Annual Financial Statements of Volkswagen AG

Balance Sheet of Volkswagen AG as of December 31, 2017

€ million		Note	Dec. 31, 2017	Dec. 31, 2016
Assets				
Fixed assets				
Intangible assets		1	269	265
Tangible assets		1	6,972	7,587
Long-term financial assets		1	106,462	94,121
			113,703	**101,973**
Current assets				
Inventories		2	4,889	4,387
Receivables and other assets		3	32,192	26,217
Cash-in-hand and bank balances		4	5,798	9,117
			42,880	**39,721**
Prepaid expenses			**111**	**169**
Total assets			**156,693**	**141,863**
Equity and Liabilities				
Equity				
Subscribed capital		5	1,283	1,283
Ordinary shares			*755*	*755*
Preferred shares			*528*	*528*
Contingent capital			-	-
Capital reserve		6	15,021	15,021
Revenue reserves		7	11,953	9,394
Net retained profits			2,181	1,402
			30,438	**27,100**
Special tax-allowable reserves		**8**	**21**	**23**
Provisions		**9**	**39,930**	**48,389**
Liabilities		**10**	**85,064**	**65,568**
Deferred income		**11**	**1,240**	**783**
Total equity and liabilities			**156,693**	**141,863**

Income Statement of Volkswagen AG for the Period January 1 to 31 December, 2017

€ million	Note	2017	2016
Sales	**12**	**76,729**	**75,310**
Cost of sales		−73,355	−70,180
Gross profit on sales		**3,375**	**5,131**
Distribution expenses		−5,677	−7,205
General and administrative expenses		−1,426	−1,147
Other operating income	13	6,451	7,559
Other operating expenses	14	−6,605	−9,594
Financial result	**15**	**8,644**	**9,030**
Write-downs of long-term financial assets and securities classified as current assets		0	−305
Taxes on income		−409	−670
Earnings after taxes		**4,353**	**2,799**
Net income / loss for the year		**4,353**	**2,799**

Notes to the Annual Financial Statements of Volkswagen AG for the Period ended December 31, 2017

Financial statements in accordance with the German Commercial Code

Volkswagen AG is domiciled in Wolfsburg, Germany, and entered in the commercial register at the Braunschweig Local Court under no. HRB 100484. The annual financial statements of Volkswagen AG have been prepared in accordance with the provisions of the Handelsgesetzbuch (HGB – German Commercial Code) and comply with the provisions of the Aktiengesetz (AktG – German Stock Corporation Act).
The fiscal year corresponds to the calendar year.

To enhance the clarity of presentation, individual items of the balance sheet and the income statement have been combined. These items are disclosed separately in the notes. The income statement uses the cost of sales (function of expense) format. Information that can be disclosed optionally in the balance sheet or income statement, in the notes to the annual financial statements, or in the management report, is disclosed in its entirety in the notes to the annual financial statements or the management report. All figures shown are rounded, so minor discrepancies may arise from addition of these amounts.

Volkswagen AG performs electricity generation and distribution/sales activities together with a subsidiary. As a result, Volkswagen AG and this subsidiary are classed as a vertically integrated energy company within the meaning of section 3 no. 38 of the Energiewirtschaftsgesetz (EnWG – German Energy Industry Act) and are therefore subject to the provisions of the EnWG. Separate accounts must normally be maintained for certain activities in the energy sector in accordance with section 6b(3) of the EnWG (unbundling requirement in accounting systems). Volkswagen AG itself only operates customer systems in accordance with section 3 no. 24 b and 24 a of the EnWG (medium-voltage and low-voltage grids). The subsidiary distributes the electricity via a general supply network (high-voltage grid in Wolfsburg, section 3 no. 17 of the EnWG).

The list of all shareholdings is a component of the notes and can also be downloaded from the electronic companies register at www.unternehmensregister.de and from www.volkswagenag.com/ir.

The Board of Management completed preparation of the annual financial statements on February 23, 2018. On February 23, 2018, the period ended in which adjusting events after the reporting period are recognized.

Declaration on the German Corporate Governance Code in accordance with section 161 of the AktG/section 285 no. 16 of the HGB

The Board of Management and Supervisory Board of Volkswagen AG issued the declaration of conformity in accordance with section 161 of the AktG on Friday, November 17, 2017.

The declaration of conformity has been made permanently available at www.volkswagenag.com/ir.

Significant events in the fiscal year

On September 18, 2015, the US Environmental Protection Agency (EPA) publicly announced in a “Notice of Violation” that irregularities in relation to nitrogen oxide (NO_X) emissions had been discovered in emissions tests on certain vehicles of Volkswagen Group with type 2.0 l diesel engines in the USA. In this context, Volkswagen AG announced that noticeable discrepancies between the figures achieved in testing and in actual road use had been identified in around eleven million vehicles worldwide with type EA 189 diesel engines. On November 2, 2015, the EPA issued a “Notice of Violation” alleging that irregularities had also been discovered in the software installed in US vehicles with type V6 3.0 l diesel engines.

In the months after the International Council on Clean Transportation (ICCT) study was published in May 2014, the test set-ups on which the ICCT study was based were repeated in-house at Volkswagen AG and confirmed the unusually high NO_X emissions from certain type EA 189 2.0 l diesel engines in the USA. The California Air Resources Board (CARB) – a part of the environmental authority of California – was informed of this result, and, at the same time, an offer was made to recalibrate the type EA 189 diesel engines in the USA as part of a service measure that was already planned in the USA. This measure was evaluated and adopted by the Ausschuss für Produktsicherheit (APS – Product Safety Committee), which initiates necessary and appropriate measures to ensure the safety and conformity of Volkswagen AG’s products that are placed in the market. There are no findings that an unlawful “defeat device” under US law was disclosed to the APS as the cause of the discrepancies or to the persons responsible for preparing the 2014 annual and consolidated financial statements. Instead, at the time the 2014 annual and consolidated financial statements were being prepared, the persons responsible for preparing the 2014 annual and consolidated financial statements remained under the impression that the issue could be solved with comparatively little effort as part of a service measure.

In the course of the summer of 2015, however, it became successively apparent to individual members of Volkswagen AG’s Board of Management that the cause of the discrepancies in the USA was a modification of parts of the software of the engine control unit, which was later identified as an unlawful “defeat device” as defined by US law. This culminated in the disclosure of a “defeat device” to EPA and CARB on September 3, 2015. According to the assessment at that time of the responsible persons dealing with the matter, the scope of the costs expected by the Volkswagen Group (recall costs, retrofitting costs and financial penalties) was not fundamentally dissimilar to that of previous cases involving other vehicle manufacturers, and, therefore, appeared to be controllable overall with a view to the business activities of the Volkswagen Group. This assessment by the Volkswagen Group was based, among other things, on the advice of a law firm engaged in the USA for approval issues, according to which similar cases in the past were resolved amicably with the US authorities. The publication of the Notice of Violation by the EPA on September 18, 2015, which, especially at that time came unexpectedly to the Board of Management, then presented the situation in an entirely different light.

Extensive inquiries were also conducted at AUDI AG in relation to the potential use of unlawful “defeat devices” under US law in type V6 3.0 l diesel engines. The investigation conducted by Jones Day for Volkswagen AG also comprehensively covered this issue.

The AUDI AG Board of Management members in office back at the relevant time have stated that they had no knowledge of the use of unlawful “defeat device” software prohibited under US law in V6 3.0 l TDI engines until they were informed by the EPA in November 2015.

Within the Volkswagen Group, Volkswagen AG has development responsibility for the four-cylinder diesel engines such as the type EA 189, and AUDI AG has development responsibility for the six-cylinder diesel engines such as the type V6 3.0 l diesel engines.

Nothing from the publications made up to the time this report was prepared or from the ongoing investigations and interviews on the diesel issue has presented the Volkswagen AG Board of Management with any conclusive findings or assessments of fact that would result in a different assessment of the associated risks (e.g., investor lawsuits).

Additional expenses of €2.8 billion were recognized in fiscal year 2017. This is due to an increase of €2.0 billion in expenses for warranties and of €0.9 billion in expenses for legal risks. The main reason for this rise in provisions is that the buyback/retrofit programs for 2.0 l TDI vehicles in North America, which have to be implemented under the settlement deal, are more complex. Continuous monitoring of the program has shown that the scheme is more comprehensive and technically more challenging than expected; this also entails an extension to the program period.

In connection with the bundling of the European lending and deposit business in the VW Bank subgroup and its carve-out from the VW FS AG subgroup, the first step involved transferring all the shares of VW Bank from VW FS AG to VW AG through a demerger and subsequent acquisition by the parent (section 123 (2) no. 1 of the Umwandlungsgesetz (UmwG – German Transformation Act) without payment of consideration.

In the second step, three subsidiaries of VW FS AG were demerged and subsequently acquired by the sister company VW Bank without payment of consideration.

In total, the restructuring had no effect on profit or loss at VW AG. The carrying amount of the investment in VW Bank therefore amounted to €10.5 billion and the carrying amount of the investment in VW FS AG amounted to €1.4 billion as of December 31, 2017.

VW AG acquired the remaining 30 percent of the shares in Volkswagen Group Services S.A., Brussels, from Audi Hungaria Zrt., Györ, for €3.3 billion. As a result of this transaction, VW AG held 100 percent of the shares in Volkswagen Group Services S.A., Brussels, which were subsequently transferred to Volkswagen Finance Luxemburg S.A., Strassen, Luxembourg, (“VFL”) in the form of a non-cash capital contribution of €10.4 billion. In addition, loan receivables and trade receivables against Volkswagen do Brasil Indústria de Veículos Automotores Ltda., São Bernardo do Campo, in a total amount of €1.0 billion were transferred to VFL. Under a “pay-out-and-reinvest” transaction, VFL distributed dividends of €3.5 billion to VW AG (2016: €2.0 billion; 2017: €1.5 billion), which VW AG simultaneously reinvested in VFL in the form of capital increase. VFL received a further €0.1 billion from VW AG as a cash capital increase.

VW AG subscribed to a non-cash capital increase by Volkswagen Argentina S.A., Buenos Aires, through the conversion of trade receivables worth €0.2 billion.

In addition, VW AG made the following capital contributions to subsidiaries in the reporting period: Porsche Holding Stuttgart GmbH, Stuttgart (€1.1 billion), AUDI AG, Ingolstadt (€0.5 billion) and Volkswagen Truck & Bus GmbH, Braunschweig (€0.3 billion).

Accounting policies

The accounting policies applied in the previous year were retained. Investment income, income from other investments and long-term loans, as well as net interest income, are combined in the income statement and presented as the financial result. This item is addressed in greater detail in note (15) Financial result.

Purchased intangible assets are recognized at cost and amortized over three to five years using the straight-line method. Internally generated intangible assets are not recognized. Grants paid for third-party assets are capitalized as purchased rights to use and amortized over five years. These assets are derecognized once they have been fully amortized.

Tangible assets are carried at cost and reduced by depreciation. Investment grants are deducted from cost. Depreciation is based primarily on the following useful lives:

	Useful lives
Buildings	14 – 50 years
Leasehold improvements	10 – 20 years
Technical equipment and machinery	4 – 12 years
Other equipment, operating and office equipment including special tools	0 – 15 years

For additions up until December 31, 2009, to the extent allowed by tax law, depreciation of movable items of tangible assets is generally charged initially using the declining balance method, and subsequently using the straight-line method, and also reflects the use of assets in multishift operation. The option to retain and adjust lower carrying amounts of tangible asset balances at December 31, 2009 in accordance with section 67(4) of the Einführungsgesetz zum Handelsgesetzbuch (EGHGB – Introductory Act to the German Commercial Code) has been exercised. Movable items of tangible assets purchased or manufactured as from January 1, 2010 are depreciated using the straight-line method.

Prepayments made for tangible and intangible assets are measured at their nominal value.

As a general rule, additions of assets are depreciated or amortized ratably in the year of acquisition.

Low-value assets are written off and derecognized in full in the year they are acquired. In addition, certain items of operating and office equipment with individual purchase costs of up to €1,500 are treated as disposals when their standard useful life has expired.

Write-downs are recognized if the impairment is expected to be permanent; write-downs are reversed up to the amount of historical cost, net of depreciation or impairment, as soon as the reasons for impairment no longer apply.

Shares in affiliated companies and other equity investments are measured at the lower of cost and net realizable value. Annual impairment tests are performed.

As a general principle, all loans are measured at their nominal amount. Non- or low-interest-bearing loans are carried at their present value; other loans are carried at their principal amount.

Long-term investments are carried at the lower of cost or fair value in the case of permanent impairment.

Securities held as plan assets for post-employment benefit obligations are measured at fair value and offset against the corresponding provisions. These securities are assets that are exempt from attachment by all creditors and that exclusively serve to settle liabilities from post-employment benefit obligations. The fair value of these assets corresponds to the market price (section 255(4) of the HGB).

Raw materials, consumables and supplies, and merchandise carried in inventories are measured at the lower of average cost and replacement cost. In addition to direct materials and direct labor costs, the carrying amount of finished goods and work in progress also includes proportionate indirect materials and labor costs, including depreciation in the amount required. Adequate valuation allowances take account of all identifiable storage and inventory risks. Prepayments made for inventories are recognized at their nominal amounts.

Volkswagen AG recognizes emissions certificates as of the date of issue or acquisition. They are measured at the lower of cost or fair value. Emissions certificates issued free of charge are recognized as a memorandum item. Each certificate is valued at €8.05 per tonne of CO_2 as of the reporting date.

Receivables and other assets are carried at their principal amounts. Write-downs to the lower fair value are recognized for identifiable specific risks.

Receivables due after more than one year are carried at their present value at the balance sheet date by applying an interest rate to match the maturity.

Prepayments received are reported at their nominal amount.

Receivables denominated in foreign currencies are translated at the middle spot rate prevailing at the date of initial recognition. Receivables that are due within less than one year are translated at the middle spot rate at the reporting date. In the case of receivables with a longer term, a lower exchange rate at the balance sheet date results in the remeasurement of the receivable at a lower carrying amount, with the difference recognized in the income statement; a higher exchange rate at the balance sheet date (remeasurement gain) is not recognized. Hedged receivables are not remeasured at the closing rate ("net hedge presentation method")

Purchased foreign currency options are carried at the lower of cost or fair value until maturity.

Securities classified as current assets are carried at the lower of cost or fair value.

Cash and bank balances are measured at their nominal amount.

Expenditure prior to the balance sheet date that represents an expense for a specific period after this date is recognized under prepaid expenses on the assets side of the balance sheet.

Deferred taxes are recognized for temporary differences between the carrying amounts required by the HGB and the tax base of all assets and liabilities. As Volkswagen AG is the consolidated tax group parent and thus also the taxpayer for affiliated companies with which there are profit and loss transfer agreements, the differences at those companies are also included when calculating deferred taxes. Volkswagen AG is also a partner in various partnerships. Deferred taxes in respect of the difference between the HGB carrying amounts of assets and liabilities and their tax base are also reported at Volkswagen AG where these relate to corporation tax. The deferred taxes in respect of these differences are calculated on the basis of an average income tax rate of 29.9% or 15.8% for temporary differences that are attributable to different carrying amounts at partnerships in which Volkswagen AG is a partner. The option to recognize excess assets in accordance with section 274 of the HGB is not exercised.

The differences between the carrying amounts required by the HGB and the lower carrying amounts allowed under tax law were recorded in the special tax-allowable reserves presented between equity and liabilities in the balance sheet.

Existing special reserves are retained since they were recognized before the year of the transition to the provisions of the Bilanzrechtsmodernisierungsgesetz (BilMoG – German Accounting Law Modernization Act). These are reversed to the income statement and are based on the provisions of section 3(2) of the Zonenrandförderungsgesetz (German Zonal Border Development Act), section 6b of the Einkommensteuergesetz (EStG – German Income Tax Act)/regulation 6.6 of the Einkommensteuerrichtlinien (EStR – German Income Tax Regulations), section 7d of the EStG, section 82d of the Einkommensteuer-Durchführungsverordnung (EStDV – German Income Tax Implementing Regulation) and regulation 35 of the EStR. No new special reserves have been recognized since January 1, 2010.

Pension provisions are measured in accordance with actuarial principles; the projected unit credit method is used for defined benefit plans. Future obligations are measured on the basis of the ratable benefit entitlements earned as of the balance sheet date. In addition to the pension payments and vested entitlements known at the balance sheet date, future increases in salaries and pensions are taken into consideration, along with other relevant parameters. The discount rate published by the Deutsche Bundesbank as of December 31, 2017 is used. This figure is used to measure pension provisions in accordance with section 253(2) of the HGB and is based on the discount rate of 3.68% for a remaining maturity of 15 years.

Provisions for long-service jubilees and death benefits are also measured using the projected unit credit method.

Provisions for taxes are calculated according to the principles of prudent business judgment.

Provisions that have an expected remaining maturity of more than one year are discounted at an interest rate to match the maturity.

Provisions for warranty obligations are recognized on the basis of the historical or estimated probability of claims affecting vehicles delivered. Assumptions were made in respect of the warranty provisions recognized in connection with the diesel issues. These depend on the series, model year and country concerned and relate in particular to the effort, material costs and hourly wage rates involved, or to vehicle values in the case of repurchases. They are based on qualified estimates, which are based in turn on external data, and also reflect additional information available internally, such as values derived from past experience.

Provisions for litigation risks relating to the diesel issue, which comprise criminal, civil and administrative law cases as well as product-related lawsuits, including adequate defense and legal advice expenses, were calculated as the best estimate based on the present state of knowledge and current estimates.

Liabilities are carried at their settlement amount.

Liabilities denominated in foreign currencies are translated at the middle exchange rate prevailing at the date of initial recognition. Short-term foreign currency liabilities due within one year or less are measured at the middle spot rate. Long-term foreign currency liabilities are recognized at a higher carrying amount, with the difference recognized in the income statement if the closing rate is higher. Lower exchange rates at the balance sheet date (remeasurement gains) are not recognized.

Adequate provisions are recognized at their settlement amount for identifiable risks and uncertain obligations on the basis of prudent business judgment, taking into account expected future price and cost increases. Provisions cover all identifiable risks of future settlement.

The amount of contingent liabilities disclosed corresponds to the liable amount.

Receipts prior to the balance sheet date that represent income for a specific period after that date are reported under deferred income on the equity and liabilities side of the balance sheet.

Currency forwards and commodity futures contracts are measured by comparing the agreed rate with the forward rate for the same maturity at the balance sheet date. A provision is recognized for any resulting unrealized loss. Any positive gains (remeasurement gains) are not recognized. Gains and losses are not offset. Measurement gains or losses are discounted to the present value.

Where possible and feasible, derivatives entered into for hedging purposes are combined to form hedges if they have comparable risks to the hedged item. These are recognized using the “net hedge presentation method”; i.e. the items are not measured to the extent that and for as long as offsetting changes in fair value or cash flows are compensated.

Derivatives not included in hedge accounting are measured individually at fair value. Any resulting unrealized losses are recognized in income. Assets or liabilities hedged by cross-currency swaps and currency forwards are translated at the contractually agreed rates at the time of initial recognition. Transactions denominated in foreign currencies are translated at the exchange rates prevailing at the transaction dates or at agreed exchange rates. Expected exchange rate losses at the balance sheet date are reflected in the measurement of the items. Receivables and liabilities due within less than one year that are denominated in foreign currencies are translated at the middle spot rate prevailing at the balance sheet date. Equity investments are translated at the rate prevailing at the date of acquisition.

In the income statement, the allocation of expenses to the cost of sales, selling and general and administrative functions is based on cost center accounting principles.

Production costs are recognized on the basis of directly attributable material and labor costs, as well as proportionate indirect material and labor costs, including depreciation and amortization. Administrative cost components are not included.

Cost of sales contains all expenses relating to the purchase of materials and the production function, the costs of merchandise, the cost of research and development, and warranties and product liability expenses including the amounts recharged by subsidiaries.

Selling expenses include personnel and non-personnel operating costs of our sales and marketing activities, as well as shipping, advertising, sales promotion, market research and customer service costs.

General and administrative expenses include personnel and non-personnel operating costs of the administrative functions.

Other taxes are allocated to the consuming functions.

Balance Sheet Disclosures

(1) FIXED ASSETS

The classification of the assets combined in the balance sheet and their changes during the year are presented on pages 12 to 13.

Capital expenditures amounted to:

€ million	2017	2016
Intangible assets	98	123
Tangible assets	1,607	1,901
Long-term financial assets	33,791	22,358
	35,496	**24,381**

Significant additions to long-term financial assets are explained under “Significant events in the fiscal year” on page 4 to 5. The additions of €33.8 billion are accompanied by disposals of €21.5 billion, meaning that on balance the addition to financial assets was unchanged over the previous year.

Depreciation, amortization and write-downs were charged on:

€ million	2017	2016
Intangible assets	93	80
Tangible assets	2,208	2,206
Long-term financial assets	0	305
	2,302	**2,591**

Assets recognized before the introduction of the BilMoG continue to be depreciated using the declining balance method. Depreciation of tangible assets includes declining balance depreciation in the amount of €13 million.

WRITE-DOWNS OF LONG-TERM FINANCIAL ASSETS

€ million	2017	2016
Affiliated companies	0	256
Other equity investments	0	50
	0	**305**

In the previous year, this had affected affiliated companies such as VW India, Pvt. Ltd., Pune, India, and the equity interest held in SGL Carbon SE, Wiesbaden.

DISCLOSURES IN ACCORDANCE WITH SECTION 285 NO. 26 OF THE HGB

Securities investment funds (values as of 12/31/2017)

€ million	Carrying amount	Fair value	Fair value – carrying amount	Distribution 2017	Daily redemption possible	Write-downs not recognized
UI-TV Fund[1]	7,986	7,744	–242	78	yes	yes
UI-ZW Fund[1,2]	1,831	1,831	-	87	yes	not applicable
UI-BA Fund[1,2]	3,825	3,825	-	164	yes	not applicable

1 Renamed due to change of asset management company.
2 Distributions received in 2017 were for 2016 and 2017.

The funds' investment objectives are a return to match the maturity with appropriate risk diversification using the following asset classes: equities, fixed-income securities, cash investments and other assets. These can be invested in both Germany and internationally. The fund units can be redeemed on a daily basis. Fair values are calculated on the basis of quoted market prices.

A decision was taken to switch asset management company in 2017. For this reason, the assets invested in the securities investment funds were transferred from Helaba Invest Kapitalanlagegesellschaft mbH, Frankfurt am Main, to Universal-Investment-Gesellschaft mbH, Frankfurt am Main, effective July 7, 2017 (Time Assets fund), August 11, 2017 (occupational investment fund) and September 8, 2017 (treasury fund). The investment rules were not amended in the course of the transfer.

The treasury fund (UI-TV) is allocated to fixed assets at Volkswagen AG and measured at cost. The UI-TV Fund was not written down to the lower fair value in 2017 as no permanent impairment was expected.

The UI-ZW fund (Time Assets fund) and the UI-BA fund (occupational investment fund) solely serve the purpose of meeting occupational pension obligations and similar long-term obligations and are measured at fair value. Both funds are offset against the related obligations. As a result, the funds are offset against the related obligations in the annual financial statements. As the settlement amount exceeds the present value of the UI-BA fund due to the decline in the applicable interest rate, provisions were recognized. Income and expenses from fair value measurement of the funds are recognized immediately in income.

STATEMENT OF CHANGES IN FIXED ASSETS

	GROSS CARRYING AMOUNTS				
€ million	Cost Jan. 1, 2017	Additions	Transfers	Disposals	Cost Dec. 31, 2017
Intangible assets					
Industrial and similar rights and assets, and licenses in such rights and assets	392	94	3	42	447
Payments on account	4	4	–4	-	4
	396	**98**	**–1**	**42**	**450**
Tangible assets					
Land, land rights and buildings, including buildings on third-party land	5,738	55	73	4	5,863
Technical equipment and machinery	12,008	220	120	285	12,064
Other equipment, operating and office equipment	20,072	1,042	221	236	21,100
Payments on account and assets under construction	578	290	–414	-	454
	38,397	**1,607**	**–1**	**525**	**39,479**
Long-term financial assets					
Shares in affiliated companies	83,219	30,966	-	20,002	94,182
Loans to affiliated companies	2,234	2,340	-	298	4,277
Other equity investments	519	-	-	-	519
Loans to other investees and investors	1	1	-	-	3
Long-term investments	8,733	484	-	1,178	8,039
Other loans	21	-	-	1	20
	94,728	**33,791**	**-**	**21,479**	**107,040**
Total fixed assets	**133,520**	**35,496**	**-**	**22,046**	**146,970**

	DEPRECIATION, AMORTIZATION AND WRITE-DOWNS							
	Cumulative depreciation, amortization and write-downs Jan. 1, 2017	Depreciation, amortization and write-downs in current year	Disposals	Transfers	Reversals of write-downs	Cumulative depreciation, amortization and write-downs Dec. 31, 2017	**Carrying amounts Dec. 31, 2017**	Carrying amounts Dec. 31, 2016
	131	93	42	0	-	182	265	261
	-	-	-	-	-	-	4	4
	131	**93**	**42**	**0**	**-**	**182**	**269**	**265**
	4,211	107	3	-	-	4,314	1,548	1,527
	10,147	706	283	0	-	10,570	1,494	1,861
	16,452	1,396	224	0	-	17,624	3,476	3,620
	-	-	-	-	-	-	454	578
	30,810	**2,208**	**511**	**0**	**-**	**32,508**	**6,972**	**7,587**
	350	0	-	-	-	350	93,833	82,869
	-	-	-	-	-	-	4,277	2,234
	241	0	-	-	27	214	306	278
	-	-	-	-	-	-	3	1
	16	-	-	-	1	15	8,024	8,717
	0	-	0	-	-	-	20	21
	607	**0**	**0**	**-**	**29**	**578**	**106,462**	**94,121**
	31,548	**2,302**	**553**	**-**	**29**	**33,267**	**113,703**	**101,973**

(2) INVENTORIES

€ million	Dec. 31, 2017	Dec. 31, 2016
Raw materials, consumables and supplies	1,065	1,033
Work in progress	1,230	1,223
Finished goods and merchandise	2,547	2,095
Payments on account	48	36
	4,889	**4,387**

(3) RECEIVABLES AND OTHER ASSETS

€ million	Dec. 31, 2017	Dec. 31, 2016
Trade receivables	1,353	1,150
due after more than one year	*11*	*2*
Receivables from affiliated companies	27,290	21,757
of which trade receivables	*4,231*	*3,815*
due after more than one year	*5,924*	*2,985*
Receivables from other investees and investors	1,473	1,291
of which trade receivables	*1,450*	*1,273*
due after more than one year	-	-
Other assets	2,076	2,018
due after more than one year	*287*	*463*
	32,192	**26,217**

In addition to trade receivables, receivables from affiliated companies are composed primarily of short- and medium-term loans and receivables relating to profit distributions, including income tax allocations.

Other assets primarily include tax reimbursements that are not yet due in the amount of €1,309 million (previous year: €1,230 million), option premiums paid in the amount of €401 million (previous year: €360 million) and receivables from the sale of used vehicles on behalf of subsidiaries in the amount of €108 million (previous year: €127 million). There were no material claims for reimbursement of warranty payments as of December 31, 2017 (previous year: €150 million), because there is a general right to offset.

Other securities

Other securities were written down in full in previous years.

(4) CASH-IN-HAND AND BANK BALANCES

Bank balances (€5.8 billion) include a total of €2.4 billion held by an affiliated company. Bank balances of €2.4 billion are held by the affiliated company and are subject to pledges. Restricted balances amount to €0.9 billion.

(5) SUBSCRIBED CAPITAL

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.

As before, the subscribed capital is composed of 295,089,818 no-par value ordinary shares and 206,205,445 no-par value preferred shares and amounts to €1,283 million (previous year: €1,283 million).

The amount to be recognized for provisions for pension obligations that would result if the corresponding average market interest rate for the past seven fiscal years were applied, exceeds the amount recognized in the balance sheet by €2.9 billion. In accordance with section 253(6) sentence 2 of the HGB, this amount is restricted for distribution.

An amount of €2.1 million is restricted for distribution in accordance with section 268(8) sentence 3 of the HGB.

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. All but €83 million of this amount was used.

Based on the resolution by the Annual General Meeting on May 5, 2015, authorized capital of up to €179 million, expiring on May 4, 2020, was approved for the issue of new preferred bearer shares.

(6) CAPITAL RESERVES

€ million	Dec. 31, 2017	Dec. 31, 2016
	15,021	15,021

The capital reserves comprise the share premium from various capital increases (€14,695 million), the premium from the issue of bonds with warrants (€219 million) and an amount of €107 million appropriated on the basis of the capital reduction implemented in 2006.

(7) REVENUE RESERVES

€ million	Dec. 31, 2017	Dec. 31, 2016
Legal reserve	31	31
Other revenue reserves	11,922	9,363
	11,953	**9,394**

In accordance with section 58(2) of the AktG, €2,174 million was appropriated from net income for the year to other revenue reserves.

(8) SPECIAL TAX-ALLOWABLE RESERVES

€ million	Dec. 31, 2017	Dec. 31, 2016
Accelerated tax depreciation	21	23
	21	**23**

(9) PROVISIONS

€ million	Dec. 31, 2017	Dec. 31, 2016
Provisions for pensions and similar obligations	14,360	13,623
Provisions for taxes	3,462	3,955
Other provisions	22,109	30,812
	39,930	**48,389**
short-term (up to 1 year)	13,042	21,316
medium-term (2 to 5 years)	11,893	11,388
long-term (over 5 years)	14,995	15,685
	39,930	**48,389**

Provisions for pensions and similar obligations

Provisions for pensions are recognized for commitments in the form of retirement, invalidity and dependents' benefits payable under pension plans. The benefits usually depend on the employees' length of service and remuneration. At Volkswagen AG, pension plans are based on defined benefit plans, whereby a distinction is made between provision-funded and externally funded pension plans.

Pension provisions are measured on the basis of the following assumptions:

€ million	Dec. 31, 2017	Dec. 31, 2016
Discount rate	3.68%	4.01%
Salary trend	3.60%	3.50%
Wage/pension trend	1.50%	1.50%
Fluctuation	0.95%	0.95%
Basis of calculation	2005 G mortality tables	2005 G mortality tables
Age limits	RV-Altersgrenzenanpassungsgesetz (German Act to Adapt the Standard Retirement Age to Reflect Demographic Trends and to Strengthen the Funding Basis for the Statutory Pension Insurance System) 2007	RV-Altersgrenzenanpassungsgesetz (German Act to Adapt the Standard Retirement Age to Reflect Demographic Trends and to Strengthen the Funding Basis for the Statutory Pension Insurance System) 2007

The percentage figure used to calculate the salary trend takes into account increases attributable to career development as a surcharge on regular salary increases. The discount rate applied is based on the average market interest rate for the past ten years.

The pension obligations reported in the balance sheet are composed of the following items:

€ million	Dec. 31, 2017	Dec. 31, 2016
Externally funded pension obligation		
Cost of the pension fund	3,856	3,430
Fair value of the pension fund	3,825	3,572
Settlement amount of the obligations in the pension fund model (fair value)	3,965	3,572
Offset against the fair value of the pension fund (in accordance with section 246(2) of the HGB)	**139**	**0**
Provision-funded pension obligation		
Settlement amount of the obligations outside the pension fund model	14,221	13,623
Pension provisions reported in the balance sheet	**14,360**	**13,623**

Externally funded pension benefits

The fund assets of externally funded pension obligations are measured at fair value. For the first time, the settlement amount of the obligation exceeds the present value of the pension fund due to the decline in the interest rate applied. Consequently, corresponding provisions have been recognized. Since 1996, the occupational pension arrangements of Volkswagen AG have been based on a specially developed expense-related pension model. With effect from January 1, 2001, this model was developed into a pension fund, with the annual remuneration-linked contributions being invested in funds by Volkswagen Pension Trust e.V., Wolfsburg, as the trustee. By investing in funds, this model offers an opportunity for increasing benefit entitlements, while at the same time fully safeguarding them.

The following amounts were offset in the income statement:

€ million	2017	2016
Reinvested distributions from the pension fund	163	101
Measurement of the pension fund	−173	17
Change in value	**−10**	**118**
Adjustment of externally funded pension obligations in profit or loss	10	−118
Balance of income and expenses	**0**	**0**

Other provisions

Significant provisions were recognized for selling expenses including warranties (€12.2 billion), legal and litigation risks (€3.0 billion) and personnel expenses (€3.2 billion, mainly for long-service benefits, special benefits, partial retirement and other workforce costs). Provisions for the obligation to return emission certificates amount to €12.3 million.

Provisions for personnel expenses include liabilities relating to employee Time Assets. Volkswagen AG has been issuing Time Assets as a retirement benefit concept for working life planning since January 1, 1998. This allows employees to acquire Time Assets, which represent liabilities for Volkswagen AG. An approved fund (Time Assets fund) was launched to safeguard employees' claims. Investments are also made in a money market fund. By investing in funds, the model offers an opportunity for increasing the value of Time Assets, while at the same time fully safeguarding them.

The plan assets from both funds are measured at fair value in accordance with section 253(1) of the HGB. The fair value of offset assets in the Time Assets fund was determined by reference to market prices (stock market prices) in an active market. Fund assets and liabilities relating to Time Assets are offset:

€ million	Dec. 31, 2017	Dec. 31, 2016
Cost of the Time Asset funds	2,303	2,081
Fair value of the Time Asset funds	2,121	1,992
Settlement amount of the Time Asset obligation	2,121	1,992
Balance of the Time Asset fund and the settlement amount of the Time Asset obligation	**0**	**0**

The following amounts were offset:

€ million	2017	2016
Reinvested distributions from the Time Asset funds	86	52
Measurement of the Time Asset funds	−93	−10
Change in value	**−7**	**42**
Settlement amount of the Time Asset obligation	7	−42
Balance of the Time Asset fund and the settlement of the Time Asset obligation	**0**	**0**

(10) LIABILITIES

€ million	Dec. 31, 2017	TERM TO MATURITY due within one year	due over one year	of which due within one to five years	of which due over 5 years
Type of liability					
Liabilities to banks	**4,125**	2,608	1,517	*1,512*	*5*
Payments received on account of orders	**35**	35	-	-	-
Trade payables	**2,963**	2,963	-	-	-
Liabilities to affiliated companies	**74,822**	37,628	37,194	*19,221*	*17,973*
Liabilities to other investees and investors	**1,552**	1,552	-	-	-
Other liabilities	**1,566**	690	877	*790*	*87*
of which taxes	***36***	*36*			
of which social security	***32***	*32*			
	85,064	**45,476**	**39,588**	***21,522***	***18,065***

€ million	Dec. 31, 2016	TERM TO MATURITY due within one year	due over one year	of which due within one to five years	of which due over 5 years
Type of liability					
Liabilities to banks	**1,095**	775	320	*312*	*8*
Payments received on account of orders	**48**	48	-	-	-
Trade payables	**2,439**	2,439	-	-	-
Liabilities to affiliated companies	**59,438**	31,233	28,205	*17,520*	*10,685*
Liabilities to other investees and investors	**929**	929	-	-	-
Other liabilities	**1,619**	677	942	*862*	*79*
of which taxes	***161***	*161*			
of which social security	***30***	*30*			
	65,568	**36,101**	**29,467**	***18,694***	***10,773***

The syndicated loan facility of €20.0 billion agreed upon with a banking syndicate in December 2015 for Volkswagen AG was terminated in June 2017 in accordance with the applicable terms. The syndicated loan facility of €5.0 billion granted in July 2011 was renewed until April 2020 following the exercise of the renewal option in 2015. The facility had not been drawn upon as of the end of 2017. In addition, credit facilities totaling €0.8 billion were held with two banks. Of these, an amount of €0.3 billion was recognized as bank liabilities as of the reporting date.

In June 2017, Volkswagen AG placed unsecured subordinated hybrid notes with an aggregate principal amount of €3.5 billion via a subsidiary, Volkswagen International Finance N.V. Amsterdam, Netherlands (VIF). The perpetual hybrid notes were issued in two tranches and can be called by VIF. The first call date for the first tranche (€1.5 billion and a coupon of 2.700 %) is after 5.5 years, and the first call date for the second tranche (€2.0 billion and a coupon of 3.875%) is after 10 years. Interest may be accumulated depending on whether a dividend is paid to the shareholders of Volkswagen AG.

€2.1 billion (previous year: €2.5 billion) of the liabilities to affiliated companies relates to trade payables. The liabilities to other investees and investors contain trade payables of €36 million (previous year: €36 million). Other liabilities include option premiums received in the amount of €354 million (previous year: €316 million).

Standard retention of title applies to the liabilities from deliveries of goods contained in the amounts shown above.

Other liabilities include liabilities to employees of €302 million (previous year: €349 million) that are secured by real estate liens.

(11) DEFERRED INCOME

Deferred income primarily comprises amounts for extended warranties.

CONTINGENCIES AND COMMITMENTS

€ million	Dec. 31, 2017	Dec. 31, 2016
Contingent liabilities from guarantees	94	94
Contingent liabilities from warranties	32,572	31,190
of which relating to pensions	671	660
of which relating to affiliated companies	788	1,157
Legal risks and Granting of security for third-party liabilities	6,392	3,781
of which relating to affiliated companies	885	459
	39,058	**35,066**

Contingent liabilities from warranties relate primarily to guarantees given to creditors of subsidiaries and for bonds issued by these subsidiaries. Volkswagen AG has guaranteed to MAN SE, Munich, that Truck & Bus will be managed and provided with the necessary financial resources to ensure that Volkswagen Truck & Bus GmbH, Braunschweig, is able to discharge its obligations under section 5 of the control and profit and loss transfer agreement with MAN SE.

Contingent liabilities

The other contingent liabilities primarily comprise potential liabilities arising from matters relating to taxes and customs duties, as well as litigation and proceedings relating to suppliers, dealers, customers, employees and investors. The contingent liabilities recognized in connection with the diesel issue totaled €4.3 billion, of which €3.4 billion was attributable to investor lawsuits. Also included are certain elements of the class action lawsuits relating to the diesel issue as well as criminal proceedings/misdemeanor proceedings as far as these can be quantified. As some of these proceedings are still at a very early stage, the plaintiffs have in a number of cases so far not specified the basis of their claims and/or there is insufficient certainty about the number of plaintiffs or the amounts being claimed. These lawsuits meet the definition of a contingent liability but cannot, as a rule, be disclosed because it is impossible to measure the amount involved.

The shareholders of Volkswagen Original Teile Logistik GmbH & Co. KG, Baunatal (VW OT Logistik), were granted a put option that entitles them to tender their shares in OTLG to Volkswagen AG until December 31, 2025. The value of this obligation amounted to €0.1 billion as of the reporting date.

Risk assessment of the settlement of contingent liabilities

Volkswagen AG provides guarantees for the capital market issues of the finance companies, for development loans from supranational financial institutions and, in specific cases, for loans to newly formed subsidiaries. Volkswagen AG manages its subsidiaries in such a way that they can discharge their financial obligations at any time. In addition to the preparation of a monthly liquidity report for Volkswagen AG, regular financial reviews are held during which the variances between the actual and projected liquidity are analyzed and the necessary corrective measures are implemented. Based on this information, the Company sees no risk of a claim being brought under the guarantees provided.

Transactions not included in the balance sheet (section 285 no. 3 of the HGB)

Volkswagen AG finances its trade receivables from foreign affiliated companies and certain selected non-Group importers on the basis of nonrecourse factoring via its subsidiary Volkswagen Group Services S. A., Brussels, Belgium, or Volkswagen Finance Belgium S. A., Brussels, Belgium.

Selected receivables from partners of the domestic sales organization are financed on the basis of non-recourse factoring via a subsidiary. The amount concerned was €28.9 billion in the fiscal year. The Company received liquid funds in this amount. These transactions do not lead to any specific new risks.

Volkswagen AG sells a small number of vehicles, mainly to car rental companies, subject to the obligation to repurchase them for a predefined price after a fixed period of time. This was the case for 15,684 vehicles worth approximately €0.3 billion in total as of December 31, 2017. Provisions are recognized for the risk arising from potential differences between the agreed prices and the market prices when such vehicles are marketed in the future.

TOTAL FEES PAID TO AUDITORS

The total fee paid to the auditors of the consolidated financial statements can be found in Note 39 of the notes to the consolidated financial statements.

The bulk of the fee paid to the auditors in 2017 was for the audit of the consolidated financial statements of Volkswagen AG and the annual financial statements of Volkswagen AG German Group companies as well as the reviews performed during the year of the interim consolidated financial statements of Volkswagen and the interim financial statements of the German Group companies. The auditors provided other attestation and tax consulting services to only a minor extent. In the year under review, non-auditing services provided by the auditors mainly comprised advice on the implementation of new legal standards and support for measures taken in connection with the diesel issue.

OTHER FINANCIAL OBLIGATIONS

€ million	Dec. 31, 2017	Due 2018	Due 2019 - 2022	Due after 2022
Loan commitments	21,588	21,588	-	-
of which related to affiliated companies	21,588	21,588	-	-
Rental and leasing agreements	842	228	313	302
of which related to affiliated companies	*336*	*62*	*83*	*192*
Other Contracts	1,392	137	420	834
of which related to affiliated companies	*20*	*20*	-	-
of which related to associated companies	*15*	*12*	*3*	-
	23,822	**21,953**	**733**	**1,136**

In addition to obligations under management service contracts, this item also includes obligations in connection with vehicle projects.

Previous year:

€ million	Dec. 31, 2016	Due 2017	Due 2018 - 2021	Due after 2021
Loan commitments	19,079	19,079	-	-
of which related to affiliated companies	*19,079*	*19,079*	-	-
Rental and leasing agreements	997	255	497	244
of which related to affiliated companies	*471*	*98*	*251*	*122*
Other Contracts[1]	1,642	202	493	947
of which related to affiliated companies	*20*	*20*	-	-
of which related to associated companies	*27*	*12*	*14*	-
	21,718	**19,536**	**990**	**1,191**

1 The investments reported separately in the previous year for the infrastructure for zero-emission vehicles and other initiatives are included in the line item entitled "Miscellaneous".

The other financial obligations from long-term rental and leasing agreements comprise rentals of storage, logistics and office space, as well as test tracks. Around 52 hectares of land (carrying amount €7 million) are encumbered by heritable building rights. In accordance with Art. 5(10) of the statutes of the Einlagensicherungsfonds (Deposit Protection Fund), Volkswagen AG has given an undertaking to indemnify Bundesverband deutscher Banken e.V., Berlin, against any losses incurred that are attributable to measures taken by it in favor of a majority-owned bank.

Volkswagen AG has liabilities from its investments in commercial partnerships.

The purchase commitment for capital expenditure projects has not changed significantly.

Other miscellaneous obligations primarily comprise obligations for investments in the infrastructure for zero-emission vehicles as well as initiatives for promoting access to and awareness of these technologies. The Volkswagen Group had committed itself to an amount of €1.3 billion under the settlement agreement relating to the diesel issue.

Disclosures on derivatives

MEASUREMENT METHODS

The fair values of the derivatives generally correspond 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 calculations were based on the following term structures:

in %	AUD	CAD	CHF	CNY	EUR	GBP	JPY	SEK	USD
Interest rate for six months	1.793	1.565	−0.553	4.928	−0.321	0.545	0.028	−0.382	1.750
Interest rate for one year	1.858	1.807	−0.492	4.780	−0.283	0.623	0.030	−0.330	1.901
Interest rate for five years	2.518	2.250	−0.141	4.740	0.317	1,033	0.101	0.498	2.240
Interest rate for ten years	2.830	2.392	0.269	4.630	0.884	1.274	0.261	1.200	2.392

DERIVATIVES

Currency forwards, currency options, commodity futures, cross-currency swaps and interest rate swaps are used as hedging instruments. All instruments serve to hedge currency, interest rate and commodity price risk exposures of hedged items attributable to the real economy, independently of whether or not they are included in hedge accounting. In 2017, existing hedges of sales revenue were terminated because the hedged items no longer met the criteria for hedge accounting. Provisions for impending losses (see section entitled “Balance sheet items and carrying amounts”) were recognized for the currency forwards concerned and, in cases in which they were settled, new hedging relationships were designated for the currency forwards concerned. The following table shows the hedging volume of the financial instruments not included in hedge accounting.

€ million	NOTIONAL AMOUNT		FAIR VALUE	
Hedged risks	Dec. 31, 2017	Dec. 31, 2016	Dec. 31, 2017	Dec. 31, 2016
Currency futures contracts	**2,103**	**3,510**		
of which: currency purchases	*1,072*	*3,117*		
of which: positive fair values			*17*	*245*
of which: negative fair values			*−23*	*−4*
of which: currency sales	*1,032*	*393*		
of which: positive fair values			*9*	*4*
of which: negative fair values			*−4*	*0*
Currency option contracts	**-**	**-**		
of which: positive fair values			*-*	*-*
Commodity futures contracts	**696**	**1,851**		
of which: positive fair values			*187*	*107*
of which: negative fair values			*-*	*−102*

Balance sheet items and carrying amounts

Derivatives not included in hedges are contained in the following balance sheet items at the carrying amounts shown:

€ million	Balance sheet item	CARRYING AMOUNT Dec. 31, 2017	Dec. 31, 2016
Option premiums	Other assets	-	-
Expected losses from open currency forwards	Other provisions	46	270
Expected losses from open commodity future contracts	Other provisions	-	71

Derivatives – included in hedges

Explanations of the risks hedged, the hedging strategy and the highly probable forecast transactions are included in the management report.

Hedges of currency, interest rate and commodity price risk exposures

The following risk exposures are included in hedge accounting:

€ million	NOTIONAL AMOUNT		FAIR VALUE	
Hedged risks	Dec. 31, 2017	Dec. 31, 2016	Dec. 31, 2017	Dec. 31, 2016
Currency risk from assets (cross currency swaps, currency forwards) and forecasted transactions	**7,034**	**7,985**		
negative fair values			−125	−160
positive fair values			105	103
Currency risk from forecast transactions	**94,008**	**104,708**		
negative fair values			−2,307	−3,424
positive fair values			3,438	3,452
Currency option contracts	**31,682**	**34,151**		
negative fair values			−455	−541
positive fair values			466	541
Commodity futures contracts	**979**	**719**		
negative fair values			−127	−47
positive fair values			127	32
Currency risk from executory contracts	**7,032**	**15,066**		
negative fair values			−157	−645
positive fair values			149	462

A portfolio approach is used to hedge currency risk exposures, under which expected cash inflows and outflows in foreign currencies are offset in order to hedge the net position. Since the volume of the hedges is lower than the volume of the planned commodity purchases and sales, there is a strong presumption that the changes in cash flows from hedging instruments in the future will offset the effects relating to commodity purchases and sales. Furthermore, the extent of hedging decreases the later the commodity purchase or sale is planned within the planning period. All hedges were recognized using the net hedge presentation method. The recognized hedges were almost 100% effective.

Assets and liabilities in a nominal amount of €6,818 million are hedged by combining cross-currency swaps with interest rate swaps of equal amounts in micro hedges; the term of the hedge is based on the term of the underlying transaction. An exposure of €83 million arising from loans was hedged at the reporting date on December 31, 2017. The effectiveness of the hedge is assessed prospectively using the critical terms match method and retrospectively using the dollar offset method.

Micro hedges, macro hedges and portfolio hedges are recognized for the forecast transactions. Their effectiveness is assessed prospectively using the critical terms match method and retrospectively using the dollar offset method. With respect to the hedging of forecast transactions, risk exposures in the amount of €75,288 million are hedged by micro hedges, €18,661 million by macro hedges and €59 million by portfolio hedges.

Executory contracts and forecast transactions mainly relate to planned commodity purchases in foreign currency and revenue from vehicle sales that are highly probable in the coming five years. There are also currency forwards that serve as offsetting transactions to close out terminated hedges.

An insignificant amount of individual planned sales and purchases also relates to periods beyond this. Currency risk exposures relating to executory contracts are hedged by micro hedges.

Hedging of currency and commodity price risk exposures for subsidiaries

Volkswagen AG combines the currency and purchase price risk exposures of certain subsidiaries with its own exposures as part of uniform planning in order to hedge them using currency forwards, currency options and commodity futures with external partners. The notional amounts of the aggregate hedging transactions entered into by Volkswagen AG for forecast transactions and planned commodity purchases therefore also includes amounts attributable to subsidiaries included in the consolidated financial statements. They are allocated to subsidiaries either via hedging transactions between the subsidiary and Volkswagen AG that mirror the external hedging transactions, or by the subsidiary participating in the gain or loss when the hedging transaction is settled

The term and method used to assess the effectiveness of hedging transactions entered into between Volkswagen AG and a subsidiary are the same as for external hedging transactions. Hedge accounting is applied only to micro hedges. The underlying is defined as the entire hedging transaction or a part of the hedging transaction entered into between Volkswagen AG and external partners.

Derivatives

The following table shows the hedging volume attributable to subsidiaries included in the consolidated financial statements that is not included in hedge accounting:

€ million	NOTIONAL AMOUNT		FAIR VALUE	
Hedged risks	Dec. 31, 2017	Dec. 31, 2016	Dec. 31, 2017	Dec. 31, 2016
Currency futures contracts	**44**	**97**		
of which: currency purchases	*43*	*95*		
of which: positive fair values			*1*	*12*
of which: negative fair values			*–1*	*-*
of which: currency sales	*1*	*2*		
of which: positive fair values			*0*	*0*
of which: negative fair values			*-*	*-*
Currency option contracts	**-**	**-**		
of which: positive fair values			*-*	*-*
Commodity futures contracts	**61**	**100**		
of which: positive fair values			*15*	*5*
of which: negative fair values			*-*	*–6*

Balance sheet items and carrying amounts

The carrying amounts of hedges not included in hedge accounting and attributable to subsidiaries are contained in the following balance sheet items:

€ million		CARRYING AMOUNT	
	Balance sheet item	Dec. 31, 2017	Dec. 31, 2016
Option premiums	Other assets	-	-
Expected losses from open currency forwards	Other provisions	1	-
Expected losses from open commodity future contracts	Other provisions	-	6

Hedging of currency and commodity price risk exposures

The following exposures were hedged for subsidiaries and included in hedge accounting:

€ million		DEC. 31, 2017		
Hedged exchange rate risks	Hedging instrument	Amount hedged	Positive fair value	Negative fair value
Forecast transactions	Currency futures contracts	37,644	154	–2,041
	Currency option contracts	15,695	62	–392
	Commodity futures contracts	490	-	–127
		53,829	**216**	**–2,559**
Executory contracts	Currency futures contracts	1,851	20	–74
Assets	Currency futures contracts	1,332	2	–46
		57,012	**238**	**–2,680**

Income Statement Disclosures

(12) SALES

€ million	2017	%	2016	%
by region				
Germany	28,789	37.5	29,184	38.8
Europe (excl. Germany)	34,377	44.8	33,398	44.3
North America	3,865	5.0	4,319	5.7
South America	876	1.1	652	0.9
Africa	1,436	1.9	1,188	1.6
Asia-Pacific	7,386	9.6	6,569	8.7
	76,729	**100.0**	**75,310**	**100.0**
by segment				
Vehicle sales	48,420	63.1	48,397	64.3
Genuine parts	6,397	8.3	6,244	8.3
Other sales	21,912	28.6	20,669	27.4
	76,729	**100.0**	**75,310**	**100.0**

Other sales comprise deliveries of materials and parts worth €12 billion (previous year: €11 billion) to subsidiaries.

(13) OTHER OPERATING INCOME

€ million	2017	2016
Other operating income	6,451	7,559
of which income from the reversal of special tax-allowable reserves	*2*	*3*

Other operating income relates primarily to foreign currency translation of goods and services deliveries amounting to €4.4 billion (previous year: €3.7 billion). Income from the reversal of provisions amount to €1.5 billion (previous year: €3.2 billion). Other income that is attributable to previous fiscal years amounted to €0.1 billion (previous year: €0.1 billion).

(14) OTHER OPERATING EXPENSES

€ million	2017	2016
Other operating expenses	6,605	9,594

Other operating expenses include legal and litigation risks from the diesel issue amounting to €1.6 billion (previous year: €4.2 billion). They also include foreign currency translation expenses of €4.1 billion (previous year: €4.1 billion). Foreign currency translation expenses mainly relate to exchange rate losses from the measurement and settlement of foreign currency hedges, as well as exchange rate losses from the translation of operating receivables and liabilities that have not been offset. Expenses attributable to previous fiscal years amounted to €0.1 billion (previous year: €0.2 billion).

(15) FINANCIAL RESULT

€ million	2017	2016
Income and expenses from investments	11,138	10,725
Interest income and expense	−829	−808
Other financial result	−1,665	−888
	8,644	**9,030**

Income and expenses from investments

€ million	2017	2016
Income from investments	4,299	5,251
of which from affiliated companies	*2,220*	*3,138*
Income from profit and loss transfer agreements	7,979	5,635
Other investment income	27	286
Other investment expenses	301	408
Cost of loss absorption	867	39
	11,138	**10,725**

Income from investments primarily comprises income from Volkswagen Finance Luxemburg S.A., Luxembourg, SAIC-Volkswagen Automotive Company Ltd., Shanghai, China, FAW-Volkswagen Automotive Company Ltd., Changchun, China and Volkswagen (China) Investment Co. Ltd., Peking, China.

Income from profit and loss transfer agreements, which includes allocations of income-related taxes, primarily comprises income from Audi AG, Ingolstadt, Porsche Holding Stuttgart GmbH, Stuttgart, Volkswagen Bank GmbH, Wolfsburg, VW Group Services GmbH, Wolfsburg, and Volkswagen Sachsen GmbH, Zwickau.

The reversal of a write-down on SGL Carbon SE, Wiesbaden, resulted in a net carrying amount of €103 million for the investment.

Other investment expenses primarily comprise the transfer of investment income to Audi AG, Ingolstadt.

Interest income and expense

€ million	2017	2016
Income from other investments and long-term loans	146	159
of which from affiliated companies	*63*	*49*
Other interest and similar income	213	107
of which from affiliated companies	*193*	*90*
Interest and similar expenses	1,189	1,074
of which to affiliated companies	*969*	*834*
	−829	**−808**

Interest and similar expenses mainly relate to interest expenses to affiliated companies, interest from additional tax payments, as well as expenses from the factoring business (financing of non-interest-bearing trade receivables).

Other financial result

€ million	2017	2016
Loss on sales of securities	−27	0
Interest component of pension expenses	−1,313	−312
Unwinding of the discount on provisions	−323	−572
Unwinding of the discount on/discounting of liabilities	−2	−3
	−1,665	−888

Other taxes

The other taxes allocated to the consuming functions amounted to €56 million (previous year: €54 million). They relate to VAT, vehicle taxes and land taxes.

Deferred taxes

Offsetting deferred tax assets and liabilities in the fiscal year resulted in an excess of tax assets in Volkswagen AG's consolidated tax group. This represents a future tax benefit and is not recognized as an asset. The following tables show the changes in deferred taxes in the current and past fiscal year:

Reporting period

€ million	DEFERRED TAX ASSETS		DEFERRED TAX LIABILITIES	
Dec. 31, 2017	Difference	Tax	Difference	Tax
Assets				
Fixed assets	4,608	1,378	−74	−21
Current assets	2,167	648	−405	−121
Other assets	10	3	0	0
Liabilities				
Special reserves	0	0	−16	−5
Provisions	23,740	7,098		
Liabilities	0	0	−38	−11
Deferred income items	103	31		
Tax loss carried forward		1,533		
Total		**10,691**		**−158**
Offset		−158		158
Net deferred tax assets		10,533		

Previous year

€ million	DEFERRED TAX ASSETS		DEFERRED TAX LIABILITIES	
Dec. 31, 2016	Difference	Tax	Difference	Tax
Assets				
Fixed assets	3,859	1,154	−41	−11
Current assets	2,511	751	−371	−111
Other assets	11	3	0	0
Liabilities				
Special reserves	0	0	−15	−5
Provisions	21,002	6,278		
Liabilities	219	66		
Deferred income items	104	31		
Tax loss carried forward		2,178		
Total		**10,461**		**−126**
Offset		−126		126
Net deferred tax assets		10,335		

NOTICES AND DISCLOSURE OF CHANGES REGARDING THE OWNERSHIP OF VOTING RIGHTS IN VOLKSWAGEN AG IN ACCORDANCE WITH ARTICLE 21 AND ARTICLE 26 OF THE WERTPAPIERHANDELSGESETZ (WPHG – GERMAN SECURITIES TRADING ACT)

PORSCHE

1) Porsche Automobil Holding SE, 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 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 article 21, section 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 article 22, section 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 article 22, section 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 article 21, section 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 article 22, section 1, sentence 1 no. 1 of the WpHG. The companies via which the voting rights are actually held and whose attributed share of the voting rights amounts to 3% or more are:
– Porsche GmbH, Salzburg/Austria;
– Porsche GmbH, Stuttgart/Germany;
– Porsche Automobil Holding SE, Stuttgart/Germany.

Of the above-mentioned 156,702,015 voting rights, 50.76% of the voting rights (149,696,753 voting rights) are attributable to Porsche GmbH, Salzburg/Austria, in accordance with article 22, section 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 article 21, section 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 article 22, section 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 article 25, section 1, sentence 1 of the WpHG.

5) 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.

6) 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.

7) 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.

8) 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.

9) 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.

10) 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.

11) 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.

12) On July 15, 2015, the following persons in each case have notified us in accordance with article 21, section 1 of the WpHG that their 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 July 14, 2015 and in each case amounted to 50.73% of the voting rights (149,696,681 voting rights) at this date:

– Dipl.-Design. Stephanie Porsche-Schröder, Austria,
– Dr. Dr. Christian Porsche, Austria,
– Ferdinand Rudolf Wolfgang Porsche, Austria

Of this figure, in each case 50.73% of the voting rights (149,696,681 voting rights) are attributable to each of the above-mentioned notifying persons in accordance with article 22, section 1, sentence 1 no. 1 of the WpHG.
The voting rights attributed to the notifying persons in each case are held via the following enterprises controlled by the notifying persons, whose share of the voting rights in VOLKSWAGEN AKTIENGESELLSCHAFT amounts to 3% or more in each case:

Dr. Wolfgang Porsche Holding GmbH, Salzburg; Wolfgang Porsche GmbH, Grünwald; Ferdinand Porsche Familien-Privatstiftung, Salzburg; Familie Porsche Holding GmbH, Salzburg; Ing. Hans-Peter Porsche GmbH, Salzburg; Hans-Peter Porsche GmbH, Grünwald; Ferdinand Porsche Holding GmbH, Salzburg; Prof. Ferdinand Alexander Porsche GmbH, Salzburg; Ferdinand Alexander Porsche GmbH, Grünwald; Gerhard Anton Porsche GmbH, Salzburg; Gerhard Porsche GmbH, Grünwald; LK Holding GmbH, Salzburg; Louise Kiesling GmbH, Grünwald; Familie Porsche Beteiligung GmbH, Grünwald; Porsche Automobil Holding SE, Stuttgart.

13) On July 15, 2015, Familie Porsche Privatstiftung, 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 July 14, 2015 and amounted to 0% of the voting rights (0 voting rights) at this date.

14) On July 15, 2015, Ferdinand Porsche Privatstiftung, 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 July 14, 2015 and amounted to 0% of the voting rights (0 voting rights) at this date.

15) On July 15, 2015, Ferdinand Porsche Familien-Privatstiftung, 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 July 14, 2015 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 Ferdinand Porsche Familien-Privatstiftung in accordance with article 22, section 1, sentence 1 no. 1 of the WpHG.

The voting rights attributed to Ferdinand Porsche Familien-Privatstiftung 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:

Familie Porsche Holding GmbH, Salzburg; Ing. Hans-Peter Porsche GmbH, Salzburg; Hans-Peter Porsche GmbH, Grünwald; Ferdinand Porsche Holding GmbH, Salzburg; Prof. Ferdinand Alexander Porsche GmbH, Salzburg; Ferdinand Alexander Porsche GmbH, Grünwald; Gerhard Anton Porsche GmbH, Salzburg; Gerhard Porsche GmbH, Grünwald; LK Holding GmbH, Salzburg; Louise Kiesling GmbH, Grünwald; Familie Porsche Beteiligung GmbH, Grünwald; Porsche Automobil Holding SE, Stuttgart.

16) On July 20, 2015, the following persons in each case have notified us in accordance with article 21, section 1 of the WpHG that their 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 July 14, 2015 and in each case amounted to 50.73% of the voting rights (149,696,681 voting rights) at this date:

– Dr. Geraldine Porsche, Austria,
– Diana Porsche, Austria,
– Felix Alexander Porsche, Germany.

Of this figure, in each case 50.73% of the voting rights (149,696,681 voting rights) are attributable to each of the above-mentioned notifying persons in accordance with article 22, section 1, sentence 1 no. 1 of the WpHG. The voting rights attributed to the notifying persons in each case are held via the following enterprises controlled by the notifying persons, whose share of the voting rights in VOLKSWAGEN AKTIENGESELLSCHAFT amounts to 3% or more in each case:

Ferdinand Porsche Familien-Privatstiftung, Salzburg; Familie Porsche Holding GmbH, Salzburg; Ing. Hans-Peter Porsche GmbH, Salzburg; Hans-Peter Porsche GmbH, Grünwald; Ferdinand Porsche Holding GmbH, Salzburg; Prof. Ferdinand Alexander Porsche GmbH, Salzburg; Ferdinand Alexander Porsche GmbH, Grünwald; Gerhard Anton Porsche GmbH, Salzburg; Gerhard Porsche GmbH, Grünwald; LK Holding GmbH, Salzburg; Louise Kiesling GmbH, Grünwald; Familie Porsche Beteiligung GmbH, Grünwald; Porsche Automobil Holding SE, Stuttgart.

17) On August 4, 2015, Ferdinand Porsche Familien- 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 July 31, 2015 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 Ferdinand Porsche Familien- Holding GmbH in accordance with article 22, section 1, sentence 1 no. 1 of the WpHG.

The voting rights attributed to Ferdinand Porsche Familien- 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:
Hans-Peter Porsche GmbH, Grünwald; Ferdinand Alexander Porsche GmbH, Grünwald; Gerhard Porsche GmbH, Grünwald; Louise Kiesling GmbH, Grünwald; Familie Porsche Beteiligung GmbH, Grünwald; Porsche Automobil Holding SE, Stuttgart.

18) Release according to article 26, section 1 of the WpHG of June 3, 2016

1. Details of issuer
VOLKSWAGEN AKTIENGESELLSCHAFT, Berliner Ring 2, 38440 Wolfsburg, Germany

2. Reason for notification
☐ Acquisition/disposal of shares with voting rights
☒ Acquisition/disposal of instruments
☐ Change of breakdown of voting rights
☐ Other reason:

3. Details of person subject to the notification obligation
Name: City and country of registered office:
Dr. Dr. Christian Porsche, Dipl.- Design. Stephanie Porsche-Schröder, Ferdinand Rudolf Wolfgang Porsche, Felix Alexander Porsche

4. Names of shareholder(s) holding directly 3% or more voting rights, if different from 3.
Porsche Automobil Holding SE

5. Date on which treshold was crossed or reached
June 1, 2016

6. Total positions

	% of voting rights attached to shares (total of 7.a.)	% of voting rights through instruments (total of 7.b.1. + 7.b.2.)	total of both in % (7.a. + 7.b.)	total number of voting rights of issuer
Resulting situation	52.22%	52.22%	52.22%	295089818
Previous notification	50.73%	n/a%	0.00%	

7. Notified details of the resulting situation a. Voting rights attached to shares (articles 21, 22 WpHG)				
ISIN	absolute		in %	
	direct (article 21 WpHG)	indirect (article 22 WpHG)	direct (article 21 WpHG)	indirect (article 22 WpHG)
DE0007664005	0	154093681	0%	52.22%
Summe	**154093681**		**52.22 %**	

b.1. Instruments according to article 25, section 1, no. 1 WpHG				
Type of instrument	Expiration or maturity date	Exercise or conversion period	Voting rights absolute	Voting rights in %
				%
		Summe		**%**

b.2. Instruments according to article 25, section 1, no. 2 WpHG					
Type of instrument	Expiration or maturity date	Exercise or conversion period	Cash or physical settlement	Voting rights absolute	Voting rights in %
Contribution Agreement	n/a	n/a	physical	154093681	52.22%
			Total	**154093681**	**52.22%**

8. Information in relation to the person subject to the notification obligation

☐ Person subject to the notification obligation (3.) is not controlled and does itself not control any other undertaking(s) holding directly or indirectly an interest in the (underlying) issuer (1.).

☒ Full chain of controlled undertakings starting with the ultimate controlling natural person or legal entity:

Name	% of voting rights (if at least held 3% or more)	% of voting rights through instruments (if at least held 5% or more)	Total of both (if at least held 5% or more)
Dr. Dr. Christian Porsche, Dipl.-Design. Stephanie Porsche-Schröder, Ferdinand Rudolf Wolfgang Porsche, Felix Alexander Porsche	%	%	%
Familie WP Holding GmbH	%	52.22%	52.22%
Dr. Dr. Christian Porsche, Dipl.-Design. Stephanie Porsche-Schröder, Ferdinand Rudolf Wolfgang Porsche, Felix Alexander Porsche	%	%	%
Dr. Wolfgang Porsche Holding GmbH	%	%	%
Ferdinand Alexander Porsche GmbH	%	%	%
Familie Porsche Beteiligung GmbH	%	%	%
Porsche Automobil Holding SE	52.22%	%	52.22%

Dr. Dr. Christian Porsche, Dipl.-Design. Stephanie Porsche-Schröder, Ferdinand Rudolf Wolfgang Porsche, Felix Alexander Porsche	%	%	%
Ferdinand Porsche Familien-Privatstiftung	%	%	%
Ferdinand Porsche Familien- Holding GmbH	%	%	%
Ferdinand Alexander Porsche GmbH	%	%	%
Familie Porsche Beteiligung GmbH	%	%	%
Porsche Automobil Holding SE	52.22%	%	52.22%

9. In case of proxy voting according to article 22, section 3 WpHG

(only possible when attributable according to article 22, section 1, sentence 1 no. 6 of the WpHG)

Date of general meeting:

Holding position after general meeting: % (equals voting rights)

19) Release according to article 26, section 1 of the WpHG of June 3, 2016

1. Details of issuer

VOLKSWAGEN AKTIENGESELLSCHAFT, Berliner Ring 2, 38440 Wolfsburg, Germany

2. Reason for notification

☐ Acquisition/disposal of shares with voting rights

☒ Acquisition/disposal of instruments

☐ Change of breakdown of voting rights

☐ Other reason:

3. Details of person subject to the notification obligation	
Name:	City and country of registered office:
Mr. Dr. Wolfgang Porsche	

4. Names of shareholder(s) holding directly 3% or more voting rights, if different from 3.
Porsche Automobil Holding SE

5. Date on which treshold was crossed or reached
June 1, 2016

6. Total positions

	% of voting rights attached to shares (total of 7.a.)	% of voting rights through instruments (total of 7.b.1. + 7.b.2.)	total of both in % (7.a. + 7.b.)	total number of voting rights of issuer
Resulting situation	52.22%	52.22%	52.22%	295089818
Previous notification	50.76%	n/a%	0.00%	

7. Notified details of the resulting situation

a. Voting rights attached to shares (articles 21, 22 WpHG)

ISIN	absolute		in %	
	direct (article 21 WpHG)	indirect (article 22 WpHG)	direct (article 21 WpHG)	indirect (article 22 WpHG)
DE0007664005	0	154093681	0%	52.22%
Total	**154093681**		**52.22%**	

b.1. Instruments according to article 25, section 1, no. 1 WpHG

Type of instrument	Expiration or maturity date	Exercise or conversion period	Voting rights absolute	Voting rights in %
				%
		Total		**%**

b.2. Instruments according to article 25, section 1, no. 2 WpHG					
Type of instrument	Expiration or maturity date	Exercise or conversion period	Cash or physical settlement	Voting rights absolute	Voting rights in %
Contribution Agreement	n/a	n/a	physical	154093681	52.22%
			Total	**154093681**	**52.22%**

8. Information in relation to the person subject to the notification obligation

☐ Person subject to the notification obligation (3.) is not controlled and does itself not control any other undertaking(s) holding directly or indirectly an interest in the (underlying) issuer (1.).

☒ Full chain of controlled undertakings starting with the ultimate controlling natural person or legal entity:

Name	% of voting rights (if at least held 3% or more)	% of voting rights through instruments (if at least held 5% or more)	Total of both (if at least held 5% or more)
Dr. Wolfgang Porsche	%	%	%
Familie WP Holding GmbH	%	52.22%	52.22%
Dr. Wolfgang Porsche	%	%	%
Dr. Wolfgang Porsche Holding GmbH	%	%	%
Ferdinand Alexander Porsche GmbH	%	%	%
Familie Porsche Beteiligung GmbH	%	%	%
Porsche Automobil Holding SE	52.22%	%	52.22%
Dr. Wolfgang Porsche	%	%	%

Ferdinand Porsche Familien-Privatstiftung	%	%	%
Ferdinand Porsche Familien- Holding GmbH	%	%	%
Ferdinand Alexander Porsche GmbH	%	%	%
Familie Porsche Beteiligung GmbH	%	%	%
Porsche Automobil Holding SE	52.22%	%	52.22%

9. In case of proxy voting according to article 22, section 3 WpHG

(only possible when attributable according to article 22, section 1, sentence 1 no. 6 of the WpHG)

Date of general meeting:

Holding position after general meeting: % (equals voting rights)

20) Release according to article 26, section 1 of the WpHG of June 17, 2016

1. Details of issuer

VOLKSWAGEN AKTIENGESELLSCHAFT, Berliner Ring 2, 38440 Wolfsburg, Germany

2. Reason for notification

☐ Acquisition/disposal of shares with voting rights

☒ Acquisition/disposal of instruments

☐ Change of breakdown of voting rights

☒ Other reason: Group notification due to intra group restructuring

3. Details of person subject to the notification obligation

Name:	City and country of registered office:
Dr. Wolfgang Porsche, Dr. Dr. Christian Porsche, Dipl.-Design. Stephanie Porsche-Schröder, Ferdinand Rudolf Wolfgang Porsche, Felix Alexander Porsche	

4. Names of shareholder(s) holding directly 3% or more voting rights, if different from 3.

Porsche Automobil Holding SE

5. Date on which treshold was crossed or reached

June 15, 2016

6. Total positions

	% of voting rights attached to shares (total of 7.a.)	% of voting rights through instruments (total of 7.b.1. + 7.b.2.)	total of both in % (7.a. + 7.b.)	total number of voting rights of issuer
Resulting situation	52.22%	0.00%	52.22%	295089818
Previous notification	52.22%	52.22%	52.22%	

7. Notified details of the resulting situation

a. Voting rights attached to shares (articles 21, 22 WpHG)

ISIN	absolute		in %	
	direct (article 21 WpHG)	indirect (article 22 WpHG)	direct (article 21 WpHG)	indirect (article 22 WpHG)
DE0007664005	0	154093681	0	52.22%
Total	**154093681**		**52.22%**	

b.1. Instruments according to article 25, section 1, no. 1 WpHG

Type of instrument	Expiration or maturity date	Exercise or conversion period	Voting rights absolute	Voting rights in %
				%
		Total		**%**

b.2. Instruments according to article 25, section 1, no. 2 WpHG					
Type of instrument	Expiration or maturity date	Exercise or conversion period	Cash or physical settlement	Voting rights absolute	Voting rights in %
					%
			Total		**%**

8. Information in relation to the person subject to the notification obligation

☐ Person subject to the notification obligation (3.) is not controlled and does itself not control any other undertaking(s) holding directly or indirectly an interest in the (underlying) issuer (1.).

☒ Full chain of controlled undertakings starting with the ultimate controlling natural person or legal entity:

Name	% of voting rights (if at least held 3% or more)	% of voting rights through instruments (if at least held 5% or more)	Total of both (if at least held 5% or more)
Dr. Wolfgang Porsche, Dr. Dr. Christian Porsche, Dipl.- Design. Stephanie Porsche-Schröder, Ferdinand Rudolf Wolfgang Porsche, Felix Alexander Porsche	%	%	%
Familie WP Holding GmbH	%	%	%
Dr. Wolfgang Porsche Holding GmbH	%	%	%
Ferdinand Alexander Porsche GmbH	%	%	%
Familie Porsche Beteiligung GmbH	%	%	%
Porsche Automobil Holding SE	52.22%	%	52.22%

Dr. Wolfgang Porsche, Dr. Dr. Christian Porsche, Dipl.- Design. Stephanie Porsche-Schröder, Ferdinand Rudolf Wolfgang Porsche, Felix Alexander Porsche	%	%	%
Ferdinand Porsche Familien-Privatstiftung	%	%	%
Ferdinand Porsche Familien- Holding GmbH	%	%	%
Ferdinand Alexander Porsche GmbH	%	%	%
Familie Porsche Beteiligung GmbH	%	%	%
Porsche Automobil Holding SE	52.22%	%	52.22%

9. In case of proxy voting according to article 22, section 3 WpHG

(only possible when attributable according to article 22, section 1, sentence 1 no. 6 of the WpHG)

Date of general meeting:

Holding position after general meeting: % (equals voting rights)

21) Release according to article 26, section 1 of the WpHG of November 10, 2017

1. Details of issuer

VOLKSWAGEN AKTIENGESELLSCHAFT, Berliner Ring 2, 38440 Wolfsburg, Germany

2. Reason for notification

☐ Acquisition/disposal of shares with voting rights

☐ Acquisition/disposal of instruments

☐ Change of breakdown of voting rights

☒ Other reason: Disposal of subsidiary

3. Details of person subject to the notification obligation

Name:	City and country of registered office:
Mr Hon.-Prof. Dr. techn. h.c. Dipl.-Ing. ETH Ferdinand Karl Piëch,	
Date of birth: April 17, 1937	

4. Names of shareholder(s) holding directly 3% or more voting rights, if different from 3.

5. Date on which treshold was crossed or reached

November 8, 2017

6. Total positions

	% of voting rights attached to shares (total of 7.a.)	% of voting rights through instruments (total of 7.b.1. + 7.b.2.)	total of both in % (7.a. + 7.b.)	total number of voting rights of issuer
Resulting situation	0.00%	0.00%	0.00%	295089818
Previous notification	50.76%	n/a%	n/a%	

7. Notified details of the resulting situation

a. Voting rights attached to shares (articles 21, 22 WpHG)

ISIN	absolute		in %	
	direct (article 21 WpHG)	indirect (article 22 WpHG)	direct (article 21 WpHG)	indirect (article 22 WpHG)
DE0007664005	0	0	0.00%	0.00%
Total	**0**		**0.00%**	

b.1. Instruments according to article 25, section 1, no. 1 WpHG

Type of instrument	Expiration or maturity date	Exercise or conversion period	Voting rights absolute	Voting rights in %
				%
		Total		**%**

b.2. Instruments according to article 25, section 1, no. 2 WpHG

Type of instrument	Expiration or maturity date	Exercise or conversion period	Cash or physical settlement	Voting rights absolute	Voting rights in %
					%
			Total		**%**

8. Information in relation to the person subject to the notification obligation

☒ Person subject to the notification obligation (3.) is not controlled and does itself not control any other undertaking(s) holding directly or indirectly an interest in the (underlying) issuer (1.).

☐ Full chain of controlled undertakings starting with the ultimate controlling natural person or legal entity:

Name	% of voting rights (if at least held 3% or more)	% of voting rights through instruments (if at least held 5% or more)	Total of both (if at least held 5% or more)

9. In case of proxy voting according to article 22, section 3 WpHG

(only possible when attributable according to article 22, section 1, sentence 1 no. 6 of the WpHG)

Date of general meeting:

Holding position after general meeting: % (equals voting rights)

10. Other explanatory remarks:

This voting rights notification is made with releasing effect also for Dipl.Ing. Dr. h.c. Ferdinand K. Piech GmbH, Salzburg, and Ferdinand Karl Alpha Privatstiftung, Salzburg. Due to the sale and transfer of the participation in Auto 2015 Beteiligungs GmbH by Dipl.Ing. Dr. h.c. Ferdinand K. Piech GmbH, Salzburg, voting rights in VOLKSWAGEN AKTIENGESELLSCHAFT are also no longer attributed to Dipl.Ing. Dr. h.c. Ferdinand K. Piech GmbH, Salzburg, and Ferdinand Karl Alpha Privatstiftung, Salzburg.

QATAR

We have received the following notification:

(1) Pursuant to article 21, section 1 of the 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 article 25, section 1, sentence 1 of the 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 article 22, section 1, sentence 1 no. 1 of the 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 article 25, section 1, sentence 1 of the 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 article 22, section 1, sentence 1 no. 1 of the 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 article 21, section 1 of the 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 article 25, section 1, sentence 1 of the 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 article 22, section 1, sentence 1 no. 1 of the 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 article 25, section 1, sentence 1 of the 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 article 22, section 1, sentence 1 no. 1 of the 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 article 21, section 1 of the 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 article 25, section 1, sentence 1 of the 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 article 22, section 1, sentence 1 no. 1 of the 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 article 25, section 1, sentence 1 of the 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 article 22, section 1, sentence 1 no. 1 of the 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 article 21, section 1 of the 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 article 22, section 1, sentence 1 no.1 of the 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 article 21, section 1 of the 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 article 22, section 1, sentence 1 no. 1 of the 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 article 21, section 1 of the 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 2, 2018 that it held a total of 59,022,310 ordinary shares of Volkswagen AG as of December 31, 2017. It held 440 VW ordinary shares directly and 59,021,870 ordinary shares indirectly via Hannoversche Beteiligungsgesellschaft Niedersachsen mbH (HanBG), which is owned by the State of Lower Saxony.

RECONCILIATION OF NET INCOME TO NET RETAINED PROFITS

€ million	2017	2016
Net income	4,353	2,799
Retained profits brought forward	2	2
Appropriations to revenue reserves	–2,174	–1,399
Net retained profits	**2,181**	**1,402**

Declining balance depreciation continues to be charged to net income. See page 10 for the amount incurred in the fiscal year. The Board of Management and the Supervisory Board propose to the Annual General Meeting that a dividend of €2.0 billion be distributed from net retained profits of €2.2 billion and that €0.2 billion be appropriated to other revenue reserves.

TOTAL EXPENSE FOR THE PERIOD

Cost of materials

€ million	2017	2016
Cost of raw materials, consumables and supplies, and of purchased merchandise	49,802	48,985
Cost of purchased services	6,591	4,650
	56,393	**53,635**

Personnel expenses

€ million	2017	2016
Wages and salaries	8,798	8,237
Social security, post-employment and other employee benefit costs	2,002	1,793
of which in respect of post-employment benefits	*640*	*456*
	10,800	**10,030**

AVERAGE NUMBER OF EMPLOYEES OF VOLKSWAGEN AG DURING THE YEAR

	2017	2016
by group		
Direct area	56,587	54,781
Indirect area	58,333	58,196
	114,920	**112,977**
Apprentices	4,513	4,559
	119,433	**117,536**
by plant		
Wolfsburg	64,917	64,129
Hannover	14,486	14,267
Braunschweig	7,109	7,015
Kassel	16,811	16,384
Emden	8,986	8,905
Salzgitter	7,126	6,836
	119,433	**117,536**

Information about the composition of the Board of Management and the Supervisory Board, on changes in these executive bodies and on the memberships of members of the Board of Management and the Supervisory Board of other statutory supervisory boards and comparable supervisory bodies is contained in an annex to the notes.

REPORT ON SUBSEQUENT EVENTS

Negative report.

BENEFITS BASED ON PERFORMANCE SHARES AND VIRTUAL SHARES (SHARE-BASED PAYMENT)

New Renumeration System

At the beginning of 2017, the Supervisory Board of Volkswagen AG resolved to adjust the remuneration system of the Board of Management with effect from January 1, 2017. All members of the Board of Management voted in favor of switching to the new remuneration system in the course of fiscal year 2017. The new remuneration system of the Board of Management comprises non-performance-related and performance-related components. The performance-related remuneration consists of a performance-related annual bonus with a one-year assessment period and a long-term incentive (LTI) in the form of a performance share plan with a forward-looking three-year term (share-based payment). In addition, a bonus was converted into phantom preferred shares (phantom shares) in 2016.

Performance shares

Each performance period of the performance share plan has a term of three years. At the time the LTI is granted, the annual target amount under the LTI is converted, on the basis of the initial reference price of Volkswagen's preferred shares, into performance shares of Volkswagen AG, which are allocated to the respective member of the Board of Management as a pure calculation position. After the end of the three-year term of the performance share plan, a cash settlement shall take place. The payment amount corresponds to the number of determined performance shares, multiplied by the closing reference price at the end of the three-year period plus a dividend equivalent for the relevant term. The payment amount under the performance share plan shall be limited to 200% of the target amount. If 100% of the targets agreed in each case are achieved, the target amount is €1.8 million for each member of the Board of Management and €3.8 million for the Chairman of the Board of Management.

A total of 141,426 performance shares were allocated to the members of the Board of Management for 2017. The fair value of the obligation as of December 31, 2017 amounts to €43.8 million. The compensation cost of €43.8 million is recognized under personnel costs. If the members of the Board of Management had left the Company as of December 31, 2017, the obligation (intrinsic value) would have amounted to a total of €20.3 million.

Virtual shares

At its meeting on April 22, 2016, Volkswagen AG's Supervisory Board accepted the offer made by the members of the Board of Management to withhold 30% of the variable remuneration for fiscal year 2015 for the Board of Management members active on the date of the resolution and to make its disposal subject to future share price performance by means of phantom shares. The amount withheld led to the creation of 50,703 phantom preferred shares. The fair value of the obligation to the members of the Board of Management as of December 31, 2017 amounted to €7.0 million. The change in the fair value of €2.0 million was recognized under personnel costs. If all members of the Board of Management had left as of December 31, 2017, the obligation (intrinsic value) would have amounted to a total of €7.3 million.

For more details, please refer to our disclosures in the Remuneration report, which is part of the Group management report.

RELATED PARTY DISCLOSURES

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.

All transactions with related parties are conducted on an arm's length basis.

At 52.2%, 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 and is therefore classified as a related party as defined by IAS 24.

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 €250 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. 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. 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 low triple-digit millions of euros would arise for Volkswagen AG. New information emerging in the future from the external tax audit for the 2009 assessment period that started at the end of 2015 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 2, 2018, the State of Lower Saxony and Hannoversche Beteiligungsgesellschaft mbH, Hanover, held 20.00% of the voting rights of Volkswagen AG on December 31, 2017. 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).

The following tables present the amounts of supplies and services transacted between Volkswagen AG and related parties. The scope of such related parties was defined on the basis of IAS 24 and comprises consolidated and unconsolidated subsidiaries, joint ventures, associates, Porsche SE and its affiliated companies as well as other related parties. In addition to the amounts disclosed in the following tables, Volkswagen AG paid dividends to Porsche SE in the amount of €308 million (previous year: €17 million).

RELATED PARTIES

€ million	SUPPLIES AND SERVICES RENDERED 2017	SUPPLIES AND SERVICES RECEIVED 2017
Porsche SE	1	1
Supervisory Board members	0	-
Board of Management members	0	-
Consolidated subsidiaries	9,884	7,127
Unconsolidated subsidiaries	97	266
Joint ventures	2,602	634
Associates	1	126
Pension plans	1	-
State of Lower Saxony, its majority interests and joint ventures	11	3

€ million	INCOME FROM PROFIT AND LOSS TRANSFER AGREEMENTS 2017	COST OF LOSS ABSORPTION 2017	INTEREST INCOME 2017	INTEREST EXPENSE 2017
Porsche SE	-	-	-	0
Consolidated subsidiaries	3,825	-	27	4
Unconsolidated subsidiaries	5	1	1	0
Joint ventures	2,079	-	-	0
Associates	-	-	0	0

€ million	COLLATERAL GRANTED 2017	COLLATERAL RECEIVED 2017	CREDIT LINES GRANTED 2017
Consolidated subsidiaries	393	-	2,450
Unconsolidated subsidiaries	-	-	290
Joint ventures	-	1,064	-
State of Lower Saxony, its majority interests and joint ventures	-	-	-

The Board of Management and Supervisory Board of the Volkswagen Group are related parties. At the end of the fiscal year, liabilities to members of the Board of Management relating to the annual bonus and performance and virtual shares stood at €67.0 million (previous year: €26.1 million), while an amount of €0.4 million (previous year: €7.2 million) was due to members of the Supervisory Board. The following benefits and remuneration were recorded as expenses for these persons in connection with their executive body membership:

€	2017	2016
Short-term benefits	33,312,546	44,121,431
Benefits based on performance shares and virtual shares	45,777,248	−670,296
Post-employment benefits	8,395,812	5,829,277
Termination benefits	6,940,142	-
	94,425,747	**49,280,412**

Benefits paid on the basis of performance shares include the cost of €43.8 million attributable to the performance shares granted to Board of Management members under the remuneration system applicable as from 2017. This requires, economically caused, inclusion of not only the performance share plan for 2017, but also of a pro-rated amount for future share plans to be granted during the current employment contract.

Overall, benefits based on phantom shares resulted in income in 2016, because the income from reversing the provision for performance-based Board of Management remuneration (€1.5 million) due to the waiver for fiscal year 2015 exceeded the cost attributable to the performance of the share price up to December 31, 2016 (€0.8 million). In fiscal year 2017, the share price performance led to the recognition of expenses of €2.0 million for the phantom shares.

The employee representatives on the Supervisory Board are also entitled to a regular salary as set out in their employment contracts. For members of German works councils, this is based on the provisions of the Betriebsverfassungsgesetz (BetrVG – German Works Constitution Act). Investigations by the authorities are currently under way to determine whether the remuneration of some works council members can be justified. As a precaution, components of the remuneration of some works council members have been retained in this context until the matter is clarified.

The post-employment benefits relate to additions to pension provisions for current members of the Board of Management. The termination benefits relate to the severance payment made to Ms. Hohmann-Dennhardt in connection with her early departure from the Board of Management.

PENSIONS OF THE MEMBERS OF THE BOARD OF MANAGEMENT

€	SERVICE EXPENSE 2017	PRESENT VALUE AS OF Dec. 31, 2017	SERVICE EXPENSE 2016	PRESENT VALUE AS OF Dec. 31, 2016
Matthias Müller	1,905,891	22,838,081	192,698	19,101,848
Karlheinz Blessing	687,380	1,228,842	569,026	550,704
Herbert Diess	684,763	1,603,451	648,115	936,752
Francisco Javier Garcia Sanz	480,953	16,801,250	325,966	14,887,586
Jochem Heizmann	−755,522	15,416,863	- 875,971	14,988,243
Christine Hohmann-Dennhardt	45,505	-	586,752	572,997
Andreas Renschler	3,437,126	11,845,832	3,449,716	7,477,713
Rupert Stadler	457,556	14,882,337	328,251	12,893,568
Hiltrud Dorothea Werner	646,441	644,960	-	-
Frank Witter	805,719	7,136,349	604,724	5,767,558
Sum	**8,395,812**	**92,397,965**	**5,829,277**	**77,176,969**

REMUNERATION OF THE BOARD OF MANAGEMENT AND THE SUPERVISORY BOARD

€	2017	2016
Board of Management remuneration		
Non-performance-related remuneration	14,269,164	18,093,835
Performance-related remuneration	15,844,041	20,622,000
Long-term incentive component	20,104,770	-
	50,217,975	**38,715,835**
Supervisory Board remuneration		
Non-performance-related remuneration	2,000,000	384,471
Performance-related remuneration	836,389	4,508,626
	2,836,389	**4,893,096**
	53,054,364	**43,608,931**

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 prior-year figure also includes an amount of €6.3 million to compensate Ms. Hohmann-Dennhardt for lost entitlements resulting from the change in employer. 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.

Performance-related remuneration includes the annual bonus with a one-year assessment period. The long-term incentive component contains the long-term incentive (LTI) in the form of a performance share plan with a forward-looking three-year term. The performance shares granted to the incumbent members of the Board of Management under the new remuneration system in 2017 were recognized at their fair value of €20.1 million at the grant date; this amount represents remuneration under German GAAP.

At its meeting on April 22, 2016, Volkswagen AG's Supervisory Board accepted the offer made by the members of the Board of Management to withhold 30% of the variable remuneration for fiscal year 2015 for the Board of Management members active on the date of the resolution and to make its disposal subject to future share price performance by means of phantom shares. The resulting effects on remuneration were reported as appropriate in previous years.

In fiscal year 2017, expenses of €43.8 million were recognized for the performance shares and of €2.0 million for the phantom shares. If these expenses exceed the fair value of the performance shares at the grant date, they do not represent remuneration under German GAAP and are therefore not included in the tables above.

As in the previous year, no interest-free advances were paid to members of the Board of Management.

As a result of its regular review of the Supervisory Board remuneration, the Supervisory Board proposed a reorganization of the system of Supervisory Board remuneration to the 2017 Annual General Meeting, which was approved on May 10, 2017 with 99.98 % of the votes cast. The remuneration of the members of the Supervisory Board of Volkswagen AG no longer contains any performance-related remuneration components but consists entirely of non-performance-related remuneration components. Remuneration for supervisory board work at subsidiaries continues to comprise a mix of non-performance-related and performance-related components.

The remuneration disclosed for members of the Supervisory Board for 2016 shows the amounts determined on the basis of the old system of Supervisory Board remuneration. The members of the Supervisory Board declared to the Management Board that they would waive the portion of their remuneration for fiscal year 2016 that exceeds the amount that would have resulted for fiscal year 2016 from implementing the system of Supervisory Board remuneration resolved by the Annual General Meeting on May 10, 2017 with retroactive effect to January 1, 2017. The total amount waived for 2016 by all members of the Supervisory Board is €1.2 million. Mr. Pötsch additionally waived an amount of €0.1 million of his variable remuneration for fiscal year 2016 and waived his remuneration for fiscal year 2017 in full. The reason for this waiver is the agreement made in connection with Mr. Pötsch's transfer from the Management Board to the Supervisory Board as of October 8, 2015, which specified that the amount of Supervisory Board remuneration received up to December 31, 2017 would be deducted from the compensation payment to which he would have been entitled for the period from October 8, 2015 to December 31, 2017.

On December 31, 2017, the pension provisions for members of the Board of Management amounted to €92.4 million (previous year: €77.2 million). 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.

Former members of the Board of Management and their surviving dependents received €19.9 million (previous year: €11.1 million). This includes the amounts promised to Ms. Hohmann-Dennhardt in connection with her departure from the Board of Management. Ms. Hohmann-Dennhardt received non-performance-related remuneration of €2.1 million and performance-related remuneration of €4.9 million for the period from February 1, 2017 to December 31, 2018.

Pension provisions for this group of individuals amounted to €214.9 million (previous year: €205.6 million).

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 and of the LTI in the form of the performance share plan can also be found there.

Wolfsburg, February 23, 2018

Volkswagen Aktiengesellschaft

The Board of Management

Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles, the annual financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of Volkswagen AG, and the management report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the material opportunities and risks associated with the expected development of the Company.

Wolfsburg, February 23, 2018

Volkswagen Aktiengesellschaft

The Board of Management

Matthias Müller

Karlheinz Blessing

Herbert Diess

Francisco Javier Garcia Sanz

Jochem Heizmann

Andreas Renschler

Rupert Stadler

Hiltrud Dorothea Werner

Frank Witter

Independent Auditor’s Report

On completion of our audit, we issued the following unqualified auditor’s report dated February 23, 2018. This report was originally prepared in German. In case of ambiguities the German version takes precedence:

To VOLKSWAGEN AKTIENGESELLSCHAFT, Wolfsburg

REPORT ON THE AUDIT OF THE ANNUAL FINANCIAL STATEMENTS AND OF THE MANAGEMENT REPORT

Audit Opinions

We have audited the annual financial statements of VOLKSWAGEN AKTIENGESELLSCHAFT, Wolfsburg, which comprise the balance sheet as at December 31, 2017, and the income statement for the financial year from January 1 to December 31, 2017, and notes to the annual financial statements,] including the recognition and measurement policies presented therein. In addition, we have audited the management report of VOLKSWAGEN AKTIENGESELLSCHAFT, which is combined with the group management report, for the financial year from January 1 to December 31, 2017. We have not audited the content of those parts of the management report listed in the “Other Information” section of our auditor’s report.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law and give a true and fair view of the assets, liabilities and financial position of the Company as at December 31, 2017, and of its financial performance for the financial year from January 1 to December 31, 2017, in compliance with German Legally Required Accounting Principles, and
- the accompanying management report as a whole provides an appropriate view of the Company’s position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the management report does not cover the content of those parts of the management report listed in the “Other Information” section of our auditor’s report.

Pursuant to § [Article] 322 Abs. [paragraph] 3 Satz [sentence] 1 HGB [Handelsgesetzbuch: German Commercial Code], we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the management report.

Basis for the Audit Opinions

We conducted our audit of the annual financial statements and of the management report in accordance with § 317 HGB and the EU Audit Regulation (No. 537/2014, referred to subsequently as “EU Audit Regulation”) and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the “Auditor’s Responsibilities for the Audit of the Annual Financial Statements and of the Management Report” section of our auditor’s report. We are independent of the Company in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the annual financial statements and on the management report.

Emphasis of Matter – Diesel Issue

We draw attention to the information provided and statements made in section ”Key Events“ of the notes to the annual financial statements and in section ”Diesel Issue“ of the management report with regard to the diesel issue including information about the underlying causes, the non-involvement of members of the board of management as well as the impact on these annual financial statements.

Based on the results of the various measures taken to investigate the issue presented so far, which underlie the annual financial statements and the management report, there is still no evidence that members of the Company's board of management were aware of the deliberate manipulation of engine management software before summer 2015. Nevertheless, should as a result of the ongoing investigation new solid knowledge be obtained showing that members of the board of management were informed earlier about the diesel issue, this could eventually have an impact on the annual financial statements and on the management report for financial year 2017 and prior years.

The provisions for warranties and legal risks recorded so far are based on the presented state of knowledge. Due to the inevitable uncertainties associated with the current and expected litigation it cannot be excluded that a future assessment of the risks may be different.

Our opinions on the annual financial statements and on the management report are not modified in respect of this matter.

Key Audit Matters in the Audit of the Annual Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual financial statements for the financial year from January 1 to December 31, 2017. These matters were addressed in the context of our audit of the annual financial statements as a whole, and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In our view, the matters of most significance in our audit were as follows:

❶ Accounting treatment of risk provisions for the diesel issue
❷ Completeness and measurement of provisions for warranty obligations
❸ Financial instruments – hedge accounting

Our presentation of these key audit matters has been structured in each case as follows:

① Matter and issue
② Audit approach and findings
③ Reference to further information

Hereinafter we present the key audit matter[s]:

❶ Accounting treatment of risk provisions for the diesel issue

① Companies of the Volkswagen Group are involved in investigations by government authorities in numerous countries (in particular in Europe, the United States, Canada and South Korea) with respect to irregularities in the exhaust gas emissions from diesel engines in certain vehicles of the Volkswagen Group. Different measures are being implemented in various countries for affected vehicles. These include hardware and/or software solutions, vehicle repurchases or the early termination of leases and, in some cases, cash payments to vehicle owners. Furthermore, payments are being made as a result of criminal proceedings and civil law settlements with various parties. In addition, there are civil lawsuits pending from customers, dealers and holders of securities. Further direct and indirect effects concern in particular impairment of assets (tangible fixed assets and inventories) and customer-specific sales programs.

VOLKSWAGEN AKTIENGESELLSCHAFT recognizes the expenses directly related to the diesel issue in its operating income. The expenses incurred in fiscal year 2017 amount to EUR 2.8 billion and relate in their entirety to further additions to reserves for field activities and repurchases (EUR 2.0 billion) as well as legal risks (EUR 0.9 billion). In addition to provisions, contingent liabilities for legal risks in the amount of EUR 4.3 billion are reported as of December 31, 2017.

The reported provisions and contingent liabilities are exposed to considerable estimation risk due to the wide-ranging investigations and proceedings that are ongoing, the complexity of the various negotiations and pending approval procedures by authorities, and developments in market conditions. This matter was of particular importance for our audit due to the material amounts of the provisions as well as the scope of assumptions and discretion on the part of management.

② In order to audit the recognition and measurement of provisions for field activities and vehicle repurchases arising as a result of the diesel issue, we critically examined the processes put in place by the companies of the Volkswagen Group to make substantive preparations to address the diesel issue, and assessed the progress made in implementing the technical solutions developed to remedy it. We compared this knowledge with the technical and legal opinions of independent experts, as presented to us. We used an IT data analysis solution to examine the quantity structure underlying the field activities and repurchases. We assessed the inputs used to measure the repair solutions that have been defined to date or are still in development and the planned repurchases. We used this as a basis to evaluate the calculation of the provisions.

In order to audit the recognition and measurement of the provisions for legal risks and the disclosure of contingent liabilities for legal risks resulting from the diesel issue, we assessed both the available official documents such as those from the US Department of Justice, as well as in particular the work delivered and opinions prepared by experts commissioned by the Volkswagen Group. As part of a targeted selection of key procedures and supplemented by additional samples, we in-spected the correspondence relating to the litigation and, in talks with officials from the affected companies and the lawyers involved, and including our own technical and legal experts, we dis-cussed the assessments made.

Taking into consideration the information provided and statements made in the section entitled "Key events" in the notes to the annual financial statements and in the section entitled "Diesel Issue" in the combined management report with regard to the diesel issue including information about the underlying causes, the non-involvement of members of the board of management as well as the impact on these annual financial statements, we believe that, overall, the assumptions and inputs underlying the calculation of the risk provisions for the diesel issue are appropriate to properly recognize and measure the provisions

③ The Company's disclosures on the diesel issue are contained in the sections entitled "Key events" in the notes to the annual financial statements, and in the sections entitled “Diesel Issue” and “Report on Risks and Opportunities”, sub-sections “Risks from the Diesel Issue” and “Litigation” in the combined management report.

❷ Completeness and measurement of provisions for warranty obligations

① In the annual financial statements of VOLKSWAGEN AKTIENGESELLSCHAFT EUR 12.2 billion in provisions for obligations from sales-related expenses including warranties are reported under the "Other provisions" balance sheet item. These obligations primarily relate to warranty claims arising from the sale of vehicles, components and genuine parts. Warranty claims are calculated on the basis of losses to date, estimated future losses and the policy on ex gratia arrangements. The discount rate used is a maturity-matched average market rate of interest over the last seven fiscal years, calculated based on the German Regulation on the Discounting of Provisions (Rückstellungsabzinsungsverordnung). In addition, assumptions must be made about the nature and extent of future warranty and ex gratia claims. These assumptions are based on qualified estimates.

From our point of view, this matter was of particular importance for our audit because the recognition and measurement of this material item is to a large extent based on estimates and assumptions made by the Company's management.

② With the knowledge that estimated values result in an increased risk of accounting misstatements and that the measurement decisions made by management have a direct and significant effect on net profit/loss, we assessed the appropriateness of the carrying amounts, including by comparing these figures with historical data and using the measurement bases presented to us. We evaluated the entire calculations (including discounting) for the provisions using the applicable measurement inputs and assessed the planned timetable for utilizing the provisions.

In doing so, we were able to satisfy ourselves that the estimates applied and the assumptions made by management were sufficiently documented and supported to justify the recognition and measurement of the provisions for warranty obligations.

③ The Company's disclosures on other provisions are contained in notes “Accounting policies” and “(9) Provisions” to the annual financial statements.

❸ Financial instruments – hedge accounting

① VOLKSWAGEN AKTIENGESELLSCHAFT uses a variety of derivative financial instruments to hedge against currency and interest rate risks arising from its ordinary business activities. Management's hedging policy is documented in corresponding internal guidelines and serves as the basis for these transactions. Currency risk arises primarily from sales and procurement transactions and financing denominated in foreign currencies. The means of limiting this risk include entering into currency forwards, currency options and cross-currency interest rate swaps. The company enters into interest rate hedges for the purpose of achieving an economically sensible ratio of variable to fixed interest rate exposures. Interest rate risk is minimized by entering into interest rate swaps and cross-currency interest rate swaps.

Derivative financial instruments included in hedge accounting pursuant to § 254 HGB are recognized in application of the net hedge presentation method, under which offsetting changes in fair value from the hedged risk are not recognized. A provision for expected losses (other provision) is recognized for unrealized losses on the ineffective portion of a hedging relationship. By contrast, unrealized gains are not recognized. The positive fair values of the derivatives included in hedge accounting amounted to a total of EUR 4.3 billion as of the balance sheet date, while the negative fair values amounted to a total of EUR 3.2 billion.

From our point of view these matters were of particular importance for our audit due to the high complexity and number of transactions as well as the extensive accounting and disclosure requirements of § 254 and § 285 HGB as well as IDW AcP HFA 35.

② As a part of our audit and with the support of our internal specialists from Corporate Treasury Solutions, among other things we assessed the contractual and financial parameters and evaluated the accounting treatment, including the effects on profit or loss, of the various hedging relationships. Together with our specialists, we also evaluated the Company's internal control system with regard to derivative financial instruments, including the internal activities to monitor compliance with the hedging policy.

In addition, for the purpose of auditing the fair value measurement of the derivative financial instruments, we also assessed the methods of calculation employed on the basis of market data. In addition to evaluating the internal control system, we obtained bank confirmations for the hedging instruments in order to assess completeness. With regard to the expected cash flows and the assessment of the effectiveness of hedges, we essentially conducted a retrospective assessment of past hedging levels. In doing so, we were able to satisfy ourselves that the estimates and assumptions made by management were substantiated and sufficiently documented.

③ The Company' s disclosures on hedge accounting are contained in notes "Accounting Policies" and "Disclosures on derivatives" to the annual financial statements.

Other Information

The executive directors are responsible for the other information. The other information comprises the following non-audited parts of the management report:

- the statement on corporate governance pursuant to § 289f HGB and § 315d HGB included in section "Corporate Governance Report" of the management report
- the corporate governance report pursuant to No. 3.10 of the German Corporate Governance Code
- the separate non-financial report pursuant to § 289b Abs. 3 HGB and § 315b Abs. 3 HGB

Our audit opinions on the annual financial statements and on the management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the annual financial statements, with the management report or our knowledge obtained in the audit, or

otherwise appears to be materially misstated.

Responsibilities of the Executive Directors and the Supervisory Board for the Annual Financial Statements and the Management Report

The executive directors are responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles. In addition, the executive directors are responsible for such internal control as they, in accordance with German Legally Required Accounting Principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the executive directors are responsible for assessing the Company's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Furthermore, the executive directors are responsible for the preparation of the management report that as a whole provides an appropriate view of the Company's position and is, in all material respects, consistent with the annual financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the management report.

The supervisory board is responsible for overseeing the Company's financial reporting process for the preparation of the annual financial statements and of the management report.

Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Management Report

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the management report as a whole provides an appropriate view of the Company's position and, in all material respects, is consistent with the annual financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the annual financial statements and on the management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements and this management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual financial statements and of the management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures (systems) relevant to the audit of the management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems of the Company.
- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements and in the management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles.
- Evaluate the consistency of the management report with the annual financial statements, its conformity with German law, and the view of the Company's position it provides.
- Perform audit procedures on the prospective information presented by the executive directors in the management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the annual financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

OTHER LEGAL AND REGULATORY REQUIREMENTS

FURTHER INFORMATION PURSUANT TO ARTICLE 10 OF THE EU AUDIT REGULATION

We were elected as group auditor by the annual general meeting on May 10, 2017. We were engaged by the supervisory board on May 11, 2017. We have been the group auditor of the VOLKSWAGEN AKTIENGESELLSCHAFT, Wolfsburg, without interruption since the financial year 1948/1949.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

GERMAN PUBLIC AUDITOR RESPONSIBLE FOR THE ENGAGEMENT

The German Public Auditor responsible for the engagement is Frank Hübner.

Hanover, February 23, 2018

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Norbert Winkeljohann
Wirtschaftsprüfer
(German Public Auditor)

Frank Hübner
Wirtschaftsprüfer
(German Public Auditor)

Executive Bodies

Members of the Board of Management and their Appointments

Appointments: as of December 31, 2017 or the leaving date from the Board of Management of Volkswagen AG

MATTHIAS MÜLLER (64)
Chairman (since September 26, 2015)
March 1, 2015[1]
Member of the Executive Board of
Porsche Automobil Holding SE
October 13, 2010[1]

DR. RER. SOC. KARLHEINZ BLESSING (60)
Human Resources and Organization
January 1, 2016[1]
Appointments:
○ Wolfsburg AG, Wolfsburg

DR.-ING. HERBERT DIESS (59)
Chairman of the Brand Board of Management
of Volkswagen Passenger Cars
July 1, 2015[1]
Appointments:
○ Infineon Technologies AG, Neubiberg

DR. RER. POL. H.C. FRANCISCO JAVIER GARCIA SANZ (60)
Procurement
July 1, 2001[1]
Appointments:
○ Hochtief AG, Essen
⊙ Criteria CaixaHolding S.A., Barcelona

PROF. DR. RER. POL. DR.-ING. E.H. JOCHEM HEIZMANN (65)
China
January 11, 2007[1]
Appointments:
○ Lufthansa Technik AG, Hamburg

DR. JUR. CHRISTINE HOHMANN-DENNHARDT (67)
Integrity and Legal Affairs
January 1, 2016 – January 31, 2017[1]
Appointments (as of January 31, 2017):
⊙ Messe Frankfurt GmbH, Frankfurt am Main

ANDREAS RENSCHLER (59)
Commercial Vehicles
February 1, 2015[1]
Appointments:
○ Deutsche Messe AG, Hanover

PROF. RUPERT STADLER (54)
Chairman of the Board of Management of AUDI AG
January 1, 2010[1]
Appointments:
○ FC Bayern München AG, Munich

HILTRUD DOROTHEA WERNER (51)
Integrity and Legal Affairs
February 1, 2017[1]

FRANK WITTER (58)
Finance and Controlling
October 7, 2015[1]

As part of their duty to manage and supervise the Group's business, the members of the Board of Management hold other offices on the supervisory boards of consolidated Group companies and other significant investees.

○ Membership of statutory supervisory boards in Germany.
⊙ Comparable appointments in Germany and abroad.

1 Beginning or period of membership of the Board of Management.

Members of the Supervisory Board and their Appointments

Appointments: as of December 31, 2017 or the leaving date from the Supervisory Board of Volkswagen AG

HANS DIETER PÖTSCH (66)
(Chairman; since October 7, 2015)
Chairman of the Executive Board and
Chief Financial Officer of Porsche Automobil Holding SE
October 7, 2015[1]
Appointments:
○ AUDI AG, Ingolstadt
○ Autostadt GmbH, Wolfsburg (Chairman)
○ Bertelsmann Management SE, Gütersloh
○ Bertelsmann SE & Co. KGaA, Gütersloh
○ Dr. Ing. h.c. F. Porsche AG, Stuttgart
○ Wolfsburg AG, Wolfsburg
⊙ Porsche Austria Gesellschaft m.b.H., Salzburg (Chairman)
⊙ Porsche Holding Gesellschaft m.b.H., Salzburg (Chairman)
⊙ Porsche Retail GmbH, Salzburg (Chairman)
⊙ VfL Wolfsburg-Fußball GmbH, Wolfsburg (Deputy Chairman)
⊙ Volkswagen Truck & Bus GmbH, Braunschweig

JÖRG HOFMANN (62)
(Deputy Chairman; since November 20, 2015)
First Chairman of IG Metall
November 20, 2015[1]
Appointments:
○ Robert Bosch GmbH, Stuttgart

DR. JUR. KLAUS LIESEN (86)
July 2, 1987 – May 3, 2006[1]
Honorary Chairman of the Supervisory Board of
Volkswagen AG (May 3, 2006 – March 30, 2017)
Dr. Liesen died on March 30, 2017.

DR. HUSSAIN ALI AL-ABDULLA (60)
Minister of State
April 22, 2010[1]
Appointments:
⊙ Gulf Investment Corporation, Safat/Kuwait
⊙ Kirnaf Finance, Riyadh (Chairman)
⊙ Masraf Al Rayan, Doha (Chairman)
⊙ Qatar Holding, Doha
⊙ Qatar Investment Authority, Doha

DR. HESSA SULTAN AL-JABER (58)
Minister of State
July 22, 2016[1]
Appointments:
⊙ Droobi Health Technology, Doha
⊙ Malomatia, Doha
⊙ Qatar Satellite Company, Doha
⊙ Trio Investment, Doha

DR. BERND ALTHUSMANN (51)
Minister of Economic Affairs, Labor, Transport and
Digitalization for the Federal State of Lower Saxony
December 14, 2017[1]
Appointments:
○ Deutsche Messe AG, Hanover
⊙ Container Terminal Wilhelmshaven JadeWeserPort-Marketing GmbH & Co. KG, Wilhelmshaven
⊙ JadeWeserPort Realisierungs GmbH & Co. KG, Wilhelmshaven
⊙ JadeWeserPort Realisierungs-Beteiligungs GmbH, Wilhelmshaven
⊙ Niedersachsen Ports GmbH & Co. KG, Oldenburg (Chairman)

BIRGIT DIETZE (44)
Secretary to the Board of IG Metall
June 1, 2016[1]

ANNIKA FALKENGREN (55)
Managing Partner of
Compagnie Lombard Odier SCmA
May 3, 2011 – February 5, 2018[1]
Appointments (as of February 5, 2018):
⊙ FAM AB, Stockholm

DR. JUR. HANS-PETER FISCHER (58)
Chairman of the Board of Management of
Volkswagen Management Association
January 1, 2013[1]
Appointments:
⊙ Volkswagen Pension Trust e.V., Wolfsburg

UWE FRITSCH (61)
Chairman of the Works Council of the Volkswagen AG
Braunschweig plant
April 19, 2012 – May 10, 2017[1]
Appointments (as of May 5, 2017):
⊙ Eintracht Braunschweig GmbH & Co KGaA, Braunschweig
⊙ Basketball Löwen Braunschweig GmbH, Braunschweig

MARIANNE HEISS (45)
Chief Financial Officer of BBDO Group
Germany GmbH, Duesseldorf
February 08, 2018[1]

○ Membership of statutory supervisory boards in Germany.
⊙ Comparable appointments in Germany and abroad.

1 Beginning or period of membership of the Supervisory Board.

UWE HÜCK (55)
Chairman of the General and Group Works Councils of Dr. Ing. h.c. F. Porsche AG
July 1, 2015[1]
Appointments:
- ○ Dr. Ing. h.c. F. Porsche AG, Stuttgart (Deputy Chairman)

JOHAN JÄRVKLO (44)
Chairman of IF Metall at Scania AB
November 22, 2015[1]
Appointments:
- ⦿ Scania CV AB, Södertälje
- ⦿ Volkswagen Truck & Bus GmbH, Braunschweig

ULRIKE JAKOB (57)
Deputy Chairwoman of the Works Council of Volkswagen AG, Kassel plant
May 10, 2017[1]

DR. LOUISE KIESLING (60)
Designer and entrepreneur
April 30, 2015[1]

OLAF LIES (50)
February 19 –December 14, 2017[1]
Appointments (as of December 14, 2017):
- ○ Deutsche Messe AG, Hanover
- ⦿ Container Terminal Wilhelmshaven JadeWeserPort-Marketing GmbH & Co. KG, Wilhelmshaven
- ⦿ Demografieagentur für die niedersächsische Wirtschaft GmbH, Hanover (Chairman)
- ⦿ JadeWeserPort Realisierungs GmbH & Co. KG, Wilhelmshaven
- ⦿ JadeWeserPort Realisierungs-Beteiligungs GmbH, Wilhelmshaven

PETER MOSCH (45)
Chairman of the General Works Council of AUDI AG
January 18, 2006[1]
Appointments:
- ○ AUDI AG, Ingolstadt
- ○ Audi Pensionskasse – Altersversorgung der AUTO UNION GmbH, VVaG, Ingolstadt

BERTINA MURKOVIC (60)
Chairwoman of the Works Council of Volkswagen Commercial Vehicles
May 10, 2017[1]

BERND OSTERLOH (61)
Chairman of the General and Group Works Councils of Volkswagen AG
January 1, 2005[1]
Appointments:
- ○ Autostadt GmbH, Wolfsburg
- ○ Wolfsburg AG, Wolfsburg
- ⦿ Allianz für die Region GmbH, Braunschweig
- ⦿ Porsche Holding Gesellschaft m.b.H., Salzburg
- ⦿ SEAT, S.A., Martorell
- ⦿ ŠKODA Auto a.s., Mladá Boleslav
- ⦿ VfL Wolfsburg-Fußball GmbH, Wolfsburg
- ⦿ Volkswagen Immobilien GmbH, Wolfsburg
- ⦿ Volkswagen Truck & Bus GmbH, Braunschweig

DR. JUR. HANS MICHEL PIËCH (75)
Lawyer in private practice
August 7, 2009[1]
Appointments:
- ○ AUDI AG, Ingolstadt
- ○ Dr. Ing. h.c. F. Porsche AG, Stuttgart
- ○ Porsche Automobil Holding SE, Stuttgart (Deputy Chairman)
- ⦿ Porsche Cars Great Britain Ltd., Reading
- ⦿ Porsche Cars North America Inc., Atlanta
- ⦿ Porsche Holding Gesellschaft m.b.H., Salzburg
- ⦿ Porsche Ibérica S.A., Madrid
- ⦿ Porsche Italia S.p.A., Padua
- ⦿ Schmittenhöhebahn AG, Zell am See
- ⦿ Volksoper Wien GmbH, Vienna

DR. JUR. FERDINAND OLIVER PORSCHE (56)
Member of the Board of Management of Familie Porsche AG Beteiligungsgesellschaft
August 08, 2009[1]
Appointments:
- ○ AUDI AG, Ingolstadt
- ○ Dr. Ing. h.c. F. Porsche AG, Stuttgart
- ○ Porsche Automobil Holding SE, Stuttgart
- ⦿ Porsche Holding Gesellschaft m.b.H., Salzburg
- ⦿ Porsche Lizenz- und Handelsgesellschaft mbH & Co. KG, Ludwigsburg
- ⦿ Volkswagen Truck & Bus GmbH, Braunschweig

DR. RER. COMM. WOLFGANG PORSCHE (74)
Chairman of the Supervisory Board of Porsche Automobil Holding SE; Chairman of the Supervisory Board of Dr. Ing. h.c. F. Porsche AG
April 24, 2008[1]
Appointments:
- ○ AUDI AG, Ingolstadt
- ○ Dr. Ing. h.c. F. Porsche AG, Stuttgart (Vorsitz)
- ○ Porsche Automobil Holding SE, Stuttgart (Vorsitz)
- ⦿ Familie Porsche AG Beteiligungsgesellschaft, Salzburg (Vorsitz)
- ⦿ Porsche Cars Great Britain Ltd., Reading
- ⦿ Porsche Cars North America Inc., Atlanta
- ⦿ Porsche Holding Gesellschaft m.b.H., Salzburg
- ⦿ Porsche Ibérica S.A., Madrid
- ⦿ Porsche Italia S.p.A., Padua
- ⦿ Schmittenhöhebahn AG, Zell am See

○ Membership of statutory supervisory boards in Germany.
⦿ Comparable appointments in Germany and abroad.

1 Beginning or period of membership of the Supervisory Board.

ATHANASIOS STIMONIARIS (46)
Chairman of the Works Council and of the General Works Council of MAN Truck & Bus AG; Chairman of the Group Works Council of MAN SE and of the SE Works Council
May 10, 2017[1]
Appointments:
- ○ MAN SE, Munich
- ○ MAN Truck & Bus AG, Munich (Deputy Chairman)
- ○ Rheinmetall MAN Military Vehicles GmbH, Munich
- ⊙ Volkswagen Truck & Bus GmbH, Braunschweig

STEPHAN WEIL (59)
Minister-President of the Federal State of Lower Saxony
February 19, 2013[1]

STEPHAN WOLF (51)
January 1, 201 – May 10, 2017[1]
Appointments (as of May 5, 2017):
- ○ Volkswagen Financial Services AG, Braunschweig
- ○ Wolfsburg AG, Wolfsburg
- ⊙ Volkswagen Pension Trust e.V., Wolfsburg

THOMAS ZWIEBLER (52)
May 15, 2010 – May 10, 2017[1]

COMMITTEES OF THE SUPERVISORY BOARD AS OF DECEMBER 31, 2017

Members of the Executive Committee
Hans Dieter Pötsch (Chairman)
Jörg Hofmann (Deputy Chairman)
Peter Mosch
Bernd Osterloh
Dr. Wolfgang Porsche
Stephan Weil

Members of the Mediation Committee in accordance with section 27(3) of the Mitbestimmungsgesetz (German Codetemination Act)
Hans Dieter Pötsch (Chairman)
Jörg Hofmann (Deputy Chairman)
Bernd Osterloh
Stephan Weil

Members of the Audit Committee
Dr. Ferdinand Oliver Porsche (Chairman)
Bernd Osterloh (Deputy Chairman)
Birgit Dietze
n.n.

Members of the Nomination Committee
Hans Dieter Pötsch (Chairman)
Dr. Wolfgang Porsche
Stephan Weil

Special Committee on Diesel Engines
Dr. Wolfgang Porsche (Chairman)
Peter Mosch
Bertina Murkovic
Bernd Osterloh
Dr. Ferdinand Oliver Porsche
n.n.

○ Membership of statutory supervisory boards in Germany.
⊙ Comparable appointments in Germany and abroad.

1 Beginning or period of membership of the Supervisory Board.