	—	1,543	9
Marketable securities	10,861	10,861	—	—
Noncurrent liabilities				
Other noncurrent financial liabilities	2,390	—	2,216	174
Current liabilities				
Other current financial liabilities	2,991	—	2,916	75

€ million	Mar. 31, 2015	Level 1	Level 2	Level 3
Noncurrent assets				
Other equity investments	3,264	3,264	—	—
Other financial assets	2,559	—	2,536	23
Current assets				
Other financial assets	2,211	—	2,204	7
Marketable securities	14,824	14,824	—	—
Noncurrent liabilities				
Other noncurrent financial liabilities	7,530	—	7,339	191
Current liabilities				
Other current financial liabilities	7,008	—	6,929	80

The allocation of fair values to the three levels in the fair value hierarchy is based on the availability of observable market prices. Level 1 is used to report the fair value of financial instruments for which a price is directly available in an active market. Examples include marketable securities and other equity investments measured at fair value. Fair values in Level 2, for example of derivatives, are measured on the basis of market inputs using market-based valuation techniques. In particular, the inputs used include exchange rates, yield curves and commodity prices that are observable in the relevant markets and obtained through pricing services. Level 3 fair values are calculated using valuation techniques that incorporate inputs that are not directly observable in active markets. In the Volkswagen Group, long-term commodity futures are allocated to Level 3 because the prices available on the market must be extrapolated for measurement purposes. This is done on the basis of observable inputs obtained for the different commodities through pricing services. Options on equity instruments and residual value protection models are also reported in Level 3. Equity instruments are measured primarily using the relevant business plans and entity-specific discount rates. The significant inputs used to measure fair value for the residual value protection models include forecasts and estimates of used vehicle residual values for the appropriate models.

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, 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

€ million	Financial assets measured at fair value	Financial liabilities measured at fair value
Balance at Jan. 1, 2015	**32**	**249**
Foreign exchange differences	—	0
Total comprehensive income	−1	50
recognized in profit or loss	−1	47
recognized in other comprehensive income	0	3
Additions (purchases)	—	—
Sales and settlements	−2	−16
Transfers into Level 2	0	−12
Balance at Mar. 31, 2015	**30**	**271**
Total gains or losses recognized in profit or loss	**−1**	**−47**
Net other operating expense/income	—	—
of which attributable to assets/liabilities held at the reporting date	—	—
Financial result	−1	−47
of which attributable to assets/liabilities held at the reporting date	−1	−37

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, 2015, profit after tax would have been €17 million higher (lower) and equity would have been €2 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 after tax.

If the assumed enterprise values had been 10% higher, profit after tax would have been €1 million higher. If the assumed enterprise values had been 10% lower, profit after tax would have been €1 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 profit after tax.

If the prices for the used cars covered by the residual value protection model had been 10% higher as of March 31, 2015, profit after tax would have been €200 million higher. If the prices for the used cars covered by the residual value protection model had been 10% lower as of March 31, 2015, profit after tax would have been €200 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. In the reconciliation presented in the following tables, equity instruments recognized at their carrying amount are allocated to Level 3 of the fair value hierarchy.

RECONCILIATION OF BALANCE SHEET ITEMS TO CLASSES OF FINANCIAL INSTRUMENTS AS OF DECEMBER 31, 2014

€ million	MEASURED AT FAIR VALUE	MEASURED AT AMORTIZED COST		NOT WITHIN SCOPE OF IFRS 7	BALANCE SHEET ITEM AT DEC. 31, 2014
	Carrying amount	Carrying amount	Fair value	Carrying amount	
Noncurrent assets					
Equity-accounted investments	—	—	—	9,874	9,874
Other equity investments	2,922	761	761	—	3,683
Financial services receivables	—	57,877	60,052	—	57,877
Other financial assets	2,047	4,451	4,496	—	6,498
Current assets					
Trade receivables	—	11,472	11,472	—	11,472
Financial services receivables	—	44,398	44,398	—	44,398
Other financial assets	1,551	6,141	6,141	—	7,693
Marketable securities	10,861	—	—	—	10,861
Cash, cash equivalents and time deposits	—	19,123	19,123	—	19,123
Noncurrent liabilities					
Noncurrent financial liabilities	—	68,416	70,238	—	68,416
Other noncurrent financial liabilities	2,390	1,564	1,568	—	3,954
Current liabilities					
Put options and compensation rights granted to noncontrolling interest shareholders	—	3,703	3,822	—	3,703
Current financial liabilities	—	65,564	65,564	—	65,564
Trade payables	—	19,530	19,530	—	19,530
Other current financial liabilities	2,991	4,652	4,652	—	7,643

RECONCILIATION OF BALANCE SHEET ITEMS TO CLASSES OF FINANCIAL INSTRUMENTS AS OF MARCH 31, 2015

€ million	MEASURED AT FAIR VALUE	MEASURED AT AMORTIZED COST		NOT WITHIN SCOPE OF IFRS 7	BALANCE SHEET ITEM AT MAR. 31, 2015
	Carrying amount	Carrying amount	Fair value	Carrying amount	
Noncurrent assets					
Equity-accounted investments	—	—	—	11,874	11,874
Other equity investments	3,264	858	858	—	4,123
Financial services receivables	—	60,873	63,242	—	60,873
Other financial assets	2,559	4,719	4,780	—	7,277
Current assets					
Trade receivables	—	13,391	13,391	—	13,391
Financial services receivables	—	46,278	46,278	—	46,278
Other financial assets	2,211	6,173	6,173	—	8,384
Marketable securities	14,824	—	—	—	14,824
Cash, cash equivalents and time deposits	—	18,148	18,148	—	18,148
Noncurrent liabilities					
Noncurrent financial liabilities	—	71,764	73,320	—	71,764
Other noncurrent financial liabilities	7,530	1,622	1,627	—	9,152
Current liabilities					
Put options and compensation rights granted to noncontrolling interest shareholders	—	3,816	3,821	—	3,816
Current financial liabilities	—	66,635	66,635	—	66,635
Trade payables	—	20,902	20,902	—	20,902
Other current financial liabilities	7,008	5,175	5,175	—	12,183

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, 2015	Mar. 31, 2014
Cash, cash equivalents and time deposits as reported in the balance sheet	18,148	25,690
of which: time deposits	−822	−528
Cash and cash equivalents as reported in the cash flow statement	**17,326**	**25,162**

Cash inflows from financing activities in the current year are attributable primarily to the issuance of bonds in the amount of €8,553 million (previous year: €6,654 million) and inflows from the issuance of hybrid notes in the amount of €2,458 million (previous year: €2,953 million; see note 8). They are offset mainly by cash outflows from the repayment of bonds amounting to €5,913 million (previous year: €5,551 million), the change in other financial liabilities amounting to €−3,472 million (previous year: €−25 million) and dividend payments relating to payments to hybrid capital investors amounting to €128 million (previous year: €0 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, fleet management and mobility services.

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 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

REPORTING SEGMENTS: Q1 2015

€ million	Passenger Cars	Commercial Vehicles	Power Engineering	Financial Services	Total segments	Reconciliation	Volkswagen Group
Sales revenue from external customers	39,716	5,791	799	6,291	52,598	137	52,735
Intersegment sales revenue	3,742	1,579	1	637	5,959	–5,959	—
Total sales revenue	43,458	7,370	800	6,928	58,557	–5,822	52,735
Segment profit or loss (operating profit or loss)	2,837	236	–14	473	3,532	–203	3,328

RECONCILIATION

€ million	Q1 2015	Q1 2014
Segment profit or loss (operating profit or loss)	**3,532**	**3,236**
Unallocated activities	49	46
Group financing	6	3
Consolidation	−258	−430
Operating profit	**3,328**	**2,855**
Financial result	**639**	**502**
Consolidated profit before tax	**3,968**	**3,357**

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 cannot 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 continues to have the power to participate in the operating policy decisions of the Volkswagen Group.

	SUPPLIES AND SERVICES RENDERED Q1		SUPPLIES AND SERVICES RECEIVED Q1	
€ million	**2015**	**2014**	**2015**	**2014**
Porsche SE	2	8	1	1
Supervisory Board members	1	1	1	1
Unconsolidated subsidiaries	469	267	145	141
Joint ventures and their majority interests	3,752	3,560	259	252
Associates and their majority interests	17	35	155	62
State of Lower Saxony, its majority interests and joint ventures	2	1	1	0

	RECEIVABLES (INCLUDING COLLATERAL) FROM		LIABILITIES (INCLUDING OBLIGATIONS) TO	
€ million	**Mar. 31, 2015**	**Dec. 31, 2014**	**Mar. 31, 2015**	**Dec. 31, 2014**
Porsche SE	345	356	13	14
Supervisory Board members	0	0	228	218
Unconsolidated subsidiaries	783	673	817	815
Joint ventures and their majority interests	6,301	6,295	2,787	2,127
Associates and their majority interests	45	69	226	168
State of Lower Saxony, its majority interests and joint ventures	0	0	0	1

The supplies and services received from joint ventures and associates in the first three months do not include resolved dividend distributions amounting to €124 million (previous year: €1,477 million).

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 liability compensation for guarantees.

Obligations to members of the Supervisory Board amounting to €228 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 irrevocable credit commitments in the amount of €1.8 billion to LeasePlan Corporation N.V., Amsterdam, the Netherlands, a Volkswagen Group joint venture, with terms until December 2018.

15. Litigation

Volkswagen AG's Annual Report for fiscal year 2014 contains detailed information on litigation and other legal proceedings.

There were no significant changes compared with the situation described there.

16. Contingent assets and liabilities

There were no significant changes as of March 31, 2015 in the contingent assets and liabilities described in the 2014 Annual Report.

17. Other financial obligations

The other financial obligations increased by €1,357 million compared with the 2014 consolidated financial statements to €28,643 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

There were no significant events after the end of the first three months of 2015.

Wolfsburg, April 29, 2015
Volkswagen Aktiengesellschaft
The Board of Management

Review Report

This report was originally prepared in German. In case of ambiguities the German version shall prevail:

Review Report

To VOLKSWAGEN AKTIENGESELLSCHAFT, Wolfsburg

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, 2015, 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 IFRS 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 IFRS 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 IFRS 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, 2015

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Norbert Winkeljohann Wirtschaftsprüfer (German Public Auditor)	Frank Hübner Wirtschaftsprüfer (German Public Auditor)

Audited consolidated financial statements (IFRS)
of Volkswagen Aktiengesellschaft

as of and for the year ended December 31, 2014

Income Statement of the Volkswagen Group for the Period January 1 to December 31, 2014

€ million	Note	2014	2013*
Sales revenue	**1**	**202,458**	**197,007**
Cost of sales	2	–165,934	–161,407
Gross profit		**36,524**	**35,600**
Distribution expenses	3	–20,292	–19,655
Administrative expenses	4	–6,841	–6,888
Other operating income	5	10,298	9,956
Other operating expenses	6	–6,992	–7,343
Operating profit		**12,697**	**11,671**
Share of profits and losses of equity-accounted investments	7	3,988	3,588
Finance costs	8	–2,658	–2,366
Other financial result	9	767	–465
Financial result		**2,097**	**757**
Profit before tax		**14,794**	**12,428**
Income tax income/expense	10	–3,726	–3,283
Current		–3,632	–3,733
Deferred		–94	449
Profit after tax		**11,068**	**9,145**
of which attributable to			
Noncontrolling interests		84	52
Volkswagen AG hybrid capital investors		138	27
Volkswagen AG shareholders		10,847	9,066
Basic earnings per ordinary share in €	**11**	**21.84**	**18.61**
Diluted earnings per ordinary share in €	**11**	**21.84**	**18.61**
Basic earnings per preferred share in €	**11**	**21.90**	**18.67**
Diluted earnings per preferred share in €	**11**	**21.90**	**18.67**

* Earnings per share adjusted to reflect application of IAS 33.26.

Statement of Comprehensive Income
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**

Changes in Comprehensive Income
for the Period January 1 to December 31, 2014

€ million	Total	Equity attributable to Volkswagen AG shareholders	Equity attributable to Volkswagen AG hybrid capital investors	Equity attributable to noncontrolling interests
Profit after tax	**11,068**	**10,847**	**138**	**84**
Pension plan remeasurements recognized in other comprehensive income				
Pension plan remeasurements recognized in other comprehensive income, before tax	−7,929	−7,917	—	−12
Deferred taxes relating to pension plan remeasurements recognized in other comprehensive income	2,336	2,333	—	3
Pension plan remeasurements recognized in other comprehensive income, net of tax	−5,593	−5,584	—	−9
Share of other comprehensive income of equity-accounted investments that will not be reclassified to profit or loss, net of tax	−5	−5	—	—
Items that will not be reclassified to profit or loss	**−5,598**	**−5,589**	**—**	**−9**
Exchange differences on translating foreign operations				
Unrealized currency translation gains/losses	974	1,027	—	−53
Transferred to profit or loss	41	41	—	—
Exchange differences on translating foreign operations, before tax	1,014	1,067	—	−53
Deferred taxes relating to exchange differences on translating foreign operations	1	1	—	—
Exchange differences on translating foreign operations, net of tax	1,015	1,068	—	−53
Cash flow hedges				
Fair value changes recognized in other comprehensive income	−5,355	−5,354	—	−1
Transferred to profit or loss	324	324	—	0
Cash flow hedges, before tax	−5,031	−5,031	—	−1
Deferred taxes relating to cash flow hedges	1,468	1,468	—	0
Cash flow hedges, net of tax	−3,563	−3,562	—	−1
Available-for-sale financial assets				
Fair value changes recognized in other comprehensive income	823	823	—	—
Transferred to profit or loss	−263	−263	—	—
Available-for-sale financial assets, before tax	560	560	—	—
Deferred taxes relating to available-for-sale financial assets	−21	−21	—	—
Available-for-sale financial assets, net of tax	539	539	—	—
Share of other comprehensive income of equity-accounted investments that may be reclassified subsequently to profit or loss, net of tax	380	380	—	0
Items that may be reclassified subsequently to profit or loss	**−1,628**	**−1,575**	**—**	**−53**
Other comprehensive income, before tax	−11,010	−10,945	—	−66
Deferred taxes relating to other comprehensive income	3,784	3,781	—	3
Other comprehensive income, net of tax	**−7,226**	**−7,164**	**—**	**−62**
Total comprehensive income	**3,842**	**3,683**	**138**	**21**

Balance Sheet of the Volkswagen Group as of December 31, 2014

€ million	Note	Dec. 31, 2014	Dec. 31, 2013
Assets			
Noncurrent assets			
Intangible assets	12	59,935	59,243
Property, plant and equipment	13	46,169	42,389
Lease assets	14	27,585	22,259
Investment property	14	485	427
Equity-accounted investments	15	9,874	7,934
Other equity investments	15	3,683	3,941
Financial services receivables	16	57,877	51,198
Other financial assets	17	6,498	7,040
Other receivables	18	1,654	1,456
Tax receivables	19	468	633
Deferred tax assets	19	5,878	5,622
		220,106	**202,141**
Current assets			
Inventories	20	31,466	28,653
Trade receivables	21	11,472	11,133
Financial services receivables	16	44,398	38,386
Other financial assets	17	7,693	6,591
Other receivables	18	5,080	5,030
Tax receivables	19	1,010	729
Marketable securities	22	10,861	8,492
Cash, cash equivalents and time deposits	23	19,123	23,178
		131,102	**122,192**
Total assets		**351,209**	**324,333**
Equity and Liabilities			
Equity	**24**		
Subscribed capital		1,218	1,191
Capital reserves		14,616	12,658
Retained earnings		71,197	72,341
Other reserves		−2,081	−459
Equity attributable to Volkswagen AG hybrid capital investors		5,041	2,004
Equity attributable to Volkswagen AG shareholders and hybrid capital investors		89,991	87,733
Noncontrolling interests		198	2,304
		90,189	**90,037**
Noncurrent liabilities			
Financial liabilities	25	68,416	61,517
Other financial liabilities	26	3,954	2,305
Other liabilities	27	4,238	4,527
Deferred tax liabilities	28	4,774	7,894
Provisions for pensions	29	29,806	21,774
Provisions for taxes	28	3,215	3,674
Other provisions	30	15,910	13,981
		130,314	**115,672**
Current liabilities			
Put options and compensation rights granted to noncontrolling interest shareholders	31	3,703	3,638
Financial liabilities	25	65,564	59,987
Trade payables	32	19,530	18,024
Tax payables	28	256	218
Other financial liabilities	26	7,643	4,526
Other liabilities	27	14,143	11,004
Provisions for taxes	28	2,791	2,869
Other provisions	30	17,075	18,360
		130,706	**118,625**
Total equity and liabilities		**351,209**	**324,333**

Statement of Changes in Equity of the Volkswagen Group for the Period January 1 to December 31, 2014

€ million	Subscribed capital	Capital reserves	Retained earnings	OTHER RESERVES: Currency translation reserve	OTHER RESERVES: Cash flow hedge reserve	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	—	—	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	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[1]	—	—	−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**
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	—	—	10,847	—	—	—	—	138	10,985	84	11,068
Other comprehensive income, net of tax	—	—	−5,584	1,068	−3,562	539	376	—	−7,164	−62	−7,226
Total comprehensive income	**—**	**—**	**5,263**	**1,068**	**−3,562**	**539**	**376**	**138**	**3,821**	**21**	**3,842**
Capital increase[2]	27	1,959	—	—	—	—	—	2,965	4,951	—	4,951
Dividend payment	—	—	−1,871	—	—	—	—	−87	−1,958	−4	−1,962
Capital transactions involving a change in ownership interest[1]	—	—	−4,484	−45	2	—	0	—	−4,527	−2,123	−6,650
Other changes[3]	—	—	−52	0	—	—	1	22	−29	0	−29
Balance at Dec. 31, 2014	**1,218**	**14,616**	**71,197**	**−1,777**	**−1,715**	**1,263**	**148**	**5,041**	**89,991**	**198**	**90,189**

1 The capital transactions involving a change in ownership interest are attributable in the previous year to the derecognition of the noncontrolling interests in the equity of MAN SE and the interest in Scania AB attributable to those noncontrolling interest shareholders and, in the reporting period, to the derecognition of the noncontrolling interests in the equity of Scania AB.

2 Volkswagen AG recorded an inflow of cash funds amounting to €3,000 million, less a discount of €29 million and transaction costs (€19 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. Volkswagen AG recorded an inflow of cash funds amounting to €2,000 million, less transaction costs (€20 million), from the capital increase implemented in June 2014 by issuing new preferred shares. Additionally, there are noncash effects from the deferral of taxes amounting to €6 million.

3 The other changes in retained earnings are primarily a result of exchange rate movements between the dates of publication and completion of the offer to acquire all shares of Scania in conjunction with the measurement of the liability originally recognized outside profit or loss in March 2014.

Explanatory notes on equity are presented in note 24.

Cash Flow Statement of the Volkswagen Group for the Period January 1 to December 31, 2014

€ million	2014	2013
Cash and cash equivalents at beginning of period	**22,009**	**17,794**
Profit before tax	14,794	12,428
Income taxes paid	–4,040	–3,107
Depreciation and amortization of, and impairment losses on, intangible assets, property, plant and equipment, and investment property*	8,761	8,007
Amortization and write-downs of capitalized development costs*	3,006	2,464
Impairment losses on equity investments*	172	36
Depreciation of, and impairment losses on, lease assets*	5,024	4,179
Gain/loss on disposal of noncurrent assets	–153	–35
Share of profit or loss of equity-accounted investments	–990	–759
Other noncash expense/income	–174	1,012
Change in inventories	–2,214	–1,021
Change in receivables (excluding financial services)	–1,433	–1,651
Change in liabilities (excluding financial liabilities)	4,764	2,363
Change in provisions	562	2,479
Change in lease assets	–8,487	–7,112
Change in financial services receivables	–8,807	–6,688
Cash flows from operating activities	**10,784**	**12,595**
Investments in intangible assets (excluding development costs), property, plant and equipment, and investment property	–12,012	–11,385
Additions to capitalized development costs	–4,601	–4,021
Acquisition of subsidiaries	–83	–80
Acquisition of other equity investments	–195	–94
Disposal of subsidiaries	6	0
Disposal of other equity investments	31	23
Proceeds from disposal of intangible assets, property, plant and equipment, and investment property	403	622
Change in investments in securities	–2,154	–810
Change in loans and time deposits	–492	–1,144
Cash flows from investing activities	**–19,099**	**–16,890**
Capital contributions	4,932	3,067
Dividends paid	–1,962	–1,849
Capital transactions with noncontrolling interest shareholders	–6,535	0
Other changes	15	–21
Proceeds from issuance of bonds	25,608	22,118
Repayment of bonds	–21,748	–14,614
Change in other financial liabilities	4,352	285
Lease payments	–17	–14
Cash flows from financing activities	**4,645**	**8,973**
Effect of exchange rate changes on cash and cash equivalents	294	–462
Net change in cash and cash equivalents	**–3,375**	**4,216**
Cash and cash equivalents at end of period	**18,634**	**22,009**
Cash and cash equivalents at end of period	18,634	22,009
Securities, loans and time deposits	18,893	17,177
Gross liquidity	**37,527**	**39,186**
Total third-party borrowings	–133,980	–121,504
Net liquidity	**–96,453**	**–82,318**

* Net of impairment reversals.

Explanatory notes on the cash flow statement are presented in note 33.

Notes to the Consolidated Financial Statements of the Volkswagen Group as of December 31, 2014

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 2014 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 17, 2015. 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 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. IFRS 10 defines the basis of consolidation and the principles for including subsidiaries in the consolidated financial statements. 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 significant 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 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.

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 for the Volkswagen Group.

The other accounting pronouncements required to be applied for the first time in fiscal year 2014 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 2014 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	July 24, 2014	Jan. 1, 2018	No	Change in the recognition of fair value changes in financial instruments previously classified as available for sale, change in the method used to calculate risk provisions, increased designation options for hedge accounting, simplified effectiveness tests, increased disclosures
IFRS 10 and IAS 28	Consolidated Financial Statements and Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Sept. 11, 2014	Jan. 1, 2016	No	None
IFRS 10, IFRS 12 and IAS 28	Consolidated Financial Statements and Investments in Associates and Joint Ventures: Investment Entities: Applying the Consolidation Exception	Dec. 18, 2014	Jan. 1, 2016	No	None
IFRS 11	Joint Arrangements: Accounting for Acquisitions of Interests in Joint Operations	May 6, 2014	Jan. 1, 2016	No	None
IFRS 14	Regulatory Deferral Accounts	Jan. 30, 2014	Jan. 1, 2016	No	None
IFRS 15	Revenue from Contracts with Customers	May 28, 2014	Jan. 1, 2017	No	Probably no material effects on revenue recognition, increased disclosures
IAS 1	Presentation of Financial Statements	Dec. 18, 2014	Jan. 1, 2016	No	No material effects
IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortization	May 12, 2014	Jan. 1, 2016	No	No material effects
IAS 16 and IAS 41	Agriculture: Bearer Plants	June 30, 2014	Jan. 1, 2016	No	None
IAS 19	Employee Benefits: Defined Benefit Plans—Employee Contributions	Nov. 21, 2013	Jan. 1, 2016	Yes	No material effects

Standard/Interpretation		Issued by the IASB	Effective date[1]	Adopted by the EU	Expected effects
IAS 27	Separate Financial Statements: Equity Method	Aug. 12, 2014	Jan. 1, 2016	No	None
	Improvements to IFRSs 2012[2]	Dec. 12, 2013	Jan. 1, 2016	Yes	Primarily increased segment reporting disclosures
	Improvements to IFRSs 2013[3]	Dec. 12, 2013	Jan. 1, 2015	Yes	No material effects
	Improvements to IFRSs 2014[4]	Sept. 25, 2014	Jan. 1, 2016	No	Probably increased disclosures in accordance with IFRS 7
IFRIC 21	Levies	May 20, 2013	Jan. 1, 2015	Yes	None

1 Effective date from Volkswagen AG's perspective.

2 Minor amendments to a number of IFRSs (IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16/38, IAS 24).

3 Minor amendments to a number of IFRSs (IFRS 1, IFRS 3, IFRS 13, IAS 40).

4 Minor amendments to a number of IFRSs (IFRS 5, IFRS 7, IAS 19, IAS 34).

Basis of consolidation

In addition to Volkswagen AG, the consolidated financial statements comprise all significant German and non-German subsidiaries, including structured entities, that are controlled directly or indirectly by Volkswagen AG. This is the case if Volkswagen AG obtains power over the potential subsidiaries directly or indirectly from voting rights or similar rights, is exposed, or has rights to, positive or negative variable returns from its involvement with the subsidiaries, and is able to influence those returns. In the case of the structured entities consolidated in the Volkswagen Group, the Group company is able to direct the material relevant activities remaining after the change in the structure even if it is not invested in the structured entity concerned and is thus able to influence the variable returns from its involvement. The structured entities are used primarily to enter into asset-backed securities transactions to refinance the financial services business and to invest surplus liquidity in special securities funds. 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 cost less any impairment losses required to be recognized 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:

	2014	2013
Volkswagen AG and consolidated subsidiaries		
Germany	158	158
Abroad	872	854
Subsidiaries carried at cost		
Germany	64	65
Abroad	216	209
Associates, joint ventures and other equity investments		
Germany	41	41
Abroad	65	65
	1,416	**1,392**

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 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 Zentrum München GmbH, Munich
- 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, Ludwigsburg
- 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
- Raffay Versicherungsdienst GmbH, Hamburg
- Truck & Bus GmbH, Wolfsburg
- VfL Wolfsburg-Fußball GmbH, Wolfsburg
- VGRD GmbH, Wolfsburg
- Volkswagen Automobile Berlin GmbH, Berlin
- Volkswagen Automobile Chemnitz GmbH, Chemnitz
- Volkswagen Automobile Frankfurt GmbH, Frankfurt am Main
- Volkswagen Automobile Hamburg GmbH, Hamburg
- Volkswagen Automobile Hannover GmbH, Hanover
- VOLKSWAGEN Automobile Leipzig GmbH, Leipzig
- Volkswagen Automobile Region Hannover GmbH, Hanover
- Volkswagen Automobile Rhein-Neckar GmbH, Mannheim
- Volkswagen Automobile Stuttgart GmbH, Stuttgart
- 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 Vertriebsbetreuungsgesellschaft mbH, Chemnitz

– Volkswagen Zubehör GmbH, Dreieich

CONSOLIDATED SUBSIDIARIES

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.

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, 2014, 63,364 (December 31, 2013: 289,665) ordinary shares and 27,705 (December 31, 2013: 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.

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 in fiscal year 2013, which was recognized in the other financial result. It is not currently possible to predict the exact duration of the proceedings.

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 offered SEK 200 for each Scania share, regardless of share class. One of the conditions of the offer was that it resulted in the Volkswagen Group holding more than 90 percent of the total number of Scania shares. When the offer to the Scania shareholders was published, the present value of the put options granted amounting to approximately €6.7 billion was recognized as a current liability without affecting profit or loss. The Group's retained earnings declined by the same amount.

Starting on May 7, 2014, Volkswagen acquired a total of 2.4 million Scania shares outside the offer (10,941 A shares and 2,400,679 B shares). This corresponds to 0.30% of Scania shares and 0.06% of the voting rights.

The condition for the Volkswagen Group to hold more than 90% of the total number of Scania shares was satisfied on May 13, 2014, and Volkswagen initiated a squeeze-out for the Scania shares that were not tendered in the course of the offer.

At the end of the second extended acceptance period on June 5, 2014, the number of shares tendered under the terms of the offer, together with the shares already held by Volkswagen either directly or indirectly, amounted to a total of 796.6 million Scania shares, comprising 398.7 million A shares and 397.8 million B shares. This corresponds to 99.57% of Scania shares and 99.66% of the voting rights.

On completion of the offer, the equity interest in Scania previously attributable to noncontrolling interest shareholders amounting to €2,123 million was required to be reclassified from noncontrolling interests to the reserves attributable to the shareholders of Volkswagen AG. The difference of €4,527 million reduced the retained earnings attributable to Volkswagen AG shareholders by the same amount.

The changes in the carrying amount of the liability of €96 million that was recognized when the offer was published, which were due primarily to exchange rate movements, were recognized in the financial result in profit or loss.

Net of exchange rate effects, the shares already tendered resulted in a cash outflow of €6,535 million as of the reporting date. This amount is reported within financing activities in the cash flow statement as an outflow from capital transactions with noncontrolling interests. A liability of €78 million from put options and compensation rights granted to noncontrolling interest shareholders was recognized for the remaining shares that are subject to the squeeze-out. The court of arbitration with jurisdiction has now decided that the remaining shares will be transferred to Volkswagen. On January 14, 2015, it was confirmed to us that the period for appealing against this decision had ended. As of that date, Volkswagen controls 100% of the shares in Scania. A judicial decision has yet to be taken on the appropriate settlement.

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	2	34
of which: newly acquired subsidiaries	—	—
of which: newly formed subsidiaries	10	19
	12	**53**
Deconsolidated		
of which: mergers	3	12
of which: liquidations	7	12
of which: sales/other	2	11
	12	**35**

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. The unconsolidated structured entities are immaterial from a Group perspective. In particular, they do not give rise to any significant risks to the Group.

INVESTMENTS IN ASSOCIATES

On July 2, 2014, Dr. Ing. h.c. F. Porsche AG, Stuttgart, increased its interest in Bertrandt AG, Ehningen (Bertrandt), by just under 4%. Following this acquisition, Volkswagen indirectly holds just under 29% of the voting shares of Bertrandt. There has been no change in the intention not to exercise any influence on Bertrandt's supervisory board or management board. Bertrandt has been included in the Volkswagen Group's consolidated financial statements as an equity-accounted associate from the date on which the additional shares were acquired. In this connection, the amounts resulting from the fair value measurement of the shares amounting to €148 million that had previously been recognized in the other reserves in other comprehensive income were recognized in profit or loss in the other financial result.

From a Group perspective, the associates Sinotruk (Hong Kong) Limited, Hong Kong (Sinotruk) and Bertrandt were material at the reporting date.

Sinotruk

Sinotruk is one of the largest truck manufacturers in the Chinese market. There is an agreement in place between Group companies and Sinotruk regarding a long-term strategic partnership, under which the Group participates in the local market. In addition to the partnership with Sinotruk in the volume segment, exports of MAN vehicles to China are also helping to expand the small, but fast-growing premium truck market. Sinotruk's principal place of business is in Hong Kong, China.

As of December 31, 2014, the quoted market price of the shares in Sinotruk amounted to €317 million (previous year: €281 million).

Bertrandt

Bertrandt is an engineering partner to companies in the automotive and aviation industry. Its portfolio of services ranges from developing individual components through complex modules to end-to-end solutions. Bertrandt's principal place of business is in Ehningen.

As of December 31, 2014, the quoted market price of the shares in Bertrandt amounted to €338 million.

SUMMARIZED FINANCIAL INFORMATION ON MATERIAL ASSOCIATES ON A 100% BASIS:

€ million	Sinotruk[1]	Bertrandt[2]
2014		
Equity interest (%)	25	29
Noncurrent assets	1,922	616
Current assets	4,112	305
Noncurrent liabilities	168	168
Current liabilities	3,377	161
Net assets	2,490	592
Sales revenue	3,886	243
Post-tax profit or loss from continuing operations	70	−3
Post-tax profit or loss from discontinued operations	—	—
Other comprehensive income	−1	—
Total comprehensive income	69	−3
Dividends received	3	—
2013		
Equity interest (%)	25	—
Noncurrent assets	2,065	—
Current assets	3,694	—
Noncurrent liabilities	605	—
Current liabilities	2,580	—
Net assets	2,574	—
Sales revenue	3,417	—
Post-tax profit or loss from continuing operations	30	—
Post-tax profit or loss from discontinued operations	—	—
Other comprehensive income	−2	—
Total comprehensive income	28	—
Dividends received	1	—

1 Balance sheet amounts refer to the June 30 reporting date and income statement amounts refer to the period from July 1 to June 30.

2 Balance sheet amounts refer to the September 30 reporting date and income statement amounts refer to the period from July 2 to September 30.

RECONCILIATION OF THE FINANCIAL INFORMATION TO THE CARRYING AMOUNT OF THE EQUITY-ACCOUNTED INVESTMENTS:

€ million	Sinotruk	Bertrandt*
2014		
Net assets at January 1	2,574	595
Profit or loss	70	−3
Other comprehensive income	−1	—
Changes in reserves	—	—
Foreign exchange differences	−136	—
Dividends	−18	—
Net assets at December 31	2,490	592
Proportionate equity	622	171
Consolidation/Goodwill/Others	−313	163
Carrying amount of equity-accounted investments	309	334
2013		
Net assets at January 1	2,564	—
Profit or loss	30	—
Other comprehensive income	−2	—
Changes in reserves	−1	—
Foreign exchange differences	−8	—
Dividends	−8	—
Net assets at December 31	2,574	—
Proportionate equity	644	—
Consolidation/Goodwill/Others	−346	—
Carrying amount of equity-accounted investments	298	—

* Reconciliation presented for Bertrandt as of July 2, 2014, the date from which it was accounted for using the equity method.

SUMMARIZED FINANCIAL INFORMATION ON INDIVIDUALLY IMMATERIAL ASSOCIATES ON THE BASIS OF THE VOLKSWAGEN GROUP'S PROPORTIONATE INTEREST:

€ million	2014	2013
Post-tax profit or loss from continuing operations	4	−47
Post-tax profit or loss from discontinued operations	—	—
Other comprehensive income	−2	−2
Total comprehensive income	2	−49
Carrying amount of equity-accounted investments	72	73

There were no unrecognized losses relating to investments in associates. Contingent liabilities relating to associates amounted to €3 million (previous year: €4 million).

INTERESTS IN JOINT VENTURES

From a Group perspective, the joint ventures FAW-Volkswagen Automotive Company, Ltd., Changchun (FAW-Volkswagen Automotive Company), Shanghai-Volkswagen Automotive Company Ltd., Shanghai (Shanghai-Volkswagen Automotive Company), SAIC-Volkswagen Sales Company Ltd., Shanghai (SAIC-Volkswagen Sales Company) and Global Mobility Holding B.V., Amsterdam (Global Mobility Holding) were material at the reporting date due to their size.

FAW-Volkswagen Automotive Company

FAW-Volkswagen Automotive Company develops, produces and sells passenger cars. There is an agreement in place between Group companies and the joint venture partner China FAW Corporation Limited regarding a long-term strategic partnership. The principal place of business is in Changchun, China.

Shanghai-Volkswagen Automotive Company

Shanghai-Volkswagen Automotive Company develops and produces passenger cars. There is an agreement in place between Group companies and the joint venture partner Shanghai Automotive Industry Corporation regarding a long-term strategic partnership. The principal place of business is in Shanghai, China.

SAIC-Volkswagen Sales Company

SAIC-Volkswagen Sales Company sells passenger cars for Shanghai-Volkswagen Automotive Company. There is an agreement in place between Group companies and the joint venture partner Shanghai Automotive Industry Corporation regarding a long-term strategic partnership. The principal place of business is in Shanghai, China.

Global Mobility Holding

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 €1.4 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.

The principal place of business is in Amsterdam, the Netherlands.

SUMMARIZED FINANCIAL INFORMATION ON THE MATERIAL JOINT VENTURES ON A 100% BASIS:

€ million	FAW-Volkswagen Automotive Company	Shanghai-Volkswagen Automotive Company*	Global Mobility Holding	SAIC-Volkswagen Sales Company
2014				
Equity interest (%)	40.0	50.0	50.0	30.0
Noncurrent assets	6,913	6,402	11,251	450
Current assets	14,066	7,013	9,305	4,099
of which: cash, cash equivalents and time deposits	7,681	5,309	1,039	248
Noncurrent liabilities	1,551	1,254	8,299	2
of which: financial liabilities	—	—	7,257	—
Current liabilities	11,472	6,558	8,560	4,050
of which: financial liabilities	3	—	6,753	—
Net assets	7,956	5,603	3,697	497
Sales revenue	42,812	23,142	7,619	26,959
Depreciation, amortization and impairment losses	861	764	83	3
Interest income	84	99	794	—
Interest expenses	—	—	378	—
Pre-tax profit or loss from continuing operations	6,389	4,524	468	539
Income tax income/expense	1,675	1,149	120	135
Post-tax profit or loss from continuing operations	4,714	3,376	348	404
Post-tax profit or loss from discontinued operations	—	—	—	—
Other comprehensive income	—	−28	30	—
Total comprehensive income	4,714	3,348	378	404
Dividends received	1,400	1,328	70	103
2013				
Equity interest (%)	40.0	50.0	50.0	30.0
Noncurrent assets	5,226	5,025	10,813	391
Current assets	12,009	6,440	9,246	3,861
of which: cash, cash equivalents and time deposits	6,964	5,377	1,118	169
Noncurrent liabilities	1,613	949	7,155	—
of which: financial liabilities	—	—	6,188	—
Current liabilities	9,636	6,001	9,445	3,849
of which: financial liabilities	11	—	7,644	—
Net assets	5,986	4,515	3,459	403
Sales revenue	37,500	20,897	7,422	23,882
Depreciation, amortization and impairment losses	820	529	84	2
Interest income	57	94	859	—
Interest expenses	—	—	480	—
Pre-tax profit or loss from continuing operations	5,549	3,767	390	479
Income tax income/expense	1,454	937	93	120
Post-tax profit or loss from continuing operations	4,095	2,830	297	359
Post-tax profit or loss from discontinued operations	—	—	—	—
Other comprehensive income	−100	1	−38	—
Total comprehensive income	3,995	2,831	259	359
Dividends received	1,533	1,057	50	93

* SAIC-Volkswagen Sales Company sells passenger cars for Shanghai-Volkswagen Automotive Company. Therefore, the sales revenue reported for Shanghai-Volkswagen Automotive Company was mostly generated from its business with SAIC-Volkswagen Sales Company.

RECONCILIATION OF THE FINANCIAL INFORMATION TO THE CARRYING AMOUNT OF THE EQUITY-ACCOUNTED INVESTMENTS:

€ million	FAW-Volkswagen Automotive Company	Shanghai-Volkswagen Automotive Company	Global Mobility Holding	SAIC-Volkswagen Sales Company
2014				
Net assets at January 1	5,986	4,515	3,459	403
Profit or loss	4,714	3,376	348	404
Other comprehensive income	—	−28	30	—
Changes in share capital	236	—	—	—
Changes in reserves	−236	—	—	—
Foreign exchange differences	757	396	—	33
Dividends	−3,502	−2,656	−140	−343
Net assets at December 31	7,956	5,603	3,697	497
Proportionate equity	3,182	2,802	1,848	149
Consolidation/Goodwill/ Others	−187	−141	−13	—
Carrying amount of equity-accounted investments	2,995	2,661	1,835	149
2013				
Net assets at January 1	6,041	3,846	3,299	358
Profit or loss	4,095	2,830	297	359
Other comprehensive income	−100	1	−38	—
Changes in share capital	124	—	—	—
Changes in reserves	−124	—	—	—
Foreign exchange differences	−232	−47	—	−4
Dividends	−3,819	−2,115	−99	−310
Net assets at December 31	5,986	4,515	3,459	403
Proportionate equity	2,394	2,258	1,730	121
Consolidation/Goodwill/ Others	−16	−108	−13	—
Carrying amount of equity-accounted investments	2,378	2,150	1,716	121

SUMMARIZED FINANCIAL INFORMATION ON INDIVIDUALLY IMMATERIAL JOINT VENTURES ON THE BASIS OF THE VOLKSWAGEN GROUP'S PROPORTIONATE INTEREST:

€ million	2014	2013
Post-tax profit or loss from continuing operations	281	244
Post-tax profit or loss from discontinued operations	—	—
Other comprehensive income	–9	0
Total comprehensive income	273	243
Carrying amount of equity-accounted investments	1,519	1,199

There were no unrecognized losses relating to interests in joint ventures. Contingent liabilities relating to joint ventures amounted to €86 million (previous year: €– million).

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=	2014	2013	2014	2013
Argentina	ARS	10.27253	8.98251	10.77234	7.27413
Australia	AUD	1.48290	1.54230	1.47240	1.37702
Brazil	BRL	3.22070	3.25760	3.12277	2.86694
Canada	CAD	1.40630	1.46710	1.46687	1.36845
Czech Republic	CZK	27.73500	27.42700	27.53583	25.98715
India	INR	76.71900	85.36600	81.06888	77.87525
Japan	JPY	145.23000	144.72000	140.37722	129.65950
Mexico	MXN	17.86790	18.07310	17.66209	16.96444
People's Republic of China	CNY	7.53580	8.34910	8.18825	8.16549
Poland	PLN	4.27320	4.15430	4.18447	4.19708
Republic of Korea	KRW	1,324.80000	1,450.93000	1,399.02954	1,453.85601
Russia	RUB	72.33700	45.32460	51.01125	42.32482
South Africa	ZAR	14.03530	14.56600	14.40652	12.83079
Sweden	SEK	9.39300	8.85910	9.09689	8.65050
United Kingdom	GBP	0.77890	0.83370	0.80643	0.84925
USA	USD	1.21410	1.37910	1.32884	1.32814

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.

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 1% 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, which are adjusted if necessary for country-specific discount factors:

WACC	2014	2013
Passenger Cars segment	6.1%	6.6%
Commercial Vehicles segment	9.8%	11.2%
Power Engineering segment	12.6%	14.7%

A minimum cost of equity of 8.6% (previous year: 9.0%) 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 on a regular basis and adjusted if required.

Depreciation is based mainly on the following useful lives:

	Useful life
Buildings	25 to 50 years
Site improvements	10 to 20 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 discount rates for capitalized development costs given above for each segment. 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 are transferred, lease and rental payments are recorded directly as expenses in profit or loss.

LEASE 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 other observable inputs as far as possible. If no observable inputs are available, 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 financial assets, 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 (debt instruments) are carried at fair value. Changes in fair value are recognized directly in equity, net of deferred taxes. Prolonged changes in the fair value of debt instruments (impairment losses, foreign exchange gains and losses, interest calculated using the effective interest method) are recognized in profit or loss.

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. Foreign exchange gains and losses attributable to equity instruments are recognized in other comprehensive income.

DERIVATIVES AND HEDGE ACCOUNTING

Volkswagen Group companies use derivatives to hedge balance sheet items and future cash flows (hedged items). Appropriate derivatives such as swaps, forward transactions and options are used as 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 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 customer business receivables) 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 for tax loss carryforwards are usually measured on the basis of future taxable income over a planning period of five fiscal years.

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. Remeasurements are recognized in retained earnings in other comprehensive income, 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. Provisions are recognized for potential tax risks on the basis of the best estimate of the liability.

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 0.36% (previous year: 1.03%) was used in the eurozone. 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.

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 price and the present value of the 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 lease 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. If the Group becomes entitled to a grant subsequently, the amount of the grant attributable to prior periods is recognized in profit or loss.

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. Grants in the form of nonmonetary assets (e.g. the use of land free of charge or the transfer of resources free of charge) are disclosed as a memo item.

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 lease 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. Remeasurements 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 37. With regard to MAN, the put options and compensation rights of free float shareholders recognized within liabilities depend on the outcome of the award proceedings. The liability was based on estimates of the length of the award proceedings and the amount of the put options and compensation rights. The length was estimated based on the fact that proceedings take seven years on average. The amount of the put options and compensation rights is derived from 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.

Government grants are recognized based on an assessment as to whether there is reasonable assurance that the Group companies will fulfill the attached conditions and the grants will be awarded. This assessment is based on the nature of the legal entitlement and past experience.

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.

Global economic growth rose moderately to 2.7% in fiscal year 2014. Our planning is based on the assumption that the global economy will grow at a rather stronger pace in fiscal year 2015 than it did in the reporting period. 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, which is part of the Group Management Report.

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, fleet management and mobility services.

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.

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 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

REPORTING SEGMENTS 2014

€ million	Passenger Cars	Commercial Vehicles	Power Engineering	Financial Services	Total segments	Reconciliation	Volkswagen Group
Sales revenue from external customers	150,677	24,999	3,727	22,594	201,996	462	202,458
Intersegment sales revenue	13,389	5,206	5	2,327	20,927	–20,927	—
Total sales revenue	164,065	30,205	3,732	24,920	222,922	–20,464	202,458
Depreciation and amortization	9,549	2,133	361	4,521	16,564	–125	16,439
Impairment losses	209	69	1	127	406	44	450
Reversal of impairment losses	27	1	—	4	31	—	31
Segment profit or loss (operating profit or loss)	11,578	901	44	1,917	14,439	–1,742	12,697
Share of profits and losses of equity-accounted investments	3,763	14	6	31	3,814	174	3,988
Net interest income and other financial result	–1,053	261	–8	17	–783	–1,107	–1,891
Equity-accounted investments	7,186	399	22	433	8,039	1,835	9,874
Investments in intangible assets, property, plant and equipment, and investment property	14,039	1,851	166	517	16,574	39	16,613

RECONCILIATION

€ million	2014	2013
Segment sales revenue	**222,922**	**213,979**
Unallocated activities	1,245	1,319
Group financing	34	35
Consolidation	−21,744	−18,326
Group sales revenue	**202,458**	**197,007**
Segment profit or loss (operating profit or loss)	**14,439**	**13,711**
Unallocated activities	46	58
Group financing	9	−13
Consolidation	−1,797	−2,085
Operating profit	**12,697**	**11,671**
Financial result	**2,097**	**757**
Consolidated profit before tax	**14,794**	**12,428**

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, lease assets and investment property	75,138	30,755	13,728	3,230	1,467	124,318

* Excluding Germany.

BY REGION 2014

€ million	Germany	Europe and Other Regions*	North America	South America	Asia-Pacific	Total
Sales revenue from external customers	39,372	83,485	27,619	13,868	38,113	202,458
Intangible assets, property, plant and equipment, lease assets and investment property	78,147	32,665	17,489	3,324	2,548	134,174

* 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	2014	2013
Vehicles*	134,627	134,274
Genuine parts	13,642	13,564
Used vehicles and third-party products*	10,090	9,540
Engines, powertrains and parts deliveries	10,021	8,441
Power Engineering	3,728	3,845
Motorcycles	458	452
Leasing business	16,384	13,948
Interest and similar income	6,375	6,034
Other sales revenue	7,133	6,909
	202,458	**197,007**

* Prior-year figures adjusted.

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 €1,396 million (previous year, adjusted: €1,543 million) and mainly related to the Power Engineering segment.

2. Cost of sales

Cost of sales includes interest expenses of €1,955 million (previous year: €1,948 million) attributable to the financial services business. This item also includes impairment losses on intangible assets, property, plant and equipment, and lease assets in the amount of €377 million (previous year: €346 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 €883 million in the fiscal year (previous year: €307 million) and were generally allocated to the functions.

3. Distribution expenses

Distribution expenses amounting to €20,292 million (previous year: €19,655 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 €6,841 million (previous year: €6,888 million) mainly include nonstaff overheads and personnel costs, as well as depreciation and amortization applicable to the administrative function.

5. Other operating income

€ million	2014	2013
Income from reversal of valuation allowances on receivables and other assets	559	547
Income from reversal of provisions and accruals	2,348	2,532
Income from foreign currency hedging derivatives	1,181	1,785
Income from foreign exchange gains	2,323	1,758
Income from sale of promotional material	357	256
Income from cost allocations	1,005	909
Income from investment property	8	17
Gains on asset disposals and the reversal of impairment losses	134	233
Miscellaneous other operating income	2,383	1,919
	10,298	**9,956**

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	2014	2013
Valuation allowances on receivables and other assets	1,150	1,442
Losses from foreign currency hedging derivatives	1,003	985
Foreign exchange losses	1,972	2,486
Expenses from cost allocations	566	408
Expenses for termination agreements	193	76
Losses on disposal of noncurrent assets	105	151
Miscellaneous other operating expenses	2,004	1,796
	6,992	**7,343**

7. Share of profits and losses of equity-accounted investments

€ million	2014	2013
Share of profits of equity-accounted investments	4,007	3,652
of which: from joint ventures	(3,976)	(3,635)
of which: from associates	(30)	(17)
Share of losses of equity-accounted investments	19	64
of which: from joint ventures	(6)	(6)
of which: from associates	(13)	(58)
	3,988	**3,588**

8. Finance costs

€ million	2014	2013
Other interest and similar expenses	1,435	1,494
Interest cost included in lease payments	18	19
Interest expenses	**1,453**	**1,513**
Net interest on the net defined benefit liability	788	752
Interest cost on other liabilities	417	101
Interest cost on liabilities	**1,205**	**853**
Finance costs	**2,658**	**2,366**

9. Other financial result

€ million	2014	2013[1]
Income from profit and loss transfer agreements	20	18
Cost of loss absorption	12	5
Other income from equity investments	251	69
Other expenses from equity investments	189	50
Income from marketable securities and loans[2]	86	147
Other interest and similar income	749	786
Gains and losses from remeasurement and impairment of financial instruments	−72	−453
Gains and losses from fair value changes of derivatives not included in hedge accounting	−181	−943
Gains and losses from fair value changes of derivatives included in hedge accounting	114	−33
Other financial result	**767**	**−465**

1 Prior-year figures adjusted.

2 Including disposal gains/losses.

10. Income tax income/expense

COMPONENTS OF TAX INCOME AND EXPENSE

€ million	2014	2013
Current tax expense, Germany	2,073	2,173
Current tax expense, abroad	1,559	1,560
Current income tax expense	**3,632**	**3,733**
of which prior-period income (−)/expense (+)	(−230)	(278)
Deferred tax income (−)/expense (+), Germany	−145	−334
Deferred tax income (−)/expense (+), abroad	239	−116
Deferred tax income (−)/expense (+)	**94**	**−449**
Income tax income/expense	**3,726**	**3,283**

The statutory corporation tax rate in Germany for the 2014 assessment period was 15%. Including trade tax and the solidarity surcharge, this resulted in an aggregate tax rate of 29.8%.

A tax rate of 29.8% (previous year: 29.8%) was used to measure deferred taxes in the German consolidated tax group.

The local income tax rates applied for companies outside Germany vary between 0% and 44.6%. 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 2014 of €136 million (previous year: €356 million).

Previously unused tax loss carryforwards amounted to €12,726 million (previous year: €11,164 million). Tax loss carryforwards amounting to €6,719 million (previous year: €9,070 million) can be used indefinitely, while €775 million (previous year: €442 million) must be used within the next ten years. There are additional tax loss carryforwards amounting to €5,232 million (previous year: €1,652 million) that can be used within a period of 15 or 20 years. Tax loss carryforwards of €9,422 million (previous year: €9,002 million), of which €3,406 million (previous year €478 million) can only be utilized subject to restrictions within the next 20 years, were estimated not to be usable overall. The decrease in tax loss carryforwards with an unlimited carryforward period and the increase in tax loss carryforwards with a limited carryforward period are mainly due to a change in the law governing the carryforward of tax losses in Hungary.

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 €50 million (previous year: €247 million). Deferred tax expense was reduced by €49 million (previous year: €15 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 €253 million (previous year: €203 million). Deferred tax income arising from the reversal of a write-down of a deferred tax asset amounts to €117 million (previous year: €92 million).

Tax benefits amounting to €906 million (previous year: €785 million) were recognized because of tax credits granted by various countries.

No deferred tax assets were recognized for deductible temporary differences of €1,531 million (previous year: €620 million) and for tax credits of €504 million (previous year: €448 million) that would expire in the next 20 years, or for tax credits of €172 million (previous year: €103 million) that will not expire.

In accordance with IAS 12.39, deferred tax liabilities of €290 million (previous year: €211 million) for temporary differences and undistributed profits of Volkswagen AG subsidiaries were not recognized because control exists.

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 €380 million at the balance sheet date (previous year: €496 million).

Deferred tax expense resulting from changes in tax rates amounted to €7 million at Group level (previous year: €94 million income).

Deferred taxes of €831 million (previous year: €411 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.

€5,180 million (previous year: €1,394 million) of the deferred taxes recognized in the balance sheet was credited to equity and relates to other comprehensive income. €2 million of this figure (previous year: €31 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 in the statement of comprehensive income.

In the reporting period, tax effects of €19 million resulting from equity transaction costs were credited directly to the capital reserves.

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:

€ million	DEFERRED TAX ASSETS		DEFERRED TAX LIABILITIES	
	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2014	Dec. 31, 2013
Intangible assets	306	249	9,479	9,216
Property, plant and equipment, and lease assets	3,767	3,782	6,092	5,229
Noncurrent financial assets	13	39	37	32
Inventories	1,883	1,825	697	650
Receivables and other assets (including Financial Services Division)	1,398	1,420	6,632	6,621
Other current assets	1,459	1,316	16	73
Pension provisions	6,050	3,592	242	241
Liabilities and other provisions	8,660	6,676	869	1,222
Tax loss carryforwards, net of valuation allowances	1,129	726	—	—
Tax credits, net of valuation allowances	228	230	—	—
Valuation allowances on other deferred tax assets	−433	−278	—	—
Gross value	**24,460**	**19,577**	**24,065**	**23,284**
of which noncurrent	(15,999)	(11,914)	(20,013)	(19,281)
Offset	20,207	15,539	20,207	15,539
Consolidation	1,625	1,584	916	149
Amount recognized	**5,878**	**5,622**	**4,774**	**7,894**

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 €3,726million reported for 2014 (previous year: €3,283 million) was €683 million (previous year: €383 million) lower than the expected tax expense of €4,409 million that would have resulted from application of a tax rate applicable to undistributed profits of 29.8% to the profit before tax of the Group.

RECONCILIATION OF EXPECTED TO EFFECTIVE INCOME TAX

€ million	2014	2013
Profit before tax	14,794	12,428
Expected income tax expense (tax rate 29.8%; previous year: 29.5%)	**4,409**	**3,666**
Reconciliation:		
Effect of different tax rates outside Germany	–92	–160
Proportion of taxation relating to:		
tax-exempt income	–1,423	–1,303
expenses not deductible for tax purposes	336	379
effects of loss carryforwards and tax credits	334	–118
permanent differences	–23	303
Tax credits	–112	–86
Prior-period tax expense	–271	349
Effect of tax rate changes	7	–94
Nondeductible withholding tax	308	273
Other taxation changes	253	74
Effective income tax expense	**3,726**	**3,283**
Effective tax rate (%)	25.2	26.4

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.

During the reporting period, Volkswagen AG implemented a capital increase from authorized capital against cash contributions, with existing shareholders' preemptive rights disapplied, by issuing preferred shares. Since their admission to the regulated market on June 12, 2014, these new preferred shares have been included in the calculation of earnings per share.

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 €147.61. 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 25,032,179 no-par value preferred shares of Volkswagen AG.

See note 24 for further information regarding the issuance of the mandatory convertible note and the capital increase.

Quantity	ORDINARY 2014	ORDINARY 2013	PREFERRED 2014	PREFERRED 2013*
Weighted average number of shares outstanding — basic	295,089,818	295,089,818	200,990,701	191,453,836
Weighted average number of shares outstanding — diluted	295,089,818	295,089,818	200,990,701	191,453,836

* Prior-year figures adjusted to reflect application of IAS 33.26.

€ million	2014	2013*
Profit after tax	11,068	9,145
Noncontrolling interests	84	52
Profit attributable to Volkswagen AG hybrid capital investors	138	27
Profit attributable to Volkswagen AG shareholders	10,847	9,066
Basic earnings attributable to ordinary shares	6,445	5,491
Diluted earnings attributable to ordinary shares	6,445	5,491
Basic earnings attributable to preferred shares	4,402	3,574
Diluted earnings attributable to preferred shares	4,402	3,574

* Prior-year figures adjusted to reflect application of IAS 33.26.

€	2014	2013*
Basic earnings per ordinary share	21.84	18.61
Diluted earnings per ordinary share	21.84	18.61
Basic earnings per preferred share	21.90	18.67
Diluted earnings per preferred share	21.90	18.67

* Prior-year figures adjusted to reflect application of IAS 33.26.

Additional Income Statement Disclosures in Accordance with IAS 23 (Borrowing Costs)

Capitalized borrowing costs amounted to €85 million (previous year: €74 million) and related mainly to capitalized development costs. An average cost of debt of 2.2% (previous year: 2.4%) 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	2014	2013
Financial instruments at fair value through profit or loss	−220	−756
Loans and receivables	5,357	3,386
Available-for-sale financial assets	592	193
Financial liabilities measured at amortized cost	−3,921	−3,851
	1,808	**−1,027**

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	2014	2013
Interest income	5,267	4,925
Interest expenses	3,683	3,981
	1,584	**943**

IMPAIRMENT LOSSES ON FINANCIAL ASSETS BY CLASS

€ million	2014	2013
Measured at fair value	2	2
Measured at amortized cost	1,295	1,470
	1,297	**1,472**

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 €46 million in the fiscal year (previous year: €47 million).

In fiscal year 2014, €6 million (previous year: €5 million) was recognized as an expense and €66 million (previous year: €52 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, 2013

€ million	Brand names	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**

CHANGES IN INTANGIBLE ASSETS IN THE PERIOD JANUARY 1 TO DECEMBER 31, 2014

€ million	Brand names	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, 2014	**17,088**	**23,730**	**5,087**	**19,224**	**8,352**	**73,481**
Foreign exchange differences	−53	−161	2	30	15	−166
Changes in consolidated Group	—	8	—	—	53	62
Additions	—	—	3,652	949	360	4,961
Transfers	10	—	−2,306	2,307	16	26
Disposals	—	—	8	1,100	504	1,611
Balance at Dec. 31, 2014	**17,045**	**23,577**	**6,428**	**21,409**	**8,292**	**76,752**
Amortization and impairment						
Balance at Jan. 1, 2014	**59**	**0**	**24**	**10,085**	**4,070**	**14,238**
Foreign exchange differences	10	0	0	17	6	32
Changes in consolidated Group	—	—	—	—	3	3
Additions to cumulative amortization	10	—	0	2,948	1,050	4,009
Additions to cumulative impairment losses	—	—	10	67	13	91
Transfers	—	—	−7	7	1	1
Disposals	—	—	—	1,031	505	1,536
Reversal of impairment losses	—	—	13	8	—	20
Balance at Dec. 31, 2014	**79**	**0**	**14**	**12,085**	**4,639**	**16,818**
Carrying amount at Dec. 31, 2014	**16,967**	**23,577**	**6,413**	**9,324**	**3,654**	**59,935**

Other intangible assets comprise in particular concessions, purchased customer lists and dealer relationships, industrial and similar rights, and licenses in such rights and assets.

The allocation of the brand names and goodwill to the operating segments is shown in the following table:

€ million	2014	2013
Brand names by operating segment		
Porsche	13,823	13,823
Scania Vehicles and Services	1,036	1,098
MAN Truck & Bus	1,127	1,127
MAN Diesel & Turbo	415	415
Ducati	404	404
Other	162	163
	16,967	**17,029**
Goodwill by operating segment		
Porsche	18,825	18,825
Scania Vehicles and Services	2,978	3,158
MAN Truck & Bus	595	576
MAN Diesel & Turbo	250	247
Ducati	290	290
ŠKODA	146	148
Porsche Holding Salzburg	191	181
Other	303	305
	23,577	**23,730**

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 2014, €4,601 million (previous year: €4,021 million) met the criteria for capitalization under IFRSs.

The following amounts were recognized in profit or loss:

€ million	2014	2013
Research and noncapitalized development costs	8,519	7,722
Amortization of development costs	3,026	2,464
Research and development costs recognized in the income statement	**11,545**	**10,186**

13. Property, plant and equipment

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

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 of liabilites	**54**	**155**	**211**	**420**

CHANGES IN PROPERTY, PLANT AND EQUIPMENT IN THE PERIOD JANUARY 1 TO DECEMBER 31, 2014

€ 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, 2014	**26,277**	**35,159**	**49,297**	**6,158**	**116,891**
Foreign exchange differences	43	161	495	15	713
Changes in consolidated Group	139	−1	9	19	166
Additions	894	1,511	4,005	5,150	11,560
Transfers	1,256	2,065	1,364	−4,696	−11
Disposals	120	1,021	1,249	40	2,430
Balance at Dec. 31, 2014	**28,489**	**37,873**	**53,922**	**6,607**	**126,890**
Depreciation and impairment Balance at Jan. 1, 2014	**10,939**	**25,091**	**38,447**	**26**	**74,503**
Foreign exchange differences	36	122	405	4	567
Changes in consolidated Group	32	−2	3	—	32
Additions to cumulative depreciation	934	2,491	4,079	5	7,509
Additions to cumulative impairment losses	6	26	98	13	143
Transfers	8	−20	20	−6	3
Disposals	47	929	1,051	0	2,027
Reversal of impairment losses	1	—	1	5	8
Balance at Dec. 31, 2014	**11,906**	**26,779**	**42,000**	**36**	**80,721**
Carrying amount at Dec. 31, 2014	**16,582**	**11,095**	**11,921**	**6,570**	**46,169**
of which assets leased under finance leases Carrying amount at Dec. 31, 2014	276	11	13	—	299

Options to purchase buildings and plant leased under the terms of finance leases exist in most cases, and are also expected to be exercised.

Future finance lease payments due, and their present values, are shown in the following table:

€ million	2015	2016 – 2019	from 2020	Total
Finance lease payments	56	222	318	596
Interest component of finance lease payments	23	64	113	200
Carrying amount of liabilites	**34**	**158**	**204**	**396**

For assets leased under operating leases, payments recognized in the income statement amounted to €1,330 million (previous year: €1,273 million). With respect to internally used assets, €1,171 million (previous year: €1,136 million) of this figure is attributable to minimum lease payments and €50 million (previous year: €51 million) to contingent lease payments. The payments of €109 million (previous year: €86 million) under subleases primarily relate to minimum lease payments.

Government grants of €110 million (previous year: €295 million) were deducted from the cost of property, plant and equipment, and noncash benefits received amounting to €0 million (previous year: €8 million) were not capitalized as the cost of assets.

Real property liens of €628 million (previous year: €661 million) are pledged as collateral for financial liabilities related to land and buildings.

14. Lease assets and investment property

CHANGES IN LEASE ASSETS AND INVESTMENT PROPERTY IN THE PERIOD JANUARY 1 TO DECEMBER 31, 2013

€ million	Lease 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**

The following payments from noncancelable leases and rental agreements were expected to be received over the coming years:

€ million	2014	2015 – 2018	from 2019	Total
Lease payments	2,635	2,971	23	5,628

CHANGES IN LEASE ASSETS AND INVESTMENT PROPERTY IN THE PERIOD JANUARY 1 TO DECEMBER 31, 2014

€ million	Lease assets	Investment property	Total
Cost			
Balance at Jan. 1, 2014	**29,878**	**633**	**30,511**
Foreign exchange differences	2,052	31	2,084
Changes in consolidated Group	547	—	547
Additions	13,998	100	14,098
Transfers	8	−18	−10
Disposals	9,703	10	9,713
Balance at Dec. 31, 2014	**36,780**	**736**	**37,516**
Depreciation and impairment Balance at Jan. 1, 2014	**7,619**	**205**	**7,824**
Foreign exchange differences	466	8	474
Changes in consolidated Group	125	—	125
Additions to cumulative depreciation	4,907	15	4,922
Additions to cumulative impairment losses	121	29	150
Transfers	1	−4	−3
Disposals	4,039	3	4,042
Reversal of impairment losses	3	—	3
Balance at Dec. 31, 2014	**9,195**	**251**	**9,446**
Carrying amount at Dec. 31, 2014	**27,585**	**485**	**28,070**

Lease 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 €890 million (previous year: €732 million). Fair value is estimated using an investment method based on internal calculations (Level 3 of the fair value hierarchy). Operating expenses of €53 million (previous year: €47 million) were incurred for the maintenance of investment property in use. Expenses of €3 million (previous year: €0 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	2015	2016 - 2019	from 2020	Total
Lease payments	3,253	3,528	1	6,782

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, 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**

CHANGES IN EQUITY-ACCOUNTED INVESTMENTS AND OTHER EQUITY INVESTMENTS IN THE PERIOD JANUARY 1 TO DECEMBER 31, 2014

€ million	Equity-accounted investments	Other equity investments	Total
Gross carrying amount at Jan. 1, 2014	**8,014**	**4,177**	**12,191**
Foreign exchange differences	205	12	217
Changes in consolidated Group	335	−1,001	−666
Additions	36	292	329
Transfers	—	0	0
Disposals	0	96	96
Changes recognized in profit or loss	3,987	—	3,987
Dividends	−2,997	—	−2,997
Other changes recognized in other comprehensive income	376	630	1,005
Balance at Dec. 31, 2014	**9,955**	**4,014**	**13,968**
Impairment losses Balance at Jan. 1, 2014	**80**	**237**	**316**
Foreign exchange differences	1	−1	0
Changes in consolidated Group	—	−5	−5
Additions	—	172	172
Transfers	—	—	—
Disposals	—	72	72
Reversal of impairment losses	—	—	—
Balance at Dec. 31, 2014	**80**	**331**	**411**
Carrying amount at Dec. 31, 2014	**9,874**	**3,683**	**13,557**

Equity-accounted investments include joint ventures in the amount of €9,159 million (previous year: €7,563 million) and associates in the amount of €715 million (previous year: €370 million).

€335 million of the changes in the consolidated Group between equity-accounted investments and other equity investments related to the reclassification of the shares in Bertrandt because of the change in the method of inclusion. The acquisition of the additional shares in Bertrandt in the amount of €40 million was previously reported under additions of other equity investments. Further information can be found under Basis of consolidation/Investments in associates.

Of the other changes recognized in other comprehensive income, €379 million (previous year: €−162 million) is attributable to joint ventures and €−3 million (previous year: €−7 million) to associates. They are mainly the result of foreign exchange differences in the amount of €397 million (previous year: €−136 million), pension plan remeasurements in the amount of €−6 million (previous year: €−9 million) and losses on the fair value measurement of cash flow hedges in the amount of €−23 million (previous year: €−36 million).

16. Noncurrent and current financial services receivables

	CARRYING AMOUNT			FAIR VALUE	CARRYING AMOUNT			FAIR VALUE
€ million	**Current**	**Noncurrent**	**Dec. 31, 2014**	**Dec. 31, 2014**	**Current**	**Noncurrent**	**Dec. 31, 2013**	**Dec. 31, 2013**
Receivables from financing business								
Customer financing	21,163	41,681	62,844	64,778	17,998	35,965	53,963	55,562
Dealer financing	13,343	1,570	14,913	14,897	11,658	1,368	13,026	12,987
Direct banking	198	1	198	199	183	1	184	184
	34,704	**43,252**	**77,956**	**79,873**	**29,839**	**37,334**	**67,173**	**68,733**
Receivables from operating leases	281	—	281	281	214	—	214	214
Receivables from finance leases	9,413	14,625	24,038	24,296	8,332	13,864	22,196	22,639
	44,398	**57,877**	**102,275**	**104,450**	**38,386**	**51,198**	**89,583**	**91,586**

The receivables from customer financing and finance leases contained in financial services receivables of €102.3 billion (previous year: €89.6 billion) increased by €39 million as a result of a fair value adjustment from portfolio hedging (previous year: decrease of €34 million).

The receivables from customer and dealer financing are secured by vehicles or real property liens. Collateral of €344 million (previous year: €351 million) has been furnished for financial liabilities and contingent liabilities.

The receivables from dealer financing include €98 million (previous year: €71 million) receivable from unconsolidated 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, 2013 and December 31, 2014:

€ million	**2014**	**2015 - 2018**	**from 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**

€ million	2015	2016 - 2019	from 2020	Total
Future payments from finance lease receivables	10,074	15,474	84	25,632
Unearned finance income from finance leases (discounting)	−661	−929	−4	−1,594
Present value of minimum lease payments outstanding at the reporting date	**9,413**	**14,545**	**80**	**24,038**

Accumulated valuation allowances for uncollectible minimum lease payments receivable amount to €97 million (previous year: €112 million).

17. Noncurrent and current other financial assets

	CARRYING AMOUNT			CARRYING AMOUNT		
€ million	**Current**	**Noncurrent**	**Dec. 31, 2014**	**Current**	**Noncurrent**	**Dec. 31, 2013**
Positive fair value of derivatives	1,551	2,047	3,598	1,680	2,414	4,094
Marketable securities	—	1,546	1,546	—	1,565	1,565
Receivables from loans, bonds, profit participation rights (excluding interest)	3,533	2,170	5,704	2,729	2,472	5,201
Miscellaneous financial assets	2,608	735	3,343	2,182	590	2,772
	7,693	**6,498**	**14,190**	**6,591**	**7,040**	**13,631**

Other financial assets include receivables from related parties of €5,055 million (previous year: €5,170 million). Other financial assets and current marketable securities of €2,942 million (previous year: €3,119 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 €1.4 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, 2014	Dec. 31, 2013
Transactions for hedging		
foreign currency risk from assets using fair value hedges	212	97
foreign currency risk from liabilities using fair value hedges	190	55
interest rate risk using fair value hedges	681	340
interest rate risk using cash flow hedges	4	5
foreign currency and price risk from future cash flows (cash flow hedges)	1,690	3,225
Hedging transactions	**2,778**	**3,721**
Assets related to derivatives not included in hedging relationships	820	373
	3,598	**4,094**

The positive fair value of transactions for hedging price risk from future cash flows (cash flow hedges) amounted to €1 million (previous year: €21 million).

Positive fair values of €1 million (previous year: €20 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 34.

18. Noncurrent and current other receivables

	CARRYING AMOUNT			CARRYING AMOUNT		
€ million	**Current**	**Noncurrent**	**Dec. 31, 2014**	**Current**	**Noncurrent**	**Dec. 31, 2013**
Other recoverable income taxes	3,474	290	3,764	3,111	96	3,207
Miscellaneous receivables	1,605	1,365	2,970	1,919	1,360	3,279
	5,080	**1,654**	**6,734**	**5,030**	**1,456**	**6,486**

Miscellaneous receivables include assets to fund post-employment benefits in the amount of €75 million (previous year: €65 million). This item also includes the share of the technical provisions attributable to reinsurers amounting to €87 million (previous year: €98 million).

Current other receivables are predominantly non-interest-bearing.

19. Tax assets

	CARRYING AMOUNT			CARRYING AMOUNT		
€ million	**Current**	**Noncurrent**	**Dec. 31, 2014**	**Current**	**Noncurrent**	**Dec. 31, 2013**
Deferred tax assets	—	5,878	5,878	—	5,622	5,622
Tax receivables	1,010	468	1,479	729	633	1,362
	1,010	**6,346**	**7,357**	**729**	**6,255**	**6,984**

€4,718 million (previous year: €4,393 million) of the deferred tax assets is due within one year.

20. Inventories

€ million	**Dec. 31, 2014**	**Dec. 31, 2013**
Raw materials, consumables and supplies	3,941	3,716
Work in progress	3,552	3,096
Finished goods and purchased merchandise	20,156	18,284
Current lease assets	3,679	3,418
Prepayments	139	140
	31,466	**28,653**

Of the total inventories, €4,029 million (previous year: €4,211 million) is recognized at net realizable value. At the same time as the relevant revenue was recognized, inventories in the amount of €158,108 million were included in cost of sales (previous year: €152,290 million). Valuation allowances recognized as expenses in the reporting period amounted to €785 million (previous year: €911 million). Vehicles amounting to €207 million (previous year: €220 million) were assigned as collateral for partial retirement obligations.

21. Trade receivables

€ million	Dec. 31, 2014	Dec. 31, 2013
Trade receivables from		
third parties	9,142	9,126
affiliated companies	230	266
joint ventures	2,037	1,712
associates	58	26
other investees and investors	4	3
	11,472	**11,133**

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, 2014	Dec. 31, 2013
Contract costs and proportionate contract profit/loss of construction contracts	1,327	1,575
of which billed to customers	−66	−49
Exchange rate effects	6	−3
PoC receivables, gross	1,267	1,523
Prepayments received	−1,065	−1,272
PoC receivables, net	**202**	**251**

Other payments received on account of construction contracts in the amount of €375 million (previous year: €350 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, 2014	Dec. 31, 2013
Bank balances	18,815	22,997
Checks, cash-in-hand, bills and call deposits	309	181
	19,123	**23,178**

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.

In January 2014, Volkswagen AG issued 22,103 newly created preferred shares (notional value: €56,584) resulting from the exercise of mandatory convertible notes.

The Annual General Meeting on April 19, 2012 resolved to create authorized capital of up to €110 million, expiring on April 18, 2017, for the issue of new ordinary bearer shares or preferred shares based. In June 2014, Volkswagen AG issued 10,471,204 new preferred shares (with a notional value of €27 million), with the result that the remaining authorized capital amounts to €83 million. Volkswagen AG recorded a cash inflow of €2,000 million from the capital increase, less transaction costs of €20 million.

Following the capital increases, the subscribed capital is composed of 295,089,818 no-par value ordinary shares and 180,641,478 no-par value preferred shares, and amounts to €1,218 million (December 31, 2013: €1,191 million).

The Annual General Meeting on April 22, 2010 resolved to create contingent capital in the amount of up to €102 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.

The current minimum conversion price for the mandatory convertible notes is €147.61, and the maximum conversion price is €177.13. 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 voluntary 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.

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 those 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.

On March 14, 2014, Volkswagen AG published an offer to the shareholders of Scania Aktiebolag, Södertälje, (''Scania'') to acquire all Scania shares. The offer was completed on May 13, 2014 and Volkswagen initiated a squeeze-out for the Scania shares that were not tendered in the course of the offer. Scania shares were delisted from the NASDAQ OMX Stockholm at the end of June 5, 2014. The Group's retained earnings were reduced by the total value of the offer amounting to €6,650 million as a capital transaction with noncontrolling interest shareholders recognized directly in equity. At the same time, the equity interest in Scania previously attributable to the noncontrolling interest shareholders in Scania amounting to €2,123 million was reclassified from noncontrolling interests to the reserves attributable to the shareholders of Volkswagen AG. For information on the acquisition of the noncontrolling interests in Scania, 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. Interest may be accumulated depending on whether a dividend is paid to Volkswagen AG shareholders. 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		€	
	2014	2013	2014	2013
Balance at January 1	**465,237,989**	**465,232,596**	**1,191,009,252**	**1,190,995,446**
Capital increase	10,471,204	—	26,806,282	—
Conversion of mandatory convertible notes	22,103	5,393	56,584	13,806
Balance at December 31	**475,731,296**	**465,237,989**	**1,217,872,118**	**1,191,009,252**

The capital reserves comprise the share premium totaling €14,290 million (previous year: €12,332 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 €1,959 million in the reporting period due to the implementation of the capital increase (previous year: by €1,149 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 2014, an amount of €56,584 (previous year: €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 €2,299 million are eligible for distribution following the appropriation of €180 million to the revenue reserves. The Board of Management and Supervisory Board will propose to the Annual General Meeting that a total dividend of €2,294 million, i.e. €4.80 per ordinary share and €4.86 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 €4.00 per ordinary share and €4.06 per preferred share was distributed in fiscal year 2014.

NONCONTROLLING INTERESTS

As of December 31, 2014, total noncontrolling interests amounted to €198 million (previous year: €2,304 million). As of December 31, 2013, €2,115 million was attributable to Scania AB. Since May 13, 2014, there have been no noncontrolling interests in relation to Scania. The other noncontrolling interests in equity are attributable primarily to shareholders of RENK AG and AUDI AG and are immaterial individually and in the aggregate.

Summarized financial information for the Scania subgroup up to the completion of the takeover offer on May 13, 2014 is shown in the following tables:

€ million	Scania
Jan. 1 - May 13, 2014	
Sales revenue	3,701
Post-tax profit or loss from continuing operations	183
Post-tax profit or loss from discontinued operations	—
Other comprehensive income	−237
Total comprehensive income	−53
Comprehensive income attributable to noncontrolling interests	8
Dividends paid to noncontrolling interests	—
Jan. 1 - Dec. 31, 2013	
Sales revenue	10,360
Post-tax profit or loss from continuing operations	520
Post-tax profit or loss from discontinued operations	—
Other comprehensive income	−310
Total comprehensive income	210
Comprehensive income attributable to noncontrolling interests	123
Dividends paid to noncontrolling interests	167

€ million	Scania
Jan. 1 - May 13, 2014	
Cash flows from operating activities	229
Cash flows from investing activities	−224
Cash flows from financing activities	298
Effect of exchange rate changes on cash and cash equivalents	−33
Net increase (net decrease) in cash and cash equivalents	270
Jan. 1 - Dec. 31, 2013	
Cash flows from operating activities	570
Cash flows from investing activities	−403
Cash flows from financing activities	−442
Effect of exchange rate changes on cash and cash equivalents	−35
Net increase (net decrease) in cash and cash equivalents	−309

25. Noncurrent and current financial liabilities

The details of noncurrent and current financial liabilities are presented in the following table:

€ million	CARRYING AMOUNT			CARRYING AMOUNT		
	Current	Noncurrent	Dec. 31, 2014	Current	Noncurrent	Dec. 31, 2013
Bonds	19,586	42,852	62,438	16,645	39,677	56,322
Commercial paper and notes	10,053	13,787	23,840	9,281	11,953	21,233
Liabilities to banks	11,109	9,692	20,801	11,305	7,659	18,964
Deposits business	24,353	980	25,333	22,310	1,015	23,325
Loans and miscellaneous liabilities	429	743	1,172	396	850	1,247
Bills of exchange	—	—	—	—	—	—
Finance lease liabilities	34	362	396	50	363	413
	65,564	**68,416**	**133,980**	**59,987**	**61,517**	**121,504**

The deposits from direct banking business contained in the financial liabilities of €134.0 billion (previous year: €121.5 billion) decreased by €0.1 million (previous year: €5.5 million) as a result of a fair value adjustment from portfolio hedging.

26. Noncurrent and current other financial liabilities

€ million	CARRYING AMOUNT			CARRYING AMOUNT		
	Current	Noncurrent	Dec. 31, 2014	Current	Noncurrent	Dec. 31, 2013
Negative fair values of derivative financial instruments	2,991	2,390	5,381	1,070	1,169	2,239
Interest payable	709	43	752	667	62	730
Miscellaneous financial liabilities	3,943	1,521	5,464	2,789	1,074	3,863
	7,643	**3,954**	**11,597**	**4,526**	**2,305**	**6,832**

The negative fair values of derivatives relate to the following items:

€ million	Dec. 31, 2014	Dec. 31, 2013
Transactions for hedging		
foreign currency risk from assets using fair value hedges	24	34
foreign currency risk from liabilities using fair value hedges	286	300
interest rate risk using fair value hedges	115	117
interest rate risk using cash flow hedges	20	30
foreign currency and price risk from future cash flows (cash flow hedges)	4,168	996
Hedging transactions	**4,614**	**1,476**
Liabilities related to derivatives not included in hedging relationships	767	762
	5,381	**2,239**

The negative fair value of transactions for hedging price risk from future cash flows (cash flow hedges) amounted to €69 million (previous year: €61 million).

Positive fair values of €49 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 34.

27. Noncurrent and current other liabilities

	CARRYING AMOUNT			CARRYING AMOUNT		
€ million	**Current**	**Noncurrent**	**Dec. 31, 2014**	**Current**	**Noncurrent**	**Dec. 31, 2013**
Payments received on account of orders	3,402	146	3,548	3,785	702	4,487
Liabilities relating to						
other taxes	2,044	545	2,590	1,850	465	2,316
social security	466	23	489	444	22	466
wages and salaries	4,963	527	5,490	2,735	559	3,294
Miscellaneous liabilities	3,269	2,996	6,265	2,190	2,778	4,968
	14,143	**4,238**	**18,382**	**11,004**	**4,527**	**15,530**

28. Tax liabilities

	CARRYING AMOUNT			CARRYING AMOUNT		
€ million	**Current**	**Noncurrent**	**Dec. 31, 2014**	**Current**	**Noncurrent**	**Dec. 31, 2013**
Deferred tax liabilities	—	4,774	4,774	—	7,894	7,894
Provisions for taxes	2,791	3,215	6,007	2,869	3,674	6,543
Tax payables	256	—	256	218	—	218
	3,048	**7,989**	**11,037**	**3,086**	**11,567**	**14,654**

€121 million (previous year: €40 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 2014, they amounted to a total of €1,815 million (previous year: €1,670 million) in the Volkswagen Group. Of this figure, contributions to the compulsory state pension system in Germany amounted to €1,410 million (previous year: €1,292 million).

In the case of defined benefit plans, a distinction is made between pensions funded 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. Remeasurements 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. No probable significant risks arising from multi-employer defined benefit pension plans that are accounted for as defined contribution plans have been identified.The expected contributions to those plans will amount to €22 million for fiscal year 2015.

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: €16 million) was recognized in fiscal year 2014 as an expense for health care costs. The related carrying amount as of December 31, 2014 was €245 million (previous year: €177 million).

The following amounts were recognized in the balance sheet for defined benefit plans:

€ million	**Dec. 31, 2014**	**Dec. 31, 2013**
Present value of funded obligations	11,983	8,728
Fair value of plan assets	9,224	7,970
Funded status (net)	2,759	758
Present value of unfunded obligations	26,957	20,929
Amount not recognized as an asset because of the ceiling in IAS 19	15	22
Net liability recognized in the balance sheet	**29,731**	**21,709**
of which provisions for pensions	29,806	21,774
of which other assets	75	65

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 independently of the Company in trust and invested in the capital markets. 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	
%	**2014**	**2013**	**2014**	**2013**
Discount rate at December 31	2.30	3.70	4.35	5.51
Payroll trend	3.33	3.36	3.43	3.24
Pension trend	1.80	1.80	2.60	3.02
Employee turnover rate	0.99	1.03	3.38	3.76
Annual increase in healthcare costs	—	—	4.67	5.51

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	**2014**	**2013**
Net liability recognized in the balance sheet at January 1	**21,709**	**23,903**
Current service cost	728	759
Net interest expense	786	752
Actuarial gains (−)/losses (+) arising from changes in demographic assumptions	4	21
Actuarial gains (−)/losses (+) arising from changes in financial assumptions	8,145	−2,323
Actuarial gains (−)/losses (+) arising from experience adjustments	114	−16
Income/expenses from plan assets not included in interest income	324	49
Change in amount not recognized as an asset because of the ceiling in IAS 19	7	−17
Employer contributions to plan assets	616	572
Employee contributions to plan assets	−6	0
Pension payments from company assets	783	766
Past service cost (including plan curtailments)	25	4
Gains (−) or losses (+) arising from plan settlements	0	1
Changes in consolidated Group	0	1
Other changes	−12	47
Foreign exchange differences from foreign plans	−43	−72
Net liability recognized in the balance sheet at December 31	**29,731**	**21,709**

The change in the amount not recognized as an asset because of the ceiling in IAS 19 contains an interest component, part of which was recognized in the financial result in profit or loss, and part of which was recognized outside profit or loss directly in equity.

The change in the present value of the defined benefit obligation is attributable to the following factors:

€ million	**2014**	**2013**
Present value of obligations at January 1	**29,657**	**31,185**
Current service cost	728	759
Interest cost	1,153	1,041
Actuarial gains(−)/losses (+) arising from changes in demographic assumptions	4	21
Actuarial gains(−)/losses (+) arising from changes in financial assumptions	8,145	−2,323
Actuarial gains(−)/losses (+) arising from experience adjustments	114	−16
Employee contributions to plan assets	38	41
Pension payments from company assets	783	766
Pension payments from plan assets	235	222
Past service cost (including plan curtailments)	25	4
Gains (−) or losses (+) arising from plan settlements	−24	1
Changes in consolidated Group	0	1
Other changes	−21	197
Foreign exchange differences from foreign plans	139	−266
Present value of obligations at December 31	**38,939**	**29,657**

Changes in the relevant actuarial assumptions would have had the following effects on the defined benefit obligation:

		DEC. 31, 2014		**DEC. 31, 2013**	
Present value of defined benefit obligation if		**€ million**	**Change in percent**	**€ million**	**Change in percent**
Discount rate	is 0.5 percentage points higher	35,573	−8.64	27,656	−6.75
	is 0.5 percentage points lower	42,830	9.99	32,263	8.79
Pension trend	is 0.5 percentage points higher	41,024	5.35	31,113	4.91
	is 0.5 percentage points lower	37,046	−4.86	28,360	−4.37
Payroll trend	is 0.5 percentage points higher	39,487	1.41	30,047	1.31
	is 0.5 percentage points lower	38,466	−1.22	29,324	−1.12
Longevity	increases by one year	40,066	2.89	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 19 years (previous year: 17 years).

The present value of the defined benefit obligation is attributable as follows to the members of the plan:

€ million	2014	2013
Active members with pension entitlements	22,490	15,772
Members with vested entitlements who have left the Company	1,781	1,418
Pensioners	14,669	12,468

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	2014	2013
Payments due within the next fiscal year	1,031	977
Payments due between two and five years	4,212	3,856
Payments due in more than five years	33,696	24,824

Changes in plan assets are shown in the following table:

€ million	2014	2013
Fair value of plan assets at January 1	**7,970**	**7,288**
Interest income on plan assets determined using the discount rate	366	290
Income/expenses from plan assets not included in interest income	324	49
Employer contributions to plan assets	616	572
Employee contributions to plan assets	33	41
Pension payments from plan assets	235	222
Gains (+) or losses (−) arising from plan settlements	23	—
Changes in consolidated Group	0	0
Other changes	−9	150
Foreign exchange differences from foreign plans	182	−196
Fair value of plan assets at December 31	**9,224**	**7,970**

The investment of the plan assets to cover future pension obligations resulted in income in the amount of €690 million (previous year: €338 million).

Employer contributions to plan assets are expected to amount to €546 million in the next fiscal year (previous year: €501 million).

Plan assets are invested in the following asset classes:

€ million	DEC. 31, 2014			DEC. 31, 2013		
	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	304	—	304	338	—	338
Equity instruments	292	—	292	271	—	271
Debt instruments	1,601	0	1,601	1,304	0	1,305
Direct investments in real estate	2	87	89	2	82	84
Derivatives	−4	—	−4	17	—	17
Equity funds	2,110	62	2,172	1,812	70	1,883
Bond funds	3,437	96	3,533	2,955	86	3,041
Real estate funds	234	—	234	197	1	197
Other funds	460	4	464	317	2	319
Other instruments	18	519	537	46	469	516

38.1% (previous year: 37.7%) of the plan assets are invested in German assets, 30.2% (previous year: 29.6%) in other European assets and 31.7% (previous year: 32.7%) in assets in other regions.

Plan assets include €26 million (previous year: €22 million) invested in Volkswagen Group assets and €18 million (previous year: €19 million) in Volkswagen Group debt instruments.

The following amounts were recognized in the income statement:

€ million	2014	2013
Current service cost	728	759
Net interest on the net defined benefit liability	788	752
Past service cost (including plan curtailments)	25	4
Gains (−) or losses (+) arising from plan settlements	0	1
Net income (−) and expenses (+) recognized in profit or loss	**1,541**	**1,516**

The above amounts are generally included in the personnel costs of the functions in the income statement. Net interest on the net defined benefit liability is reported in finance costs.

30. Noncurrent and current other provisions

€ million	Obligations arising from sales	Employee expenses	Miscellaneous provisions	Total
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
Balance at Jan. 1, 2014	**18,537**	**5,380**	**8,423**	**32,341**
Foreign exchange differences	214	29	59	303
Changes in consolidated Group	3	3	1	6
Utilized	7,045	3,030	2,299	12,373
Additions/New provisions	9,715	1,678	3,148	14,541
Unwinding of discount/effect of change in discount rate	77	229	14	319
Reversals	962	198	991	2,151
Balance at Dec. 31, 2014	**20,539**	**4,091**	**8,356**	**32,986**
of which current	10,090	1,753	5,232	17,075
of which noncurrent	10,448	2,338	3,124	15,910

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. The reduction in provisions for employee expenses is due mainly to the change to bonus entitlements in the Group. As a result of the change, the entitlements are now reported as other liabilities.

Miscellaneous provisions relate to a wide range of identifiable specific risks, price risks and uncertain obligations, which are measured in the amount of the expected settlement value.

Miscellaneous provisions include provisions amounting to €417 million relating to the insurance business (previous year: €370 million).

31. Put options and compensation rights granted to noncontrolling interest shareholders

This balance sheet item consists almost exclusively of the present value of the cash settlement in accordance with section 305 of the Aktiengesetz (AktG — German Stock Corporation Act) offered to MAN shareholders in connection with the control and profit and loss transfer agreement, including the basic interest rate in accordance with section 247 of the Bürgerliches Gesetzbuch (BGB — German Civil Code) assumed until the end of the award proceedings (see also the description of the transaction in the disclosures on the basis of consolidation).

32. Trade payables

€ million	Dec. 31, 2014	Dec. 31, 2013
Trade payables to		
third parties	19,250	17,753
affiliated companies	122	100
joint ventures	66	117
associates	87	47
other investees and investors	5	6
	19,530	**18,024**

ADDITIONAL BALANCE SHEET DISCLOSURES IN ACCORDANCE WITH IFRS 7 (FINANCIAL INSTRUMENTS)

CARRYING AMOUNT OF FINANCIAL INSTRUMENTS BY IAS 39 MEASUREMENT CATEGORY

€ million	Dec. 31, 2014	Dec. 31, 2013
Financial assets at fair value through profit or loss	820	373
Loans and receivables	119,130	111,010
Available-for-sale financial assets	14,544	12,435
Financial liabilities at fair value through profit or loss	767	762
Financial liabilities measured at amortized cost	163,032	147,346

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. In the reconciliation presented in the following tables, equity instruments recognized at their carrying amount have been allocated to Level 3 of the fair value hierarchy as of fiscal year 2014.

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 DECEMBER 31, 2014

€ million	MEASURED AT FAIR VALUE	MEASURED AT AMORTIZED COST		NOT WITHIN SCOPE OF IFRS 7	BALANCE SHEET ITEM AT DEC. 31, 2014
	Carrying amount	Carrying amount	Fair value	Carrying amount	
Noncurrent assets					
Equity-accounted investments	—	—	—	9,874	9,874
Other equity investments	2,922	761	761	—	3,683
Financial services receivables	—	57,877	60,052	—	57,877
Other financial assets	2,047	4,451	4,496	—	6,498
Current assets					
Trade receivables	—	11,472	11,472	—	11,472
Financial services receivables	—	44,398	44,398	—	44,398
Other financial assets	1,551	6,141	6,141	—	7,693
Marketable securities	10,861	—	—	—	10,861
Cash, cash equivalents and time deposits	—	19,123	19,123	—	19,123
Noncurrent liabilities					
Noncurrent financial liabilities	—	68,416	70,238	—	68,416
Other noncurrent financial liabilities	2,390	1,564	1,568	—	3,954
Current liabilities					
Put options and compensation rights granted to noncontrolling interest shareholders	—	3,703	3,822	—	3,703
Current financial liabilities	—	65,564	65,564	—	65,564
Trade payables	—	19,530	19,530	—	19,530
Other current financial liabilities	2,991	4,652	4,652	—	7,643

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. Financial services receivables are allocated to Level 3 because their fair value was measured using inputs that are not observable in active markets.

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, 2013	Level 1	Level 2	Level 3
Noncurrent assets				
Other equity investments	2,666	2,666	—	—
Other financial assets	2,414	—	2,400	14
Current assets				
Other financial assets	1,680	—	1,662	18
Marketable securities	8,492	8,410	83	—
Noncurrent liabilities				
Other noncurrent financial liabilities	1,169	—	1,033	136
Current liabilities				
Other current financial liabilities	1,070	—	988	82

€ million	Dec. 31, 2014	Level 1	Level 2	Level 3
Noncurrent assets				
Other equity investments	2,922	2,922	—	—
Other financial assets	2,047	—	2,023	24
Current assets				
Other financial assets	1,551	—	1,543	9
Marketable securities	10,861	10,861	—	—
Noncurrent liabilities				
Other noncurrent financial liabilities	2,390	—	2,216	174
Current liabilities				
Other current financial liabilities	2,991	—	2,916	75

FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES MEASURED AT AMORTIZED COST BY LEVEL

€ 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	—	—	91,586
Trade receivables	11,133	—	10,999	134
Other financial assets	9,504	166	4,960	4,378
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**	**17,310**	**97,186**
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**

* Prior-year figures adjusted.

€ million	Dec. 31, 2014	Level 1	Level 2	Level 3
Fair value of financial assets measured at amortized cost				
Other equity investments	761	—	—	761
Financial services receivables	104,450	—	—	104,450
Trade receivables	11,472	—	11,290	182
Other financial assets	10,637	669	5,326	4,642
Cash, cash equivalents and time deposits	19,123	18,653	471	—
Fair value of financial assets measured at amortized cost	**146,443**	**19,321**	**17,086**	**110,036**
Fair value of financial liabilities measured at amortized cost				
Put options and compensation rights granted to noncontrolling interest shareholders	3,822	—	—	3,822
Trade payables	19,530	—	19,530	—
Financial liabilities	135,802	22,334	113,406	62
Other financial liabilities	6,220	270	5,882	69
Fair value of financial liabilities measured at amortized cost	**165,374**	**22,604**	**138,817**	**3,954**

The allocation of fair values to the three levels in the fair value hierarchy is based on the availability of observable market prices. Level 1 is used to report the fair value of financial instruments for which a price is available in an active market. Examples include marketable securities and other equity investments measured at fair value. Fair values in Level 2, for example of derivatives, are measured on the basis of observable market inputs using market-based valuation techniques. In particular, the inputs used include exchange rates, yield curves and commodity prices that are observable in the relevant markets and obtained through pricing services. Level 3 fair values are calculated using valuation techniques that incorporate inputs that are not 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. This is done on the basis of observable inputs obtained for the different commodities through pricing services. Options on equity instruments and residual value protection models are also reported in Level 3. Equity instruments are measured primarily using the relevant business plans and entity-specific discount rates. The significant inputs used to measure fair value for the residual value protection models include forecasts and estimates of used vehicle residual values for the appropriate models.

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	–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

€ million	Financial assets measured at fair value	Financial liabilities measured at fair value
Balance at Jan. 1, 2014	**32**	**218**
Foreign exchange differences	15	0
Total comprehensive income	17	91
recognized in profit or loss	7	87
recognized in other comprehensive income	10	5
Additions (purchases)	—	—
Sales and settlements	–11	–47
Transfers into Level 2	–21	–13
Balance at Dec. 31, 2014	**32**	**249**
Total gains or losses recognized in profit or loss	**7**	**–87**
Net other operating expense/income	—	—
of which attributable to assets/liabilities held at the reporting date	—	—
Financial result	7	–87
of which attributable to assets/liabilities held at the reporting date	–17	–78

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 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, 2014, profit would have been €20 million (previous year: €6 million) higher (lower) and equity would have been €4 million (previous year: €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 €1 million (previous year: €12 million) higher. If the assumed enterprise values had been 10% lower, profit would have been €2 million (previous year: €21 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, 2014, profit after tax would have been €194 million higher. If the prices for the used cars covered by the residual value protection model had been 10% lower as of December 31, 2014, profit after tax would have been €194 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, 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 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, 2014
				Financial instruments	Collateral received	
Derivatives	3,598	—	3,598	−1,938	−87	1,572
Financial services receivables	102,574	−299	102,275	—	−31	102,244
Trade receivables	11,576	−104	11,472	0	−305	11,166
Marketable securities	10,861	—	10,861	—	—	10,861
Cash, cash equivalents and time deposits	19,123	—	19,123	—	—	19,123
Other financial assets	14,282	−6	14,276	0	—	14,276

€ 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

€ 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, 2014
				Financial instruments	Collateral pledged	
Put options and compensation rights granted to noncontrolling interest shareholders	3,703	—	3,703	—	—	3,703
Derivatives	5,381	—	5,381	–1,907	–51	3,422
Financial liabilities	133,980	—	133,980	—	–2,081	131,898
Trade payables	19,634	–104	19,530	0	—	19,529
Other financial liabilities	6,522	–306	6,216	—	—	6,216

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	2014	Specific valuation allowances	Portfolio-based valuation allowances	2013
Balance at Jan. 1	**2,237**	**1,433**	**3,670**	**2,072**	**1,253**	**3,325**
Exchange rate and other changes	–8	20	12	–75	–37	–113
Changes in consolidated Group	23	24	48	2	0	2
Additions	703	371	1,074	887	393	1,280
Utilization	396	—	396	383	—	383
Reversals	300	175	475	308	133	441
Reclassification	8	–8	0	43	–43	0
Balance at Dec. 31	**2,269**	**1,665**	**3,933**	**2,237**	**1,433**	**3,670**

The valuation allowances mainly relate to the credit risks associated with the financial services business.

FACTORING AND ASSET-BACKED SECURITIES TRANSACTIONS

The trade receivables include transferred receivables in the total amount of €4 million (previous year: €17 million) that were not derecognized in their entirety because the credit risk remains with the Volkswagen Group. The total purchase price received of €1 million (previous year: €8 million) is reported in financial liabilities. The fair values of the receivables and liabilities are not materially different to their carrying amounts.

Asset-backed securities transactions amounting to €19,301million (previous year: €15,575 million) entered into to refinance the financial services business are included in bonds, commercial paper and notes, and liabilities from loans. The corresponding carrying amount of the receivables from the customer and dealer financing and the finance lease business amounted to €21,485 million (previous year: €18,897 million). Collateral furnished in asset-backed securities transactions amounted to €28,192 million in total (previous year: €24,820 million). These asset-backed securities transactions did not result in the receivables from financial services business being derecognized, as the Group retains nonpayment and late payment risks. The difference between the assigned receivables and the related liabilities is the result of different terms and conditions and the share of the securitized paper and notes held by the Volkswagen Group itself.

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. The assigned receivables cannot be assigned again or pledged elsewhere as collateral. The claims of the holders of commercial paper and notes are limited to the assigned receivables and the receipts from those receivables are earmarked for the repayment of the corresponding liability.

As of December 31, 2014, the fair value of the assigned receivables still recognized in the balance sheet was €22,102 million (previous year: €19,664 million). The fair value of the related liabilities was €19,480 million at that reporting date (previous year: €15,879 million).

OTHER DISCLOSURES

33. 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 classification.

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. This results in cash flows from operating activities after accounting for changes in working capital, which also include changes in lease 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 new preferred shares in the amount of €1,980 million (previous year: issuance of a mandatory convertible note in the amount of €1,099 million) and the issuance of hybrid capital in the amount of €2,952 million (previous year: €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 2014, cash flows from operating activities include interest received amounting to €6,129 million (previous year: €5,754 million) and interest paid amounting to €3,397 million (previous year: €3,864 million). In addition, the share of profits and losses of equity-accounted investments (note 7) includes dividends amounting to €2,997 million (previous year: €2,827 million).

Dividends amounting to €1,871 million (previous year: €1,639 million) were paid to Volkswagen AG shareholders.

€ million	Dec. 31, 2014	Dec. 31, 2013
Cash, cash equivalents and time deposits as reported in the balance sheet	19,123	23,178
Time deposits	–489	–1,169
Cash and cash equivalents as reported in the cash flow statement	18,634	22,009

Time deposits are not classified as cash equivalents. Time deposits have a contractual maturity of more than three months. The maximum default risk corresponds to its carrying amount.

34. 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 of risks from the financial instruments it itself administers. Following the almost complete acquisition of the Scania AB shares, exploratory talks have begun with a view to also coordinating the Scania subgroup centrally. The integration process has not yet been completed for the MAN subgroup. However, these subgroups 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 management report on page 172*.

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 €66,555 million (previous year: €68,763 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. Financial guarantees issued also give rise to credit and default risk. The maximum potential credit and default risk is calculated from the amount Volkswagen would have to pay if claims were to be asserted under the guarantees. The corresponding amounts are presented in the Liquidity risk section.

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. There was hardly any change in 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: the portion attributable to this sector was 14.6% at the end of 2014 compared with 12.9% at the end of 2013. 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.

* Note: The group management report and the information included therein, as referenced in this section of the F-pages, are neither included nor incorporated by reference in this Offering Memorandum.

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, 2014	Neither past due nor impaired	Past due and not impaired	Impaired	Dec. 31, 2013
Measured at amortized cost								
Financial services receivables	99,795	2,548	3,036	105,379	86,588	2,694	3,121	92,403
Trade receivables	8,682	2,664	532	11,879	8,219	2,814	514	11,547
Other receivables	10,800	53	183	11,035	9,442	84	446	9,972
	119,278	**5,265**	**3,751**	**128,293**	**104,249**	**5,592**	**4,081**	**113,922**

There are no past due financial instruments measured at fair value in the Volkswagen Group. In fiscal year 2014, marketable securities measured at fair value with a cost of €97 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, 2014	Risk class 1	Risk class 2	Dec. 31, 2013
Measured at amortized cost						
Financial services receivables	86,099	13,696	99,795	71,592	14,996	86,588
Trade receivables	8,546	137	8,682	8,218	1	8,219
Other receivables	10,765	35	10,800	9,402	40	9,442
Measured at fair value	13,593	—	13,593	12,009	—	12,009
	119,003	**13,868**	**132,871**	**101,221**	**15,037**	**116,258**

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, 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**

€ million	PAST DUE BY up to 30 days	30 to 90 days	more than 90 days	GROSS CARRYING AMOUNT Dec. 31, 2014
Measured at amortized cost				
Financial services receivables	1,977	549	23	2,548
Trade receivables	1,237	790	637	2,664
Other receivables	22	7	24	53
Measured at fair value	—	—	—	—
	3,236	**1,346**	**683**	**5,265**

Collateral that was accepted for financial assets in the current fiscal year was recognized in the balance sheet in the amount of €94 million (previous year: €103 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.

Local cash funds in certain countries (e.g. Brazil, Argentina, Ukraine, Malaysia, India and Taiwan) are only available to the Group for cross-border transactions subject to exchange controls. There are no significant restrictions over and above these.

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	2014	REMAINING CONTRACTUAL MATURITIES under one year	within one to five years	over five years	2013
Put options and compensation rights granted to noncontrolling interest shareholders*	3,185	—	—	3,185	3,117	—	—	3,117
Financial liabilities	67,634	63,296	12,011	142,941	62,263	61,233	9,565	133,062
Trade payables	19,526	4	—	19,530	18,009	14	—	18,024
Other financial liabilities	4,652	1,470	94	6,216	3,455	1,047	91	4,593
Derivatives	61,623	51,265	207	113,094	54,325	46,626	1,158	102,109
	156,619	**116,034**	**12,312**	**284,965**	**141,170**	**108,920**	**10,814**	**260,904**

* Prior-year figures adjusted.

When calculating cash outflows related to put options and compensation rights, it was assumed that shares would be tendered at the earliest possible repayment date.

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 38, classified by contractual maturities.

The maximum potential liability under financial guarantees amounted to €674 million as of December 31, 2014 (previous year: €847 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	2014	2013
Hedging instruments used in fair value hedges	523	−340
Hedged items used in fair value hedges	−445	354
Ineffective portion of cash flow hedges	36	−47

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 2014, €298 million (previous year: €142 million, increasing earnings) from the cash flow hedge reserve was transferred to the other operating result, reducing earnings, while €2 million (previous year: €1 million, reducing earnings) was transferred to the financial result, increasing earnings, and €27 million (previous year: €23 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 the maximum 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 entered into in 2014 as part of foreign currency risk management related primarily to the Australian dollar, the Canadian dollar, the Swiss franc, the Chinese renminbi, sterling, the South Korean won, the Swedish krona and the US 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, 2014		DEC. 31, 2013	
€ million	**+10%**	**–10%**	**+10%**	**–10%**
Exchange rate				
EUR/USD				
Hedging reserve	1,515	–1,678	1,570	–1,407
Profit/loss after tax	–94	204	–295	244
EUR/GBP				
Hedging reserve	1,320	–1,321	1,000	–1,000
Profit/loss after tax	–39	40	–50	50
EUR/CNY				
Hedging reserve	966	–1,031	564	–526
Profit/loss after tax	17	27	–48	40
EUR/CHF				
Hedging reserve	459	–453	423	–416
Profit/loss after tax	–9	7	4	–6
CZK/GBP				
Hedging reserve	130	–130	96	–96
Profit/loss after tax	0	0	0	0
EUR/KRW				
Hedging reserve	90	–91	35	–35
Profit/loss after tax	–12	13	–12	12
EUR/HUF				
Hedging reserve	–96	96	–64	64
Profit/loss after tax	0	0	–2	2
EUR/SEK				
Hedging reserve	60	–60	122	–122
Profit/loss after tax	–35	35	–51	51
EUR/AUD				
Hedging reserve	94	–90	75	–74
Profit/loss after tax	–2	0	–16	16
EUR/CAD				
Hedging reserve	80	–74	82	–79
Profit/loss after tax	–1	–3	–15	14
CZK/USD				
Hedging reserve	59	–59	64	–64
Profit/loss after tax	–3	3	–2	2
GBP/USD				
Hedging reserve	56	–56	58	–58
Profit/loss after tax	1	–1	3	–3
EUR/PLN				
Hedging reserve	–39	39	–43	43
Profit/loss after tax	–15	15	–1	1

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. Departures from the Group standard are subject to centrally defined limits and monitored on an ongoing basis.

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, 2014, equity would have been €108 million (previous year: €40 million) lower. If market interest rates had been 100 bps lower as of December 31, 2014, equity would have been €106 million (previous year: €27 million) higher.

If market interest rates had been 100 bps higher as of December 31, 2014, profit after tax would have been €43 million (previous year: €25 million) higher. If market interest rates had been 100 bps lower as of December 31, 2014, profit after tax would have been €55 million (previous year: €43 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 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 nonferrous metals, coal and rubber had been 10% higher (lower) as of December 31, 2014, profit after tax would have been €126 million (previous year: €86 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, 2014, equity would have been €55 million (previous year: €49 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, 2014, equity would have been €259 million (previous year: €194 million) higher. If share prices had been 10% lower as of December 31, 2014, equity would have been €275 million (previous year: €197 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, 2014, the value at risk was €98 million (previous year: €151 million) for interest rate risk and €112 million (previous year: €149 million) for foreign currency risk.

The entire value at risk for interest rate and foreign currency risk at the Volkswagen Financial Services subgroup was €179 million (previous year: €224 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, 2014	TOTAL NOTIONAL AMOUNT Dec. 31, 2013
Notional amount of hedging instruments used in cash flow hedges:					
Interest rate swaps	1,228	3,926	—	5,154	6,127
Currency forwards	40,822	43,421	—	84,243	65,366
Currency options	7,222	9,024	—	16,246	10,365
Currency swaps	4,461	474	4	4,938	4,883
Cross-currency swaps	315	1,300	—	1,615	1,293
Commodity futures contracts	360	498	—	858	749
Notional amount of other derivatives:					
Interest rate swaps	18,991	42,981	14,216	76,188	65,568
Interest rate option contracts	—	—	—	—	61
Currency forwards	5,437	1,336	1	6,774	7,077
Other currency options	45	91	—	137	42
Currency swaps	8,475	259	—	8,734	5,226
Cross-currency swaps	4,034	4,890	11	8,935	10,022
Commodity futures contracts	895	1,099	—	1,994	1,384

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 €18 million (previous year: €214 million) were discontinued because of a reduction in the projections. €0 million (previous year: €1 million) was transferred from the cash flow hedge reserve to the financial result, decreasing 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	AUD	CAD	CHF	CNY	GBP	KRW	SEK	USD
Interest rate for six months	0.1286	2.6375	1.2794	0.0323	4.8462	0.5827	2.1152	0.2888	0.2718
Interest rate for one year	0.1165	2.5215	1.3166	−0.0090	4.4683	0.6412	2.0550	0.2574	0.4307
Interest rate for five years	0.3587	2.6700	1.7710	0.0630	4.1750	1.4417	2.2050	0.6445	1.7550
Interest rate for ten years	0.8125	3.1450	2.2610	0.5175	3.8400	1.8473	2.4400	1.2625	2.2560

35. Capital management

The Group's capital management ensures that goals and strategies can be achieved 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 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.

In order to maximize the use of resources in the Automotive Division and to measure the success of this, we have for a number of years been using a value-based management system, with value contribution as an absolute performance measure and return on investment (ROI) as a relative indicator.

Value contribution is defined as the difference between operating profit after tax and the opportunity cost of invested capital. The opportunity cost of capital is calculated by multiplying the market cost of capital by average invested capital. Invested capital is calculated by taking the operating assets reported in the balance sheet (property, plant and equipment, intangible assets, lease assets, inventories and receivables) and deducting non-interest-bearing liabilities (trade payables and payments on account received). Average invested capital is derived from the balance at the beginning and the end of the reporting period. The Automotive Division generated a clearly positive value contribution of €5,660 million in the reporting period.

The return on investment (ROI) is defined as the return on invested capital for a particular period based on the operating profit after tax. If the return on investment exceeds the market cost of capital, there is an increase in the value of the invested capital and a positive value contribution. In the Group, we have defined a minimum required rate of return on invested capital of 9%, which applies to both the business units and the individual products and product lines. The return on investment therefore serves as a consistent target in operational and strategic management and is used to measure target attainment for the Automotive Division, the individual business units, and projects and products. The return on investment achieved for the Automotive Division in the reporting period was 14.9%, well above our minimum required rate of return of 9%.

Due to the specific features of the Financial Services Division, its management focuses on return on equity, a special target linked to invested capital. This measure is calculated as the ratio of profit before tax to average equity. Average equity is calculated from the balance at the beginning and the end of the reporting period. In addition, the goals of the Financial Services Division are to meet the banking supervisory authorities' regulatory capital requirements, to procure equity for the growth planned in the coming fiscal years and to support its external rating by ensuring capital adequacy. To ensure compliance with prudential requirements at all times, a planning procedure integrated into internal reporting has been put in place at Volkswagen Financial Services, allowing the required equity to be continuously determined on the basis of actual and expected business performance. In the reporting period, this again ensured that regulatory minimum capital requirements were always met both at Group level and at the level of subordinate companies' individual, specific capital requirements.

The return on investment and value contribution in the Automotive Division as well as the return on equity in the Financial Services Division are shown in the following table:

€ million	**2014**	**2013**
Automotive Division[1]		
Operating profit after capital	11,734	10,536
Invested capital (average)	78,889	72,749
Return on investment (ROI) in %	**14.9**	**14.5**
Cost of capital in %	7.7	8.3
Opportunity cost of invested capital	6,074	6,038
Value contribution[2]	**5,660**	**4,497**
Financial Services Division		
Profit before tax	1,965	1,966
Average equity	15,714	13,711
Return on equity before tax in %	**12.5**	**14.3**
Equity ratio in %	**11.3**	**10.5**

1 Including proportionate inclusion of the Chinese joint ventures and allocation of consolidation adjustments between the Automotive and Financial Services Divisions; excluding effects on earnings and assets from purchase price allocation.

2 The value contribution corresponds to the Economic Value Added (EVA®). EVA® is a registered trademark of Stern Stewart & Co.

36. Contingent liabilities

€ million	Dec. 31, 2014	Dec. 31, 2013
Liabilities under guarantees	674	847
Liabilities under warranty contracts	58	155
Assets pledged as security for third-party liabilities	1,411	1,468
Other contingent liabilities	2,359	1,750
	4,502	**4,220**

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 €802 million (previous year: €601 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 €1.4 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.

37. 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. Above all in cases where US customers in particular 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.

ARFB Anlegerschutz UG (haftungsbeschränkt), Berlin, brought an action against Porsche Automobil Holding SE, Stuttgart, and Volkswagen AG for claims for damages allegedly assigned to it in the amount of approximately €1.8 billion. The plaintiff asserts that these claims are based on alleged breaches by the defendants of legislation to protect the capital markets in connection with Porsche's acquisition of Volkswagen shares in 2008. In various cases since 2010, investors initiated conciliation proceedings for other alleged damages — including claims against Volkswagen AG — that amounted to approximately €4.6 billion in total and also related to transactions at that time. In each case, Volkswagen rejected the claims asserted and refused to participate in any conciliation proceedings.

In 2011, the European Commission opened antitrust proceedings against European truck manufacturers including MAN and Scania. In November 2014, the European Commission sent a statement of objections to MAN, Scania and the other truck manufacturers concerned, in which it informed the truck manufacturers of the objections raised against them and gave them the right to comment extensively on the objections raised and to exercise other rights of defense before any decision is reached. The statement of objections is currently being reviewed. Given the fact that the issues are still being clarified, it is too early to judge whether the European Commission's investigation will result in financial liabilities for MAN and Scania and, if so, to assess their amount. As a consequence, neither MAN nor Scania have recognized provisions or disclosed contingent liabilities.

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. In spring 2014, MAN and Scania lodged an appeal against the decision to impose an administrative fine on each of them.

The Annual General Meeting of MAN SE approved the conclusion of a control and profit and loss transfer agreement between MAN SE and Truck & Bus GmbH, a subsidiary of Volkswagen AG, in June 2013. 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.

Suzuki Motor Corporation has filed an action against Volkswagen AG at a London court of arbitration for retransfer of the 19.9% interest held in Suzuki, and for damages. Volkswagen considers the claims to be unfounded and has itself filed counterclaims. The court of arbitration is expected to reach a decision in the first half of 2015.

38. Other financial obligations

€ million	PAYABLE 2014	PAYABLE 2015 - 2018	PAYABLE from 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

€ million	PAYABLE 2015	PAYABLE 2016 - 2019	PAYABLE from 2020	TOTAL Dec. 31, 2014
Purchase commitments in respect of				
property, plant and equipment	8,524	1,826	—	10,350
intangible assets	555	585	—	1,140
investment property	2	—	—	2
Obligations from				
loan commitments to unconsolidated subsidiaries	131	—	149	279
irrevocable credit commitments to customers	3,540	129	356	4,025
long-term leasing and rental contracts	899	2,351	2,472	5,721
Miscellaneous other financial obligations	4,651	1,005	112	5,768

Other financial obligations from long-term leasing and rental contracts are partly offset by expected income from subleases of €968 million (previous year: €902 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.

39. 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	2014	2013
Financial statement audit services	13	12
Other assurance services	6	5
Tax advisory services	0	0
Other services	11	5
	30	**22**

40. Total expense for the period

€ million	2014	2013
Cost of materials		
Cost of raw materials, consumables and supplies, purchased merchandise and services	**132,514**	**127,089**
Personnel expenses		
Wages and salaries	27,684	25,788
Social security, post-employment and other employee benefit costs	6,151	5,959
	33,834	**31,747**

41. Average number of employees during the year

	2014	2013
Performance-related wage-earners	225,454	222,654
Salaried staff	276,249	267,105
	501,703	**489,759**
of which in the passive phase of partial retirement	(8,011)	(9,340)
Vocational trainees	17,145	16,255
	518,848	**506,014**
Employees of Chinese joint ventures	64,575	57,052
	583,423	**563,066**

42. Events after the balance sheet date

There were no significant events after the end of fiscal year 2014.

43. 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 cannot 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.

The contribution of Porsche SE's holding company operating business to Volkswagen AG on August 1, 2012 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:

- 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.
- 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. Based on the results of the external tax audit for the assessment periods 2006 to 2008 that has now been completed, a compensation obligation running into the high double-digit millions of euros would arise for Volkswagen AG. New information emerging in the future from the external tax audit announced for the 2009 assessment period could result in an increase or decrease in the potential compensation obligation.

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. 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.

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 5, 2015, the State of Lower Saxony and Hannoversche Beteiligungsgesellschaft mbH, Hanover, held 20.00% of the voting rights of Volkswagen AG on December 31, 2014. 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	**2014**	**2013**	**2014**	**2013**
Porsche SE	24	13	6	11
Supervisory Board members	5	2	4	3
Board of Management members	1	0	12	0
Unconsolidated subsidiaries	989	909	767	687
Joint ventures and their majority interests	15,352	13,547	1,388	1,278
Associates and their majority interests	198	249	575	369
Pension plans	3	3	0	0
Other related parties	0	—	0	0
State of Lower Saxony, its majority interests and joint ventures	5	8	4	2

€ million	RECEIVABLES (INCLUDING COLLATERAL) FROM		LIABILITIES (INCLUDING OBLIGATIONS) TO	
	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2014	Dec. 31, 2013
Porsche SE	356	361	14	419
Supervisory Board members	0	0	218	165
Board of Management members	0	0	69	56
Unconsolidated subsidiaries	673	1,172	815	587
Joint ventures and their majority interests	6,295	5,758	2,127	2,064
Associates and their majority interests	69	26	168	73
Pension plans	1	1	7	8
Other related parties	—	—	27	26
State of Lower Saxony, its majority interests and joint ventures	0	2	1	0

The tables above do not contain the dividend payments of €2,997 million (previous year: €2,827 million) received from the joint ventures and associates or the dividends of €599 million (previous year: €524 million) paid to Porsche SE.

The changes in supplies and services received from and rendered to joint ventures and their majority interests are primarily attributable to the operating activities of the Chinese joint ventures.

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 supplies and services received from Board of Management members relate mainly to shares tendered as part of the offer to Scania shareholders.

The receivables from Porsche SE comprise a loan receivable. The obligations to Porsche SE consist mainly of liability compensation for guarantees and, the previous year, 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 €218 million (previous year: €165 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 the Board of Management comprise outstanding balances for bonuses payable to Board of Management members in the amount of €53,686,233 (previous year: €51,964,300) and the amounts granted to Dr. Macht on termination of his employment as a Board of Management member.

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:

€	2014	2013
Short-term benefits	77,704,758	73,902,093
Post-employment benefits	4,409,573	6,103,278
Termination benefits	12,809,128	—
	94,923,459	**80,005,371**

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 46). Disclosures on pension provisions for members of the Board of Management can be found in note 46.

The termination benefits comprise the amounts agreed to be paid to Dr. Macht until he reaches the age of 63.

44. 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.

These voting rights were not reached by exercise of purchase rights resulting from financial instruments according to § 25, section 1, sentence 1 of the Wertpapierhandelsgesetz (Securities Trading Law).

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: n/a
Expiration date: n/a

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.

16) We received the following notification in accordance with article 25a, Section 1 WpHG on April 30, 2014:

    1. Issuer: VOLKSWAGEN AKTIENGESELLSCHAFT, Berliner Ring 2, 38440 Wolfsburg, Germany

    2. Notifying party: Dr. Wolfgang Porsche, Austria

    3. Reason for notification: threshold exceeded

    4. Notification thresholds affected: 5%, 10%, 15%, 20%, 25%, 30%, 50%

5. Date threshold exceeded: April 30, 2014
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: 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: Possibility for third parties to acquire through a structural agreement
   Maturity: n/a
   Expiration date: n/a

17) We received the following notification in accordance with article 25a, Section 1 WpHG on April 30, 2014:

1. Issuer: VOLKSWAGEN AKTIENGESELLSCHAFT, Berliner Ring 2, 38440 Wolfsburg, Germany
2. Notifying party: Ing. Hans-Peter Porsche, Austria
3. Reason for notification: threshold exceeded
4. Notification thresholds affected: 5%, 10%, 15%, 20%, 25%, 30%, 50%
5. Date threshold exceeded: April 30, 2014
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: 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: Possibility for third parties to acquire through a structural agreement
Maturity: n/a
Expiration date: n/a

18) We received the following notification in accordance with article 25a, Section 1 WpHG on April 30, 2014:

1. Issuer: VOLKSWAGEN AKTIENGESELLSCHAFT, Berliner Ring 2, 38440 Wolfsburg, Germany
2. Notifying party: Peter Daniell Porsche, Austria
3. Reason for notification: threshold exceeded
4. Notification thresholds affected: 5%, 10%, 15%, 20%, 25%, 30%, 50%
5. Date threshold exceeded: April 30, 2014
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: 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: Possibility for third parties to acquire through a structural agreement
Maturity: n/a
Expiration date: n/a

19) We received the following notification in accordance with article 25a, Section 1 WpHG on April 30, 2014:

1. Issuer: VOLKSWAGEN AKTIENGESELLSCHAFT, Berliner Ring 2, 38440 Wolfsburg, Germany
2. Notifying party: Dr. Ferdinand Oliver Porsche, Austria
3. Reason for notification: threshold exceeded
4. Notification thresholds affected: 5%, 10%, 15%, 20%, 25%, 30%, 50%
5. Date threshold exceeded: April 30, 2014
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: 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: Possibility for third parties to acquire through a structural agreement
   Maturity: n/a
   Expiration date: n/a

20) We received the following notification in accordance with article 25a, Section 1 WpHG on April 30, 2014:

   1. Issuer: VOLKSWAGEN AKTIENGESELLSCHAFT, Berliner Ring 2, 38440 Wolfsburg, Germany

   2. Notifying party: Kai Alexander Porsche, Austria

   3. Reason for notification: threshold exceeded

   4. Notification thresholds affected: 5%, 10%, 15%, 20%, 25%, 30%, 50%

   5. Date threshold exceeded: April 30, 2014

   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: 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: Possibility for third parties to acquire through a structural agreement
      Maturity: n/a
      Expiration date: n/a

21) We received the following notification in accordance with article 25a, Section 1 WpHG on April 30, 2014:

    1. Issuer: VOLKSWAGEN AKTIENGESELLSCHAFT, Berliner Ring 2, 38440 Wolfsburg, Germany

    2. Notifying party: Mag. Mark Philipp Porsche, Austria

    3. Reason for notification: threshold exceeded

    4. Notification thresholds affected: 5%, 10%, 15%, 20%, 25%, 30%, 50%

    5. Date threshold exceeded: April 30, 2014

    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: 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: Possibility for third parties to acquire through a structural agreement
       Maturity: n/a
       Expiration date: n/a

22) We received the following notification in accordance with article 25a, Section 1 WpHG on April 30, 2014:

    1. Issuer: VOLKSWAGEN AKTIENGESELLSCHAFT, Berliner Ring 2, 38440 Wolfsburg, Germany

    2. Notifying party: Gerhard Anton Porsche, Austria

    3. Reason for notification: threshold exceeded

    4. Notification thresholds affected: 5%, 10%, 15%, 20%, 25%, 30%, 50%

    5. Date threshold exceeded: April 30, 2014

    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: 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: Possibility for third parties to acquire through a structural agreement
Maturity: n/a
Expiration date: n/a

23) We received the following notification in accordance with article 25a, Section 1 WpHG on April 30, 2014:

1. Issuer: VOLKSWAGEN AKTIENGESELLSCHAFT, Berliner Ring 2, 38440 Wolfsburg, Germany

2. Notifying party: Dr. Louise Kiesling, Austria

3. Reason for notification: threshold exceeded

4. Notification thresholds affected: 5%, 10%, 15%, 20%, 25%, 30%, 50%

5. Date threshold exceeded: April 30, 2014

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: 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: Possibility for third parties to acquire through a structural agreement
Maturity: n/a
Expiration date: n/a

24) We received the following notification in accordance with article 25a, Section 1 WpHG on April 30, 2014:

1. Issuer: VOLKSWAGEN AKTIENGESELLSCHAFT, Berliner Ring 2, 38440 Wolfsburg, Germany

2. Notifying party: Dr. Geraldine Porsche, Austria

3. Reason for notification: threshold exceeded

4. Notification thresholds affected: 5%, 10%, 15%, 20%, 25%, 30%, 50%

5. Date threshold exceeded: April 30, 2014

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: Possibility to acquire through a structural agreement
   Maturity: n/a
   Expiration date: n/a

25) We received the following notification in accordance with article 25a, Section 1 WpHG on April 30, 2014:

1. Issuer: VOLKSWAGEN AKTIENGESELLSCHAFT, Berliner Ring 2, 38440 Wolfsburg, Germany

2. Notifying party: Diana Porsche, Austria

3. Reason for notification: threshold exceeded

4. Notification thresholds affected: 5%, 10%, 15%, 20%, 25%, 30%, 50%

5. Date threshold exceeded: April 30, 2014

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: Possibility to acquire through a structural agreement
   Maturity: n/a
   Expiration date: n/a

26) We received the following notification in accordance with article 25a, Section 1 WpHG on April 30, 2014:

1. Issuer: VOLKSWAGEN AKTIENGESELLSCHAFT, Berliner Ring 2, 38440 Wolfsburg, Germany
2. Notifying party: Dr. Dr. Christian Porsche, Austria
3. Reason for notification: threshold exceeded
4. Notification thresholds affected: 5%, 10%, 15%, 20%, 25%, 30%, 50%
5. Date threshold exceeded: April 30, 2014
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: Possibility to acquire through a structural agreement
   Maturity: n/a
   Expiration date: n/a

27) We received the following notification in accordance with article 25a, Section 1 WpHG on April 30, 2014:

1. Issuer: VOLKSWAGEN AKTIENGESELLSCHAFT, Berliner Ring 2, 38440 Wolfsburg, Germany
2. Notifying party: Dipl.-Design. Stephanie Porsche-Schröder, Austria
3. Reason for notification: threshold exceeded
4. Notification thresholds affected: 5%, 10%, 15%, 20%, 25%, 30%, 50%
5. Date threshold exceeded: April 30, 2014
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: Possibility to acquire through a structural agreement
Maturity: n/a
Expiration date: n/a

28) We received the following notification in accordance with article 25a, Section 1 WpHG on April 30, 2014:

1. Issuer: VOLKSWAGEN AKTIENGESELLSCHAFT, Berliner Ring 2, 38440 Wolfsburg, Germany

2. Notifying party: Ferdinand Rudolf Wolfgang Porsche, Austria

3. Reason for notification: threshold exceeded

4. Notification thresholds affected: 5%, 10%, 15%, 20%, 25%, 30%, 50%

5. Date threshold exceeded: April 30, 2014

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: Possibility to acquire through a structural agreement
Maturity: n/a
Expiration date: n/a

29) We received the following notification in accordance with article 25a, Section 1 WpHG on April 30, 2014:

1. Issuer: VOLKSWAGEN AKTIENGESELLSCHAFT, Berliner Ring 2, 38440 Wolfsburg, Germany

2. Notifying party: Felix Alexander Porsche, Germany

3. Reason for notification: threshold exceeded

4. Notification thresholds affected: 5%, 10%, 15%, 20%, 25%, 30%, 50%

5. Date threshold exceeded: April 30, 2014

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: Possibility to acquire through a structural agreement
   Maturity: n/a
   Expiration date: n/a

30) On December 16, 2014, 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, fell below the thresholds of 50%, 30%, 25%, 20%, 15%, 10%, 5% and 3% of the voting rights on December 15, 2014 and amounted to 0% of the voting rights (0 voting rights) at this date.

31) On December 17, 2014, Dr. Wolfgang Porsche 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 December 15, 2014 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 Dr. Wolfgang Porsche Holding GmbH in accordance with article 22, section 1, sentence 1 no. 1 of the WpHG.

    The voting rights attributed to Dr. Wolfgang Porsche 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: 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 25 (1) WpHG we hereby notify for and on behalf of Qatar Holding Luxembourg II S.à.r.l., Luxembourg, Luxembourg, that as per August 26, 2009 Qatar Holding Luxembourg II S.à.r.l. no longer held directly or indirectly any financial instruments that grant the right to acquire shares in Volkswagen AG and would thus have fallen below the threshold of 5% of the voting rights of Volkswagen AG if it had held shares instead of those financial instruments. If Qatar Holding Luxembourg II S.à.r.l. had held shares in Volkswagen AG instead of such financial instruments it would have held 0.00% of the voting rights of Volkswagen AG (0 voting rights) as per August 26, 2009.

(2) Pursuant to section 25 (1) WpHG we hereby notify for and on behalf of Qatar Holding Netherlands B.V., Amsterdam, The Netherlands, that as per August 26, 2009 Qatar Holding Netherlands B.V. no longer held directly or indirectly any financial instruments that grant the right to acquire shares in Volkswagen AG and would thus have fallen below the threshold of 5% of the voting rights of Volkswagen AG if it had held shares instead of those financial instruments. If Qatar Holding Netherlands B.V. had held shares in Volkswagen AG instead of such financial instruments it would have held 0.00% of the voting rights of Volkswagen AG (0 voting rights) as per August 26, 2009.

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 25 (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 as per December 18, 2009 the State of Qatar no longer held directly or indirectly any financial instruments that grant the right to acquire shares in Volkswagen AG and would thus have fallen below the thresholds of 15%, 10% and 5% of the voting rights of Volkswagen AG if it had held shares instead of those financial instruments. If the State of Qatar had held shares in Volkswagen AG instead of such financial instruments it would have held 0.00% of the voting rights of Volkswagen AG (0 voting rights) as per December 18, 2009.

(2) Pursuant to section 25 (1) WpHG we hereby notify for and on behalf of the Qatar Investment Authority, Doha, Qatar, that as per December 18, 2009 the Qatar Investment Authority no longer held directly or indirectly any financial instruments that grant the right to acquire shares in Volkswagen AG and would thus have fallen below the threshold of 15%, 10% and 5% of the voting

rights of Volkswagen AG if it had held shares instead of those financial instruments. If the Qatar Investment Authority had held shares in Volkswagen AG instead of such financial instruments it would have held 0.00% of the voting rights of Volkswagen AG (0 voting rights) as per December 18, 2009.

(3) Pursuant to section 25 (1) WpHG we hereby notify for and on behalf of Qatar Holding LLC, Doha, Qatar, that as per December 18, 2009 Qatar Holding LLC no longer held directly or indirectly any financial instruments that grant the right to acquire shares in Volkswagen AG and would thus have fallen below the threshold of 15%, 10% and 5% of the voting rights of Volkswagen AG if it had held shares instead of those financial instruments. If Qatar Holding LLC had held shares in Volkswagen AG instead of such financial instruments it would have held 0.00% of the voting rights of Volkswagen AG (0 voting rights) as per December 18, 2009.

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 5, 2015 that it held a total of 59,022,310 ordinary shares as of December 31, 2014. 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.

45. German Corporate Governance Code

On November 21, 2014, 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 27, 2014, 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 2014, 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 5, 2014 and made it permanently available to the shareholders at www.renk.biz/corporated-governance.html.

46. Remuneration of the Board of Management and the Supervisory Board

€	2014	2013
Board of Management remuneration		
Non-performance-related remuneration	11,389,074	11,638,328
Performance-related remuneration	54,166,233	52,444,300
	65,555,308	**64,082,628**
Supervisory Board remuneration		
Fixed remuneration components	808,500	528,671
Variable remuneration components	11,340,950	9,245,859
	12,149,450	**9,774,530**

The non-performance-related remuneration of the Board of Management comprises fixed remuneration and fringe benefits. In addition to the basic level of remuneration, the fixed remuneration also includes differing levels of remuneration for appointments assumed at Group companies. The fringe benefits result from the grant of noncash benefits and include in particular the use of operating assets such as company cars and the payment of insurance premiums. Taxes due on these noncash benefits were mainly borne by Volkswagen AG. The performance-related remuneration comprises a business performance bonus, which relates to business performance in the reporting period and in the preceding year, and, since 2010, a Long-Term Incentive (LTI) plan, which is based on the reporting period and the previous three fiscal years. Members of the Board of Management can also be awarded bonuses that reflect their individual performance.

On December 31, 2014, the pension provisions for members of the Board of Management amounted to €138,046,434 (previous year: €107,676,518). 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 six to 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 €22,792,616 (previous year: €9,977,972). This includes the amounts agreed to be paid to Dr. Macht in connection with his departure from the Board of Management as of July 31, 2014. For the period from August 1, 2014 to September 30, 2015, he was granted non-performance-related remuneration of €1,270,575 and performance-related remuneration of €5,976,716. The subsequent bridging allowance, less any remuneration from third parties, is that for the period after he reaches the age of 63. Provisions for pensions for this group of people were recognized in the amount of €165,668,945 (previous year: €140,165,675).

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.

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 (see page 60). A comprehensive assessment of the individual bonus components of the LTI is also to be found there.*

* Note: The group management report and the information included therein, as referenced in this section of the F-pages, are neither included nor incorporated by reference in this Offering Memorandum.

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 17, 2015
Volkswagen Aktiengesellschaft
The Board of Management

Martin Winterkorn	Francisco Javier Garcia Sanz	Jochem Heizmann
Christian Klingler	Horst Neumann	Leif Östling
Hans Dieter Pötsch	Andreas Renschler	Rupert Stadler

Auditor's Report

On completion of our audit, we issued the following unqualified auditors' report dated February 18, 2015. This report was originally prepared in German. In case of ambiguities the German version takes precedence:

Auditor's Report

We have audited the consolidated financial statements prepared by the VOLKSWAGEN AKTIENGESELLSCHAFT, Wolfsburg, comprising income statement and statement of comprehensive income, the balance sheet, the statement of changes in equity, 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, 2014. 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 parent 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 18, 2015

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Norbert Winkeljohann
Wirtschaftsprüfer
(German Public Auditor)

Frank Hübner
Wirtschaftsprüfer
(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

€ million	Subscribed capital	Capital reserves	Retained earnings	OTHER RESERVES				Equity attributable to Volkswagen AG hybrid capital investors	Equity attributable to Volkswagen AG shareholders and hybrid capital investors	Noncontrolling interests	Total equity
				Currency translation reserve	Cash flow hedges	Available-for-sale financial assets	Equity-accounted investments				
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:

€ million	DECEMBER 31, 2013		
	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

€ million	TWELVE MONTHS ENDED DECEMBER 31, 2013		
	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-45 and F-46.

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:

€ million	DEFERRED TAX ASSETS Dec. 31, 2013	DEFERRED TAX ASSETS Dec. 31, 2012	DEFERRED TAX LIABILITIES Dec. 31, 2013	DEFERRED TAX LIABILITIES 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

	CARRYING AMOUNT			CARRYING AMOUNT		
€ million	**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:

Present value of defined benefit obligation if		DEC. 31, 2013 € million	DEC. 31, 2013 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-122 to F-128 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 Dec. 31, 2013	Dec. 31, 2012	LIABILITIES (INCL. OBLIGATIONS) TO 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
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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.

[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-147. 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

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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

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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	14.5660	—	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	14.5660	—	100.00	100.00	16,924	—		2013
MAN Bus & Coach (Pty.) Ltd., Olifantsfontein	ZAR	14.5660	—	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

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
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	14.5660	—	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	14.5660	—	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

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
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

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
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 Bíteš	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 Biztosításközvetítő 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

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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

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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

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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	10.6933	—	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 %			Equity in thousands, local currency	Profit/loss in thousands, local currency	Footnote	Year
			Direct	Indirect	Total				
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

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
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 German Public Auditor	Martin Schröder German Public Auditor

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VOLKSWAGEN

Volkswagen Group of America Finance, LLC

U.S.$2,800,000,000

consisting of

U.S.$1,000,000,000 1.650% Guaranteed Notes due 2018,

U.S.$750,000,000 2.400% Guaranteed Notes due 2020,

U.S.$750,000,000 Floating Rate Guaranteed Notes due 2016 and

U.S.$300,000,000 Floating Rate Guaranteed Notes due 2018

Each with an unconditional and irrevocable guarantee of principal and interest from

VOLKSWAGEN AKTIENGESELLSCHAFT

OFFERING MEMORANDUM

May 19, 2015

Joint Book-Running Managers

Citigroup **Goldman, Sachs & Co.**

Morgan Stanley **Société Générale Corporate & Investment Banking**

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