

Annual Financial Statements of Volkswagen AG

Balance Sheet of Volkswagen AG as of December 31, 2016

€ million		Note	Dec. 31, 2016	Dec. 31, 2015
Assets				
Fixed assets		1		
Intangible assets			265	282
Tangible assets			7,587	7,894
Long-term financial assets			94,121	86,744
			101,973	94,919
Current assets				
Inventories		2	4,387	4,073
Receivables and other assets		3	26,217	26,365
Cash-in-hand and bank balances		4	9,117	7,941
			39,721	38,379
Prepaid expenses			169	198
Total assets			141,863	133,496
Equity and Liabilities				
Equity				
Subscribed capital		5	1,283	1,283
Ordinary shares	755			
Preferred shares	528			
Contingent capital	-			
Capital reserve		6	15,021	15,021
Revenue reserves		7	9,394	7,995
Net retained profits			1,402	69
			27,100	24,368
Special tax-allowable reserves		8	23	26
Provisions		9	48,389	47,558
Liabilities		10	65,568	61,139
Deferred income			783	406
Total equity and liabilities			141,863	133,496

Income Statement of Volkswagen AG for the Period January 1 to December 31, 2016

€ million	Note	2016	2015
Sales	11	75,310	73,510
Cost of sales		-70,180	-75,693
Gross profit on sales		5,131	-2,184
Selling expenses		-7,205	-8,305
General and administrative expenses		-1,147	-1,059
Other operating income	12	7,559	7,560
Other operating expenses	13	-9,594	-14,644
Financial result	14	9,030	13,813
Write-downs of long-term financial assets and securities classified as current assets		-305	-
Taxes on income		-670	-697
Earnings after taxes		2,799	-5,515
Net income / loss for the year		2,799	-5,515

Notes to the Annual Financial Statements of Volkswagen AG for the Period ended 12/31/2016

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). In addition, the new provisions arising from the Accounting Directives Implementation Act (Bilanzrichtlinien-Umsetzungsgesetz, BilRuG), which came into effect on July 23, 2015, were duly applied.

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 to enable better international comparability. Information that can be disclosed optionally in the balance sheet or the income statement, or in the notes to the annual financial statements, 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 adding together these amounts.

Volkswagen AG performs electricity generation and distribution/sales activities together with a Group 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/de/InvestorRelations.html under the heading “Mandatory Publications”.

The Board of Management completed preparation of the annual financial statements on February 24, 2017. On 24 February, 2017, 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 18 November, 2016.

The declaration of conformity has been made permanently available at www.volkswagenag.com/de/InvestorRelations.html under the heading “Corporate Governance” and the menu item “Declarations”.

Significant events in the fiscal year

On September 18, 2015, the U.S. 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 with Volkswagen Group diesel engines. Volkswagen admitted to irregularities in this context. In its ad hoc release dated September 22, 2015, the Volkswagen Group announced that noticeable discrepancies between the figures achieved in testing and in actual road use had been identified in around 11 million vehicles with certain diesel engines.

On November 2, 2015, the EPA issued another “Notice of Violation” alleging that irregularities had also been discovered in the software installed in vehicles with type V6 TDI 3.0 l diesel engines. Audi has confirmed that at least a total of three auxiliary emission control devices (AECs) were not declared in the course of the US approval documentation of vehicles with six-cylinder V6 3.0 l TDI diesel engines.

Consequently, Volkswagen AG recognized provisions in the total amount of €14.6 billion in 2015. This primarily entailed recognizing provisions for field activities (service measures and recalls) and for possible conversions in the amount of €7.5 billion, as well as €6.7 billion for legal risks.

Expenses of €5.7 billion were recognized in fiscal year 2016 in connection with the diesel issue, of which €5.3 billion relates to prior periods. This includes in particular prior-period other operating income of €4.2 billion resulting from legal risks, prior-period cost of sales amounting to €0.8 billion, most of which is attributable to warranty expenses, as well as prior-period selling expenses of €0.3 billion, mainly driven by measures to support residual values.

In addition, provisions of €0.3 billion were recognized for the investments totaling €1.9 billion over 10 years in zero emissions vehicle infrastructure as well as corresponding access and awareness initiatives for these technologies to which the Volkswagen Group had committed itself in the settlement agreements. Unused provisions for legal risks and sales-related measures amounting to a total of €0.7 billion had an offsetting effect. Volkswagen AG has started entering into exchange rate hedges relating to the outstanding obligations denominated in foreign currencies. The translation at the reporting date of provisions denominated in foreign currencies resulted in expenses of €0.2 billion after hedging.

On the basis of current knowledge, fiscal year 2014 is not affected by the diesel issue. 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 by Volkswagen and the unusually high NO_x emissions were confirmed. California Air Resources Board (CARB) was informed of this result, and at the same time the offer was made to recalibrate the type EA 189 diesel engines 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 includes, among others, employees from the technical development, quality assurance, sales, production, logistics, procurement and legal departments, as part of the existing processes within the Volkswagen Group. The APS thus plays a central role in the internal control system at Volkswagen AG. There are currently no findings to confirm that – under US law – an unlawful defeat-device software was reported by the APS as the cause of the discrepancies to the persons responsible for preparing the 2014 annual and consolidated financial statements. Instead, at the time that the annual and consolidated financial statements were being prepared, this group of people remained under the impression that the issue could be eliminated with comparatively little effort as a part of a field measure. By the summer of 2015, however, it was reliably recognized that the cause of the discrepancies was a software modification, to be qualified as a so-called “defeat device” as defined by US environmental law. This culminated in the disclosure of the US “defeat device” to the EPA and CARB on September 3, 2015.

According to the assessment at that time of the members of the Board of Management dealing with the matter, the scope of the costs expected as a result by the Volkswagen Group (recall costs, retrofitting costs and financial penalties), was basically not dissimilar to that of previous cases in which other vehicle manufacturers were involved, and therefore appeared to be controllable overall with a view to the business activities of the Volkswagen Group. This appraisal by Volkswagen AG was based on the assessment of a law firm brought in in the USA for approval issues, according to which similar cases in the past were resolved amicably with the US authorities. Publication of a "Notice of Violation" by the EPA on September 18, 2015, which came as a surprise to the company, on the facts and possible financial consequences, then presented the situation in a completely different light.

Also, the publications released by the reporting date, as well as the continued investigations and interviews in connection with the diesel issue, did not provide the Group Board of Management with any new reliable findings or assessments regarding the underlying facts and the evaluation of the associated risks (e.g. investor lawsuits).

Profit of €2.9 billion was transferred by Porsche Holding Stuttgart GmbH, profit of €1.5 billion was transferred by Audi AG, Ingolstadt. Volkswagen Finance Luxemburg S.A., Luxembourg, distributed €2.0 billion and Volkswagen (China) Investment Co. Ltd., Peking, China, €0.7 billion in the year under review.

The capital of AUDI AG, Ingolstadt, was increased by a total of €1.5 billion, the capital of Volkswagen Financial Services AG, Braunschweig, by €1.2 billion.

The reorganization of Volkswagen AG's equity investment structure resulted in subsequently recognized cost of €1.3 billion for Volkswagen Finance Luxemburg S.A., Luxembourg.

A further capital increase concerned Porsche Holding Stuttgart GmbH, Stuttgart (€0.8 billion) and VW Group Services S.A., Brussels, Belgium (€0.7 billion). In addition, shares in VW Finance S.A. Madrid, Spain (€0.8 billion) were acquired from SEAT S.A., Matorell, Barcelona, Spain. There were also smaller capitalization measures at affiliated companies. €1.4 billion was invested in the HI-TV treasury fund.

Accounting policies

The accounting policies applied in the previous year were retained. As before, the items Other investment income and expenses and Other financial result have been added to the classification format for the income statement. These two items are addressed in greater detail in note (14) Financial result.

The “result of ordinary business activity” line item was deleted due to the application of the Accounting Directives Implementation Act. “Earnings after tax” not presented.

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.

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.

Depreciation is based primarily on the following useful lives:

	Useful lives
Buildings	25 – 50 years
Leasehold improvements	10 – 33 years
Technical equipment and machinery	5 – 12 years
Operating and office equipment (including special tools)	3 – 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 movable assets are depreciated 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.

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.

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.

All loans are measured at their nominal 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).

Non- or low-interest-bearing loans are carried at their present value; other loans are carried at their principal amount.

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.

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.

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 €6.57 per tonne of CO₂ as of the reporting date.

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.

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.

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.

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 as published by the Deutsche Bundesbank as of 30 November, 2016, was extrapolated to 31 December, 2016. 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 4.01% for a remaining maturity of 15 years.

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

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

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.

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

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.

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.

Prepayments received are reported at their nominal 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.

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

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.

Following the first-time application of the Accounting Directives Implementation Act and, related to this, the revised definition of revenues, income which was previously reported under other operating income is now allocated to sales. Corresponding to this, expenses which were previously reported within other operating expenses were allocated to cost of sales in 2016.

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	2016	2015
Intangible assets	123	165
Tangible assets	1,901	2,547
Long-term financial assets	22,358	9,088
	24,381	11,799

Significant additions to long-term financial assets are explained under “Significant events in the fiscal year” on page 4. The additions of €22.4 billion are accompanied by disposals of €14.7 billion, meaning that on balance the addition to financial assets was unchanged over the previous year. A number of investments were recorded as additions and disposals due to restructuring within the investment portfolio, resulting in an increase in both items. Long-term investments also include securities (Time Assets fund and pension fund).

Depreciation, amortization and write-downs were charged on:

€ million	2016	2015
Intangible assets	80	73
Tangible assets	2,206	1,964
Long-term financial assets	305	-
	2,591	2,037

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 €21 million.

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

Securities investment funds (values as of December 31, 2016)

€ million	Carrying amount	Fair value	Fair value – carrying amount	Distribution 2016	Daily redemption possible	Write-downs not recognized
HI-TV Fund	8,678	8,484	-194	102	yes	yes
HI-ZW Fund*	1,767	1,767	-	52	yes	not applicable
HI-PF Fund*	3,572	3,572	-	101	yes	not applicable

* Distributions for fiscal year 2015 will be made in 2016

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.

The treasury fund (HI-TV) is allocated to fixed assets at Volkswagen AG and measured at cost. The HI-TV Fund was not written down to the lower fair value in 2016 as no permanent impairment was expected.

The Time Assets fund (HI-ZW) and the pension fund (HI-PF) exclusively serve to meet 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. Income and expenses from fair value measurement of the funds are recognized immediately in income. This means that there is no requirement to test them for any potential permanent impairment.

STATEMENTS OF CHANGES IN FIXED ASSETS

GROSS CARRYING AMOUNTS					
€ million	Cost Jan. 1, 2016	Additions	Transfers	Disposals	Cost Dec. 31, 2016
Intangible assets					
Industrial and similar rights and assets, and licenses in such rights and assets	495	119	0	222	392
Payments on account	13	4	-13	-	4
	509	123	-13	222	396
Tangible assets					
Land, land rights and buildings, including buildings on third-party land	5,484	105	153	4	5,738
Technical equipment and machinery	11,788	390	191	360	12,008
Other equipment, operating and office equipment	18,933	1,077	314	252	20,072
Payments on account and assets under construction	894	328	-645	-	578
	37,099	1,901	-13	617	38,397
Long-term financial assets					
Shares in affiliated companies	76,557	19,933	-	13,271	83,219
Loans to affiliated companies	1,274	1,043	-	82	2,234
Other equity investments	520	1	-	1	519
Loans to other investees and investors	-	1	-	-	1
Long-term investments	8,677	1,380	-	1,323	8,733
Other loans	21	-	-	1	21
	87,048	22,358	-	14,679	94,728
Total fixed assets	124,656	24,381	-	15,517	133,520

DEPRECIATION, AMORTIZATION AND WRITE-DOWNS

	Cumulative depreciation, amortization and write-downs Jan. 1, 2016	Depreciation, amortization and write-downs in current year	Disposals	Transfers	Reversals of write-downs	Cumulative depreciation, amortization and write-downs Dec. 31, 2016	Carrying amounts Dec. 31, 2016	Carrying amounts Dec. 31, 2015
	227	80	176	0	-	131	261	268
	-	-	-	-	-	-	4	13
	227	80	176	0	-	131	265	282
	4,111	103	4	-0	-	4,211	1,527	1,373
	9,729	777	358	0	-	10,147	1,861	2,059
	15,366	1,326	240	-0	-	16,452	3,620	3,567
	-	-	-	-	-	-	578	894
	29,206	2,206	602	0	-	30,810	7,587	7,894
	94	256	-	-	-	350	82,869	76,463
	0	-	-	-	0	-	2,234	1,274
	192	50	-	-	0	241	278	328
	-	-	-	-	-	-	1	-
	18	-	1	-	1	16	8,717	8,658
	0	-	0	-	-	0	21	21
	304	305	1	-	1	607	94,121	86,744
	29,737	2,591	779	-	1	31,548	101,973	94,919

(2) INVENTORIES

€ million	Dec. 31, 2016	Dec. 31, 2015
Raw materials, consumables and supplies	1,033	977
Work in progress	1,223	1,118
Finished goods and merchandise	2,095	1,948
Payments on account	36	29
	4,387	4,073

(3) RECEIVABLES AND OTHER ASSETS

€ million	Dec. 31, 2016	Dec. 31, 2015
Trade receivables	1,150	1,163
due after more than one year	(2)	(3)
Receivables from affiliated companies	21,757	22,596
of which trade receivables	(3,815)	(2,494)
due after more than one year	(2,985)	(1,615)
Receivables from other investees and investors	1,291	1,058
of which trade receivables	(1,273)	(1,047)
due after more than one year	-	-
Other assets	2,018	1,548
due after more than one year	(463)	(284)
	26,217	26,365

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 (€1,230 million), option premiums paid (€360 million), receivables for reimbursements under warranties (€150 million) and receivables from the sale of used vehicles on behalf of subsidiaries (€ 127 million).

OTHER SECURITIES

Other securities were written down in full in previous years.

(4) CASH-IN-HAND AND BANK BALANCES

Bank balances (€9.1 billion) include a total of €2.6 billion held at affiliated companies. This figure includes pledged balances of €3.9 billion (previous year: €1.6 billion). The increase is mainly attributable to balances in accounts maintained in the USA. They include balances of €1.4 billion (previous year: €1 million) with terms of more than one year.

(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).

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. After adjustment for preferred shares already issued, the remaining authorized capital amounts to €83 million.

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.

The Annual General Meeting on April 22, 2010 had resolved to create contingent capital in the amount of €102 million expiring on April 21, 2015 that could be used to issue up to €5 billion in bonds with warrants and/or convertible bonds.

To date, Volkswagen AG has used this contingent capital as follows:

In November 2012, Volkswagen AG placed a mandatory convertible note in the amount of €2.5 billion that entitled and obliged holders to subscribe for preferred shares via a subsidiary, Volkswagen International Finance N.V. Amsterdam/the Netherlands (VIF; issuer). The preemptive rights of existing shareholders were dis-applied. The mandatory convertible note bore interest of 5.50 % and expired on November 9, 2015. The issuer had granted a loan to Volkswagen AG in the amount of the issue proceeds; this was recognized under liabilities to affiliated companies.

This mandatory convertible note was supplemented by the issue of another mandatory convertible note in the amount of €1.2 billion in June 2013. The features of the new mandatory convertible note corresponded to those of the mandatory convertible note issued in November 2012. It was issued at a price of 105.64 % of the principal amount. Additionally, accrued interest (€1 million) was received and deferred. The new mandatory convertible note also matured on November 9, 2015. The issuer had granted a loan to Volkswagen AG in the amount of the issue proceeds; this and the tranche from November 2012 were recognized under liabilities to affiliated companies until maturity on November 9, 2015.

In 2015, the final minimum conversion price was €144.50, and the final maximum conversion price was €173.40. The conversion price was to be adjusted if certain events occurred. The issuer was entitled to convert the mandatory convertible notes at any time at the minimum conversion price. The note terms and conditions also provided for early conversion options. This voluntary conversion right was exercised in the previous year, with a total of €4.7 million of the notes being converted into 27,091 new preferred shares at the effective maximum conversion price at the conversion date. The mandatory convertible notes remaining after voluntary conversion were settled on November 9, 2015 by issuing 25,536,876 new preferred shares. As a result, the subscribed capital increased by €65 million and the capital reserves increased by €3,629 million in the previous year. Liabilities to affiliated companies declined by €3.7 billion in the previous year.

(6) CAPITAL RESERVES

€ million	Dec. 31, 2016	Dec. 31, 2015
	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, 2016	Dec. 31, 2015
Legal reserve	31	31
Other revenue reserves	9,363	7,964
	9,394	7,995

In accordance with section 58(2) of the AktG, €1,399 million was appropriated from net income for the year to other revenue reserves.

(8) SPECIAL TAX-ALLOWABLE RESERVES

€ million	Dec. 31, 2016	Dec. 31, 2015
Accelerated tax depreciation	23	26
	23	26

(9) PROVISIONS

€ million	Dec. 31, 2016	Dec. 31, 2015
Provisions for pensions and similar obligations	13,623	14,302
Provisions for taxes	3,955	4,612
Other provisions	30,812	28,644
	48,389	47,558
short-term (up to 1 year)	21,316	15,515
medium-term	11,388	16,684
long-term (over 5 years)	15,685	15,359
	48,389	47,558

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, 2016	Dec. 31, 2015
Discount rate	4.01%	3.89%
Salary trend	3.50%	3.40%
Wage/pension trend	1.50%	1.70%
Fluctuation	0.95%	0.75%
Basis of calculation	2005 G mortality tables RV-Altersgrenzen- anpassungsgesetz (German Act to Adapt the Standard Retirement Age to Reflect Demographic Trends and to Strengthen the Funding Basis for the Statutory Pension Insurance System)	2005 G mortality tables RV-Altersgrenzen- anpassungsgesetz (German Act to Adapt the Standard Retirement Age to Reflect Demographic Trends and to Strengthen the Funding Basis for the Statutory Pension Insurance System)
Age limits	2007	2007

The percentage figure used for the salary trend takes into account increases attributable to career development, in addition to regular salary increases. The discount rate applied is based on the average market interest rate for the past ten years. 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 €2.0 billion. In accordance with section 253(6) sentence 2 of the HGB, this amount is restricted for distribution. The breakdown of pension obligations into unfunded and externally funded obligations, as well as the offsetting of the externally funded component is presented in the balance sheet as follows:

€ million	Dec. 31, 2016	Dec. 31, 2015
Externally funded pension obligation		
Cost of the pension fund	3,430	3,027
Fair value of the pension fund	3,572	3,152
Settlement amount of the obligations in the pension fund model (fair value)	3,572	3,152
Offset against the fair value of the pension fund (in accordance with section 246(2) of the HGB)	0	0
Provision-funded pension obligation		
Settlement amount of the obligations outside the pension fund model	13,623	14,302
Pension provisions reported in the balance sheet	13,623	14,302

Externally funded pension benefits

The fund assets of externally funded pension obligations are measured at fair value. The fair value of the pension fund exceeds the minimum benefits awarded in connection with the corresponding post-employment obligation, meaning that these are also offset in the amount of the pension fund's fair value. 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	2016	2015
Reinvested distributions from the pension fund	101	-
Measurement of the pension fund	17	21
Change in value	118	21
Adjustment of externally funded pension obligations in profit or loss	-118	-21
Balance of income and expenses	0	0

An amount of €43 million is restricted for distribution in accordance with section 268(8) sentence 2 of the HGB.

Other provisions

Significant provisions were recognized for warranties (€11.9 billion), legal and litigation risks (€8.7 billion), selling expenses (€3.7 billion) and personnel expenses (€2.6 billion, mainly for long-service jubilees, special benefits, partial retirement and other workforce costs). Provisions for the obligation to return emission certificates amount to €12.2 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, 2016	Dec. 31, 2015
Cost of the Time Asset funds	2,081	1,918
Fair value of the Time Asset funds	1,992	1,839
Settlement amount of the Time Asset obligation	1,992	1,839
Balance of the Time Asset fund and the settlement amount of the Time Asset obligation	0	0

The following amounts were offset:

€ million	2016	2015
Reinvested distributions from the Time Asset funds	52	0
Measurement of the Time Asset funds	-10	-3
Change in value	42	-3
Settlement amount of the Time Asset obligation	-42	3
Balance of the Time Asset fund and the settlement of the Time Asset obligation	0	0

Unwinding of the discount/discounting

An additional discount of €211 million should have been recognized on the provisions as of December 31, 2009 in the course of the transition to the new HGB. Volkswagen AG exercised the option to continue to recognize the higher level of provisions. As of 12/31/2016, the unrecognized discount on this legacy balance amounted to under €1 million.

(10) LIABILITIES

€ million	Dec. 31, 2016	TERM TO MATURITY			Dec. 31, 2015	TERM TO MATURITY		
		due within 1 year	due above 1 year	due above 5 years		due within 1 year	due above 1 year	due above 5 years
Type of liability								
Liabilities to banks	1,095	775	320	8	5,788	4,490	1,298	312
Payments received on account of orders	48	48	-	-	63	63	-	-
Trade payables	2,439	2,439	-	-	2,502	2,502	-	-
Liabilities to affiliated companies	59,438	31,233	28,205	10,685	50,666	25,857	24,810	10,822
Liabilities to other investees and investors	929	929	-	-	643	643	-	-
Other liabilities	1,619	677	942	79	1,477	651	826	480
of which taxes	(161)	(161)	-	-	(156)	(156)	-	-
of which social security	(30)	(30)	-	-	(25)	(25)	-	-
	65,568	36,101	29,467	10,773	61,139	34,205	26,933	11,614

The syndicated loan facility of €20.0 billion agreed upon with a banking syndicate in December 2015 for Volkswagen AG was renewed until June 2017. 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. Neither facility had been drawn upon as of the end of 2016.

Until November 2015, liabilities to affiliated companies included liabilities to VIF attributable to mandatory convertible notes. Further information on the mandatory convertible notes can be found in note (5) Subscribed capital.

In March 2015, Volkswagen AG placed unsecured subordinated hybrid notes with an aggregate principal amount of €2.5 billion via VIF (issuer). The perpetual hybrid notes were issued in two tranches and can be called by the issuer. The first call date for the first tranche (€1.1 billion and a coupon of 2.5%) is after seven years, and the first call date for the second tranche (€1.4 billion and a coupon of 3.5%) is after 15 years.

In March 2014, Volkswagen AG placed unsecured subordinated hybrid notes with an aggregate principal amount of €3 billion via a subsidiary (VIF, issuer). The perpetual hybrid notes were issued in two tranches and can be called by the issuer. The first call date for the first tranche (€1.25 billion and a coupon of 3.75%) is after seven years, and the first call date for the second tranche (€1.75 billion and a coupon of 4.625%) is after 12 years.

€2.5 billion (previous year: €1.2 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: €46 million). €55.1 billion (previous year: €51.4 billion) of the liabilities is interest-bearing. Other liabilities include option premiums (€316 million).

Standard retention of title applies to the liabilities from deliveries of goods contained in the amounts shown above. Real estate liens in the amount of €800 million are used to secure liabilities to employees (€593 million). These are reported under other liabilities.

DEFERRED INCOME

Deferred income mainly includes amounts for extended warranties and various payments related to electromobility (e-mobility).

Contingencies and commitments

€ million	Dec. 31, 2016	Dec. 31, 2015
Contingent liabilities from guarantees	94	97
Contingent liabilities from warranties	31,190	36,654
of which relating to affiliated companies	(1,157)	(1,931)
Legal risks and Granting of security for third-party liabilities	3,781	2,811
	35,066	39,562

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

Contingent liabilities include an amount of €3.1 billion in connection with investor lawsuits. As a general principle, they do not include any class action lawsuits and criminal investigations/misdemeanour proceedings related to the diesel issue filed outside of the USA and Canada, as well as specific portions of investor lawsuits which meet the definition of a contingent liability but could not, as a rule, be disclosed because it is impossible to measure the amount involved. These proceedings are still at a very early stage, meaning that in a number of cases the plaintiffs have 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.

The option held by the former co-investor in LeasePlan to return its shares to Volkswagen AG at the original selling price lapsed upon the sale of the shares held by Volkswagen AG to LeasePlan.

The shareholders of Original Teile Logistik GmbH & Co. KG, Baunatal (OTLG), 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)

Up until November 2016, Volkswagen AG financed the majority of 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 nonrecourse factoring via Volkswagen Bank GmbH, Braunschweig. The amount concerned was €39.5 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 13,225 vehicles worth approximately €0.2 billion in total as of December 31, 2016. 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.

Other financial commitments

€ 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	78	59	19	-
of which related to affiliated companies	20	20	-	-
of which related to associated companies	27	12	14	-
	20,154	19,393	516	244

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

Previous year:

€ million	Dec. 31, 2015	Due 2016	Due 2017 - 2020	Due after 2020
Loan commitments	14,921	14,921	-	-
of which related to affiliated companies	14,921	14,921	-	-
Rental and leasing agreements	794	256	325	213
of which related to affiliated companies	211	102	43	66
Other Contracts	57	47	10	-
of which related to affiliated companies	20	20	-	-
of which related to associated companies	-	-	-	-
	15,772	15,224	335	213

The other financial obligations item contains long-term rental and leasing agreements for storage, logistics and office space, test tracks, as well as sponsorship and advertising agreements, which are common for the industry. These transactions do not lead to any specific new risks. Other financial obligations to Porsche Automobil Holding SE, Stuttgart (Porsche SE) from guarantee fees in the amount of €0.3 million exist until 2019. 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., Cologne, 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 is within the normal levels.

In addition, other financial obligations are reported for investments in zero emissions vehicle infrastructure as well as corresponding access and awareness initiatives for these technologies. The Volkswagen Group had committed itself to an amount of €1.6 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	1.821	1.009	-0.576	3.531	-0.251	0,375	0.024	-0.445	0.996
Interest rate for one year	1.876	1.018	-0.563	3.780	-0.214	0.401	0.023	-0.431	1.169
Interest rate for five years	2.630	1.485	-0.321	4.405	0.074	0.866	0.059	0.258	1.972
Interest rate for ten years	2.995	1.936	0.148	4.555	0.652	1,233	0.210	1.098	2.346

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 2016, 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 or, 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	
	Dec. 31, 2016	Dec. 31, 2015	Dec. 31, 2016	Dec. 31, 2015
Hedged risks				
Currency futures contracts	3,510	3,935		
of which: currency purchases	3,117	3,694		
of which: positive fair values			245	366
of which: negative fair values			-4	-8
of which: currency sales	393	240		
of which: positive fair values			4	2
of which: negative fair values			-0	-2
Currency option contracts	-	-		
of which: positive fair values			-	-
Commodity futures contracts	1,851	2,144		
of which: positive fair values			107	3
of which: negative fair values			-102	-501

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, 2016	Dec. 31, 2015
Option premiums	Other assets	-	-
Expected losses from open currency forwards	Other provisions	270	295
Expected losses from open commodity future contracts	Other provisions	71	349

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	
	Dec. 31, 2016	Dec. 31, 2015	Dec. 31, 2016	Dec. 31, 2015
Hedged risks				
Currency risk from assets (cross currency swaps, currency forwards) and forecasted transactions	7,985	4,324		
negative fair values			-160	-102
positive fair values			103	22
Currency risk from forecast transactions	104,708	119,771		
negative fair values			-3,424	-5,058
positive fair values			3,452	3,382
Currency option contracts	34,151	14,166		
negative fair values			-541	-230
positive fair values			541	233
Commodity futures contracts	719	720		
negative fair values			-47	-1
positive fair values			32	152
Currency risk from executory contracts	15,066	13,785		
negative fair values			-645	-512
positive fair values			462	324

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.

Intragroup loans are hedged by combining cross-currency swaps with interest rate swaps in micro hedges; the term of the hedge is based on the term of the underlying transaction. 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 €75,315 million are hedged by micro hedges, €29,292 million by macro hedges and €101 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	
	Dec. 31, 2016	Dec. 31, 2015	Dec. 31, 2016	Dec. 31, 2015
Hedged risks				
Currency futures contracts	97	87		
of which: currency purchases	95	85		
of which: positive fair values			12	15
of which: negative fair values			-	-0
of which: currency sales	2	2		
of which: positive fair values			0	-
of which: negative fair values			-	-0
Currency option contracts	-	-		
of which: positive fair values			-	-
Commodity futures contracts	100	85		
of which: positive fair values			5	0
of which: negative fair values			-6	-20

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	Balance sheet item	CARRYING AMOUNT	
		Dec. 31, 2016	Dec. 31, 2015
Option premiums	Other assets	-	-
Expected losses from open currency forwards	Other provisions	-	0
Expected losses from open commodity future contracts	Other provisions	6	20

Hedging of currency and commodity price risk exposures

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

€ million	Hedging instrument	DEC. 31, 2016		
		Amount hedged	Positive fair value	Negative fair value
Hedged exchange rate risks				
Forecast transactions	Currency futures contracts	41,650	1,531	-1,168
	Currency option contracts	17,072	276	-265
	Commodity futures contracts	719	32	-47
		59,441	1,838	-1,480
Assets	Currency futures contracts	2,368	67	-34
Executory contracts	Currency futures contracts	672	22	-11
		62,481	1,927	-1,525

Income Statement Disclosures

(11) SALES

€ million	2016	%	2015	%
by region				
Germany	29,184	38.8	27,894	37.9
Europe (excl. Germany)	33,398	44.3	32,059	43.6
North America	4,319	5.7	4,130	5.6
South America	652	0.9	758	1.0
Africa	1,188	1.6	1,243	1.7
Asia-Pacific	6,569	8.7	7,426	10.1
	75,310	100.0	73,510	100.0
by segment				
Vehicle sales	48,397	64.3	49,276	67.0
Genuine parts	6,244	8.3	6,093	8.3
Other sales	20,669	27.4	18,141	24.7
	75,310	100.0	73,510	100.0

As the definition of revenues has been widened by the Accounting Directives Implementation Act, sales include income of €2.0 billion in 2016 which was reported within other operating income in the previous year. Due to the limited comparability with the previous year, sales for the year under review are compared with the income that would have arisen in 2015 had the presentation been adjusted in that year.

€ million	2016	%	2015	%
by region				
Germany	29,184	38.8	29,258	38.7
Europe (excl. Germany)	33,398	44.3	32,421	42.9
North America	4,319	5.7	4,212	5.6
South America	652	0.9	831	1.1
Africa	1,188	1.6	1,253	1.7
Asia-Pacific	6,569	8.7	7,618	10.1
	75,310	100.0	75,591	100.0
by segment				
Vehicle sales	48,397	64.3	49,276	65.2
Genuine parts	6,244	8.3	6,093	8.1
Other sales	20,669	27.4	20,223	26.8
	75,310	100.0	75,591	100.0

(12) OTHER OPERATING INCOME

€ million	2016	2015
Other operating income	7,559	7,560
of which income from the reversal of special tax-allowable reserves	(3)	(8)

Other operating income relates primarily to foreign currency translation of goods and services deliveries amounting to €3.7 billion (previous year: €4.2 billion). The reversal of provisions resulted in income of €3.2 billion (previous year: €0.8 billion). Other income that is attributable to previous fiscal years amounted to €0.3 billion (previous year: €0.3 billion).

Following the first-time application of the Accounting Directives Implementation Act, certain income, particularly from recharged expenses, is reported within sales (€2.0 billion) as of the year under review. In 2015, other operating income included an amount of €2.1 billion which would have been reported under sales had the Accounting Directives Implementation Act been applied. A break down can be found in Item (11) Sales.

(13) OTHER OPERATING EXPENSES

€ million	2016	2015
Other operating expenses	9,594	14,644

Other operating expenses include legal and litigation risks from the diesel issue amounting to €4.3 billion (previous year: €6.8 billion). They also include foreign currency translation expenses (€4.1 billion; previous year: €5.4 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: €0.1 billion).

Following the first-time application of the Accounting Directives Implementation Act, certain expenses, particularly from recharged expenses for consulting services provided by subsidiaries, are reported within the cost of sales (€1.4 billion) as of the year under review. In 2015, other operating expenses included an amount of €1.5 billion which would have been reported under cost of sales had the Accounting Directives Implementation Act been applied.

(14) FINANCIAL RESULT

€ million	2016	2015
Income and expenses from investments	10,725	16,933
Interest income and expense	-808	-763
Other financial result	-888	-2,356
	9,030	13,813

INCOME AND EXPENSES FROM INVESTMENTS

€ million	2016	2015
Income from investments	5,251	7,360
of which from affiliated companies	(3,138)	(4,620)
Income from profit and loss transfer agreements	5,635	8,672
Other investment income	286	1,498
Other investment expenses	408	576
Cost of loss absorption	39	21
	10,725	16,933

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, AutoVision GmbH, Wolfsburg, and Volkswagen Sachsen GmbH, Zwickau.

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

Interest income and expense

€ million	2016	2015
Income from other investments and long-term loans	159	164
of which from affiliated companies	(49)	(43)
Other interest and similar income	107	129
of which from affiliated companies	(90)	(86)
Interest and similar expenses	1,074	1,057
of which to affiliated companies	(834)	(993)
	-808	-763

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	2016	2015
Interest component of pension expenses	-312	-1,841
Unwinding of the discount on provisions	-572	-511
Unwinding of the discount on/discounting of liabilities	-3	-4
	-888	-2,356

Other taxes

The other taxes allocated to the consuming functions amounted to €54 million (previous year: €59 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	
	Difference	Tax	Difference	Tax
Dec. 31, 2016				
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		

Previous year

€ million	DEFERRED TAX ASSETS		DEFERRED TAX LIABILITIES	
	Difference	Tax	Difference	Tax
Dec. 31, 2015				
Assets				
Fixed assets	3,524	1,049	-39	-12
Current assets	757	226	-354	-105
Other assets	9	3	-0	-0
Liabilities				
Special reserves	-	-	-17	-5
Provisions	20,871	6,218		
Liabilities	707	211		
Deferred income items	91	27		
Tax loss carried forward		1,538		
Total		9,271		-122
Offset		-122		122
Net deferred tax assets		9,149		

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

PORSCH

- 1) Die Porsche Automobil Holding SE, Stuttgart, Deutschland, hat uns gemäß § 21 Abs. 1 WpHG mitgeteilt, dass der Stimmrechtsanteil der Porsche Automobil Holding SE an der Volkswagen Aktiengesellschaft, Wolfsburg, Deutschland, am 5. Januar 2009 die Schwelle von 50% überschritten hat und zu diesem Tag 50,76% (149.696.680 Stimmrechte) beträgt.
- 2) Folgende Personen haben uns gemäß § 21 Abs. 1 WpHG mitgeteilt, dass der Stimmrechtsanteil des jeweiligen Mitteilenden an der Volkswagen Aktiengesellschaft am 5. Januar 2009 die Schwelle von 50% überschritten hat und zu diesem Tag 50,76% (149.696.680 Stimmrechte) beträgt. Sämtliche vorgenannten 149.696.680 Stimmrechte sind dem jeweiligen Mitteilenden nach § 22 Abs. 1 S. 1 Nr. 1 WpHG zuzurechnen. Die den Mitteilenden zugerechneten Stimmrechte werden über Tochterunternehmen im Sinne von § 22 Abs. 3 WpHG gehalten, deren zugerechneter Stimmrechtsanteil 3% oder mehr beträgt und die in den Klammern angegeben sind:

Mag. Josef Ahorner, Österreich

(Ferdinand Porsche Privatstiftung, Salzburg/Österreich; Ferdinand Porsche Holding GmbH, Salzburg/Österreich; Louise Daxer-Piëch GmbH, Salzburg/Österreich; Louise Daxer-Piech GmbH, Grünwald/Deutschland; Prof. Ferdinand Alexander Porsche GmbH, Salzburg/Österreich; Ferdinand Alexander Porsche GmbH, Grünwald/Deutschland; Gerhard Anton Porsche GmbH, Salzburg/Österreich; Gerhard Porsche GmbH, Grünwald/Deutschland; Familien Porsche-Daxer-Piech Beteiligung GmbH, Grünwald/Deutschland; Porsche Automobil Holding SE, Stuttgart/Deutschland),

Mag. Louise Kiesling, Österreich

(Ferdinand Porsche Privatstiftung, Salzburg/Österreich; Ferdinand Porsche Holding GmbH, Salzburg/Österreich; Louise Daxer-Piëch GmbH, Salzburg/Österreich; Louise Daxer-Piech GmbH, Grünwald/Deutschland; Prof. Ferdinand Alexander Porsche GmbH, Salzburg/Österreich; Ferdinand Alexander Porsche GmbH, Grünwald/Deutschland; Gerhard Anton Porsche GmbH, Salzburg/Österreich; Gerhard Porsche GmbH, Grünwald/Deutschland; Familien Porsche-Daxer-Piech Beteiligung GmbH, Grünwald/Deutschland; Porsche Automobil Holding SE, Stuttgart/Deutschland),

Prof. Ferdinand Alexander Porsche, Österreich

(Ferdinand Porsche Privatstiftung, Salzburg/Österreich; Ferdinand Porsche Holding GmbH, Salzburg/Österreich; Louise Daxer-Piëch GmbH, Salzburg/Österreich; Louise Daxer-Piech GmbH, Grünwald/Deutschland; Prof. Ferdinand Alexander Porsche GmbH, Salzburg/Österreich; Ferdinand Alexander Porsche GmbH, Grünwald/Deutschland; Gerhard Anton Porsche GmbH, Salzburg/Österreich; Gerhard Porsche GmbH, Grünwald/Deutschland; Familien Porsche-Daxer-Piech Beteiligung GmbH, Grünwald/Deutschland; Porsche Automobil Holding SE, Stuttgart/Deutschland),

Dr. Oliver Porsche, Österreich

(Ferdinand Porsche Privatstiftung, Salzburg/Österreich; Ferdinand Porsche Holding GmbH, Salzburg/Österreich; Louise Daxer-Piëch GmbH, Salzburg/Österreich; Louise Daxer-Piech GmbH, Grünwald/Deutschland; Prof. Ferdinand Alexander Porsche GmbH, Salzburg/Österreich; Ferdinand Alexander Porsche GmbH, Grünwald/Deutschland; Gerhard Anton Porsche GmbH, Salzburg/Österreich; Gerhard Porsche GmbH, Grünwald/Deutschland; Familien Porsche-Daxer-Piech Beteiligung GmbH, Grünwald/Deutschland; Porsche Automobil Holding SE, Stuttgart/Deutschland),

Kai Alexander Porsche, Österreich

(Ferdinand Porsche Privatstiftung, Salzburg/Österreich; Ferdinand Porsche Holding GmbH, Salzburg/Österreich; Louise Daxer-Piëch GmbH, Salzburg/Österreich; Louise Daxer-Piech GmbH, Grünwald/Deutschland; Prof. Ferdinand Alexander Porsche GmbH, Salzburg/Österreich; Ferdinand Alexander Porsche GmbH, Grünwald/Deutschland; Gerhard Anton Porsche GmbH, Salzburg/Österreich; Gerhard Porsche GmbH, Grünwald/Deutschland; Familien Porsche-Daxer-Piech Beteiligung GmbH, Grünwald/Deutschland; Porsche Automobil Holding SE, Stuttgart/Deutschland),

Mark Philipp Porsche, Österreich

(Ferdinand Porsche Privatstiftung, Salzburg/Österreich; Ferdinand Porsche Holding GmbH, Salzburg/Österreich; Louise Daxer-Piëch GmbH, Salzburg/Österreich; Louise Daxer-Piech GmbH, Grünwald/Deutschland; Prof. Ferdinand Alexander Porsche GmbH, Salzburg/Österreich; Ferdinand Alexander Porsche GmbH, Grünwald/Deutschland; Gerhard Anton Porsche GmbH, Salzburg/Österreich; Gerhard Porsche GmbH, Grünwald/Deutschland; Familien Porsche-Daxer-Piech Beteiligung GmbH, Grünwald/Deutschland; Porsche Automobil Holding SE, Stuttgart/Deutschland),

Gerhard Anton Porsche, Österreich

(Ferdinand Porsche Privatstiftung, Salzburg/Österreich; Ferdinand Porsche Holding GmbH, Salzburg/Österreich; Louise Daxer-Piëch GmbH, Salzburg/Österreich; Louise Daxer-Piech GmbH, Grünwald/Deutschland; Prof. Ferdinand Alexander Porsche GmbH, Salzburg/Österreich; Ferdinand Alexander Porsche GmbH, Grünwald/Deutschland; Gerhard Anton Porsche GmbH, Salzburg/Österreich; Gerhard Porsche GmbH, Grünwald/Deutschland; Familien Porsche-Daxer-Piech Beteiligung GmbH, Grünwald/Deutschland; Porsche Automobil Holding SE, Stuttgart/Deutschland),

Ing. Hans-Peter Porsche, Österreich

(Familie Porsche Privatstiftung, Salzburg/Österreich; Familie Porsche Holding GmbH, Salzburg/Österreich; Ing. Hans-Peter Porsche GmbH, Salzburg/Österreich; Hans-Peter Porsche GmbH, Grünwald/Deutschland; Familie Porsche Beteiligung GmbH, Grünwald/Deutschland; Porsche Automobil Holding SE, Stuttgart/Deutschland),

Peter Daniell Porsche, Österreich

(Familie Porsche Privatstiftung, Salzburg/Österreich; Familie Porsche Holding GmbH, Salzburg/Österreich; Ing. Hans-Peter Porsche GmbH, Salzburg/Österreich; Hans-Peter Porsche GmbH, Grünwald/Deutschland; Familie Porsche Beteiligung GmbH, Grünwald/Deutschland; Porsche Automobil Holding SE, Stuttgart/Deutschland),

Dr. Wolfgang Porsche, Deutschland

(Familie Porsche Privatstiftung, Salzburg/Österreich; Familie Porsche Holding GmbH, Salzburg/Österreich; Ing. Hans-Peter Porsche GmbH, Salzburg/Österreich; Hans-Peter Porsche GmbH, Grünwald/Deutschland; Wolfgang Porsche GmbH, Grünwald/Deutschland; Familie Porsche Beteiligung GmbH, Grünwald/Deutschland; Porsche Automobil Holding SE, Stuttgart/Deutschland),

Ferdinand Porsche Privatstiftung, Salzburg/Österreich

(Ferdinand Porsche Holding GmbH, Salzburg/Österreich; Louise Daxer-Piëch GmbH, Salzburg/Österreich; Louise Daxer-Piech GmbH, Grünwald/Deutschland; Prof. Ferdinand Alexander Porsche GmbH, Salzburg/Österreich; Ferdinand Alexander Porsche GmbH, Grünwald/Deutschland; Gerhard Anton Porsche GmbH, Salzburg/Österreich; Gerhard Porsche GmbH, Grünwald/Deutschland; Familien Porsche-Daxer-Piech Beteiligung GmbH, Grünwald/Deutschland; Porsche Automobil Holding SE, Stuttgart/Deutschland),

Familie Porsche Privatstiftung, Salzburg/Österreich

(Familie Porsche Holding GmbH, Salzburg/Österreich; Ing. Hans-Peter Porsche GmbH, Salzburg/Österreich; Hans-Peter Porsche GmbH, Grünwald/Deutschland; Familie Porsche Beteiligung GmbH, Grünwald/Deutschland; Porsche Automobil Holding SE, Stuttgart/Deutschland),

Ferdinand Porsche Holding GmbH, Salzburg/Österreich

(Louise Daxer-Piëch GmbH, Salzburg/Österreich; Louise Daxer-Piech GmbH, Grünwald/Deutschland; Prof. Ferdinand Alexander Porsche GmbH, Salzburg/Österreich; Ferdinand Alexander Porsche GmbH, Grünwald/Deutschland; Gerhard Anton Porsche GmbH, Salzburg/Österreich; Gerhard Porsche GmbH, Grünwald/Deutschland; Familien Porsche-Daxer-Piech Beteiligung GmbH, Grünwald/Deutschland; Porsche Automobil Holding SE, Stuttgart/Deutschland),

Familie Porsche Holding GmbH, Salzburg/Österreich

(Ing. Hans-Peter Porsche GmbH, Salzburg/Österreich; Hans-Peter Porsche GmbH, Grünwald/Deutschland; Familie Porsche Beteiligung GmbH, Grünwald/Deutschland; Porsche Automobil Holding SE, Stuttgart/Deutschland),

Louise Daxer-Piëch GmbH, Salzburg/Österreich

(Louise Daxer-Piech GmbH, Grünwald/Deutschland; Porsche Automobil Holding SE, Stuttgart/Deutschland; Familien Porsche-Daxer-Piech Beteiligung GmbH, Grünwald/Deutschland),

Prof. Ferdinand Alexander Porsche GmbH, Salzburg/Österreich

(Ferdinand Alexander Porsche GmbH, Grünwald/Deutschland; Familien Porsche-Daxer-Piech Beteiligung GmbH, Grünwald/Deutschland; Porsche Automobil Holding SE, Stuttgart/Deutschland),

Gerhard Anton Porsche GmbH, Salzburg/Österreich

(Gerhard Porsche GmbH, Grünwald/Deutschland; Familien Porsche-Daxer-Piech Beteiligung GmbH, Grünwald/Deutschland; Porsche Automobil Holding SE, Stuttgart/Deutschland),

Louise Daxer-Piech GmbH, Grünwald/Deutschland

(Familien Porsche-Daxer-Piech Beteiligung GmbH, Grünwald/Deutschland; Porsche Automobil Holding SE, Stuttgart/Deutschland),

Ferdinand Alexander Porsche GmbH, Grünwald/Deutschland

(Familien Porsche-Daxer-Piech Beteiligung GmbH, Grünwald/Deutschland; Porsche Automobil Holding SE, Stuttgart/Deutschland),

Gerhard Porsche GmbH, Grünwald/Deutschland

(Familien Porsche-Daxer-Piech Beteiligung GmbH, Grünwald/Deutschland; Porsche Automobil Holding SE, Stuttgart/Deutschland),

Ing. Hans-Peter Porsche GmbH, Salzburg/Österreich

(Hans-Peter Porsche GmbH, Grünwald/Deutschland; Familie Porsche Beteiligung GmbH, Grünwald/Deutschland; Porsche Automobil Holding SE, Stuttgart/Deutschland),

Hans-Peter Porsche GmbH, Grünwald/Deutschland

(Familie Porsche Beteiligung GmbH, Grünwald/Deutschland; Porsche Automobil Holding SE, Stuttgart/Deutschland),

Wolfgang Porsche GmbH, Grünwald/Deutschland

(Familie Porsche Beteiligung GmbH, Grünwald/Deutschland; Porsche Automobil Holding SE, Stuttgart/Deutschland),

Familien Porsche-Daxer-Piech Beteiligung GmbH, Grünwald/Deutschland

(Porsche Automobil Holding SE, Stuttgart/Deutschland),

Familie Porsche Beteiligung GmbH, Grünwald/Deutschland
(Porsche Automobil Holding SE, Stuttgart/Deutschland),

Porsche GmbH, Stuttgart/Deutschland
(Porsche Automobil Holding SE, Stuttgart/Deutschland),

Dr. Hans Michel Piëch, Österreich
(Porsche Automobil Holding SE, Stuttgart/Deutschland; Hans Michel Piech GmbH, Grünwald/Deutschland;
Dr. Hans Michel Piëch GmbH, Salzburg/Österreich),

Dr. Hans Michel Piëch GmbH, Salzburg/Österreich
(Porsche Automobil Holding SE, Stuttgart/Deutschland; Hans Michel Piech GmbH, Grünwald/Deutschland),

Hans Michel Piech GmbH, Grünwald/Deutschland
(Porsche Automobil Holding SE, Stuttgart/Deutschland),

Dipl.-Ing. Dr. h.c. Ferdinand Piëch, Österreich
(Porsche Automobil Holding SE, Stuttgart/Deutschland; Ferdinand Piech GmbH, Grünwald/Deutschland;
Dipl.-Ing. Dr. h.c. Ferdinand Piëch GmbH, Salzburg/Österreich; Ferdinand Karl Alpha Privatstiftung,
Wien/Österreich),

Ferdinand Karl Alpha Privatstiftung, Wien/Österreich
(Porsche Automobil Holding SE, Stuttgart/Deutschland; Ferdinand Piech GmbH, Grünwald/Deutschland;
Dipl.-Ing. Dr. h.c. Ferdinand Piëch GmbH, Salzburg/Österreich),

Dipl.-Ing. Dr. h.c. Ferdinand Piëch GmbH, Salzburg/Österreich
(Porsche Automobil Holding SE, Stuttgart/Deutschland; Ferdinand Piech GmbH, Grünwald/Deutschland),

Ferdinand Piech GmbH, Grünwald/Deutschland
(Porsche Automobil Holding SE, Stuttgart/Deutschland).

- 3) Die Porsche Holding Gesellschaft m.b.H., Salzburg/Österreich, und die Porsche GmbH, Salzburg/Österreich, haben uns gemäß § 21 Abs. 1 WpHG mitgeteilt, dass ihr Stimmrechtsanteil an der Volkswagen Aktiengesellschaft am 5. Januar 2009 jeweils die Schwelle von 50% überschritten hat und zu diesem Tag jeweils 53,13% (156.702.015 Stimmrechte) beträgt.

Sämtliche vorgenannten 156.702.015 Stimmrechte sind der Porsche Holding Gesellschaft m.b.H. nach § 22 Abs. 1 S. 1 Nr. 1 WpHG zuzurechnen. Die Unternehmen, über die die Stimmrechte gehalten werden und deren zugerechneter Stimmrechtsanteil 3% oder mehr beträgt, sind:

- Porsche GmbH, Salzburg/Österreich;
- Porsche GmbH, Stuttgart/Deutschland;
- Porsche Automobil Holding SE, Stuttgart/Deutschland.

Von den vorgenannten 156.702.015 Stimmrechten sind der Porsche GmbH, Salzburg/Österreich, 50,76% der Stimmrechte (149.696.753 Stimmrechte) nach § 22 Abs. 1 S. 1 Nr. 1 WpHG zuzurechnen. Die Unternehmen, über die die Stimmrechte gehalten werden und deren zugerechneter Stimmrechtsanteil 3% oder mehr beträgt, sind:

- Porsche GmbH, Stuttgart/Deutschland;
- Porsche Automobil Holding SE, Stuttgart/Deutschland.

- 4) Die Porsche Wolfgang 1. Beteiligungs GmbH & Co. KG, Stuttgart, Deutschland, hat uns gemäß § 21 Abs. 1 WpHG mitgeteilt, dass ihr (indirekter) Stimmrechtsanteil an der Volkswagen Aktiengesellschaft, Wolfsburg, Deutschland, am 29. September 2010 die Schwellen von 3%, 5%, 10%, 15%, 20%, 25%, 30% und 50% der Stimmrechte überschritten und zu diesem Tag 50,74% der Stimmrechte (149.696.680 Stimmrechte) betragen hat.

Davon sind der Porsche Wolfgang 1. Beteiligungs GmbH & Co. KG 50,74% der Stimmrechte (149.696.680 Stimmrechte) nach § 22 Abs. 1 Satz 1 Nr. 1 WpHG zuzurechnen.

Die der Porsche Wolfgang 1. Beteiligungs GmbH & Co. KG zugerechneten Stimmrechte werden dabei über folgende von ihr kontrollierte Unternehmen, deren Stimmrechtsanteil an der Volkswagen Aktiengesellschaft jeweils 3% oder mehr beträgt, gehalten: Wolfgang Porsche GmbH, Grünwald, Familie Porsche Beteiligung GmbH, Grünwald, Porsche Automobil Holding SE, Stuttgart.

Die Stimmrechte wurden nicht durch Ausübung eines durch Finanzinstrumente nach § 25 Abs. 1 Satz 1 WpHG verliehenen Erwerbsrechts erlangt.

- 5) Die LK Holding GmbH, Salzburg, Österreich, hat uns gemäß § 21 Abs. 1 WpHG am 12.08.2013 mitgeteilt, dass ihr Stimmrechtsanteil an der VOLKSWAGEN AKTIENGESELLSCHAFT, Wolfsburg, Deutschland, am 10.08.2013 die Schwellen von 3%, 5%, 10%, 15%, 20%, 25%, 30% und 50% der Stimmrechte überschritten und zu diesem Tag 50,73% der Stimmrechte (149.696.681 Stimmrechte) betragen hat.

Davon sind der LK Holding GmbH 50,73% der Stimmrechte (149.696.681 Stimmrechte) nach § 22 Abs. 1 Satz 1 Nr. 1 WpHG zuzurechnen.

Die der LK Holding GmbH zugerechneten Stimmrechte werden dabei über folgende von ihr kontrollierte Unternehmen, deren Stimmrechtsanteil an der VOLKSWAGEN AKTIENGESELLSCHAFT jeweils 3% oder mehr beträgt, gehalten: Porsche Automobil Holding SE, Stuttgart; Familien Porsche-Kiesling Beteiligung GmbH, Grünwald; Louise Daxer-Piech GmbH, Grünwald.

- 6) Die Ahorner Alpha Beteiligungs GmbH, Grünwald, Deutschland, hat uns gemäß § 21 Abs. 1 WpHG am 11.09.2013 mitgeteilt, dass ihr Stimmrechtsanteil an der VOLKSWAGEN AKTIENGESELLSCHAFT, Wolfsburg, Deutschland, am 11.09.2013 die Schwellen von 3%, 5%, 10%, 15%, 20%, 25%, 30% und 50% der Stimmrechte überschritten und zu diesem Tag 50,73% der Stimmrechte (149.696.681 Stimmrechte) betragen hat. Davon sind der Ahorner Alpha Beteiligungs GmbH 50,73% der Stimmrechte (149.696.681 Stimmrechte) nach § 22 Abs. 1 Satz 1 Nr. 1 WpHG zuzurechnen.

Die der Ahorner Alpha Beteiligungs GmbH zugerechneten Stimmrechte werden dabei über folgende von ihr kontrollierte Unternehmen, deren Stimmrechtsanteil an der VOLKSWAGEN AKTIENGESELLSCHAFT jeweils 3% oder mehr beträgt, gehalten: Porsche Automobil Holding SE, Stuttgart.

- 7) Die Ahorner Beta Beteiligungs GmbH, Grünwald, Deutschland, hat uns gemäß § 21 Abs. 1 WpHG am 11.09.2013 mitgeteilt, dass ihr Stimmrechtsanteil an der VOLKSWAGEN AKTIENGESELLSCHAFT, Wolfsburg, Deutschland, am 11.09.2013 die Schwellen von 3%, 5%, 10%, 15%, 20%, 25%, 30% und 50% der Stimmrechte überschritten und zu diesem Tag 50,73% der Stimmrechte (149.696.681 Stimmrechte) betragen hat. Davon sind der Ahorner Beta Beteiligungs GmbH 50,73% der Stimmrechte (149.696.681 Stimmrechte) nach § 22 Abs. 1 Satz 1 Nr. 1 WpHG zuzurechnen.

Die der Ahorner Beta Beteiligungs GmbH zugerechneten Stimmrechte werden dabei über folgende von ihr kontrollierte Unternehmen, deren Stimmrechtsanteil an der VOLKSWAGEN AKTIENGESELLSCHAFT jeweils 3% oder mehr beträgt, gehalten: Ahorner Alpha Beteiligungs GmbH, Grünwald; Porsche Automobil Holding SE, Stuttgart.

- 8) Die Louise Daxer-Piech GmbH, Salzburg, Österreich, hat uns gemäß § 21 Abs. 1 WpHG am 11.09.2013 mitgeteilt, dass ihr Stimmrechtsanteil an der VOLKSWAGEN AKTIENGESELLSCHAFT, Wolfsburg, Deutschland, am 11.09.2013 die Schwellen von 3%, 5%, 10%, 15%, 20%, 25%, 30% und 50% der Stimmrechte überschritten und zu diesem Tag 50,73% der Stimmrechte (149.696.681 Stimmrechte) betragen hat. Davon sind der Louise Daxer-Piech GmbH 50,73% der Stimmrechte (149.696.681 Stimmrechte) nach § 22 Abs. 1 Satz 1 Nr. 1 WpHG zuzurechnen.

Die der Louise Daxer-Piech GmbH zugerechneten Stimmrechte werden dabei über folgende von ihr kontrollierte Unternehmen, deren Stimmrechtsanteil an der VOLKSWAGEN AKTIENGESELLSCHAFT jeweils 3% oder mehr beträgt, gehalten: Ahorner Beta Beteiligungs GmbH, Grünwald; Ahorner Alpha Beteiligungs GmbH, Grünwald; Porsche Automobil Holding SE, Stuttgart.

- 9) Die Ahorner Holding GmbH, Salzburg, Österreich, hat uns gemäß § 21 Abs. 1 WpHG am 11.09.2013 mitgeteilt, dass ihr Stimmrechtsanteil an der VOLKSWAGEN AKTIENGESELLSCHAFT, Wolfsburg, Deutschland, am 11.09.2013 die Schwellen von 3%, 5%, 10%, 15%, 20%, 25%, 30% und 50% der Stimmrechte überschritten und zu diesem Tag 50,73% der Stimmrechte (149.696.681 Stimmrechte) betragen hat. Davon sind der Ahorner Holding GmbH 50,73% der Stimmrechte (149.696.681 Stimmrechte) nach § 22 Abs. 1 Satz 1 Nr. 1 WpHG zuzurechnen.

Die der Ahorner Holding GmbH zugerechneten Stimmrechte werden dabei über folgende von ihr kontrollierte Unternehmen, deren Stimmrechtsanteil an der VOLKSWAGEN AKTIENGESELLSCHAFT jeweils 3% oder mehr beträgt, gehalten: Louise Daxer-Piech GmbH, Salzburg, Österreich; Ahorner Beta Beteiligungs GmbH, Grünwald; Ahorner Alpha Beteiligungs GmbH, Grünwald; Porsche Automobil Holding SE, Stuttgart.

- 10) Die Porsche Wolfgang 1. Beteiligungsverwaltungs GmbH, Stuttgart, Deutschland, hat uns gemäß § 21 Abs. 1 WpHG am 16. Dezember 2014 mitgeteilt, dass ihr Stimmrechtsanteil an der VOLKSWAGEN AKTIENGESELLSCHAFT, Wolfsburg, Deutschland, am 15. Dezember 2014 die Schwellen von 50%, 30%, 25%, 20%, 15%, 10%, 5% und 3% der Stimmrechte unterschritten und zu diesem Tag 0% der Stimmrechte (0 Stimmrechte) betragen hat.

- 11) Die Dr. Wolfgang Porsche Holding GmbH, Salzburg, Österreich, hat uns gemäß § 21 Abs. 1 WpHG am 17. Dezember 2014 mitgeteilt, dass ihr Stimmrechtsanteil an der VOLKSWAGEN AKTIENGESELLSCHAFT, Wolfsburg, Deutschland, am 15. Dezember 2014 die Schwellen von 3%, 5%, 10%, 15%, 20%, 25%, 30% und 50% der Stimmrechte überschritten und zu diesem Tag 50,73% der Stimmrechte (149.696.681 Stimmrechte) betragen hat. Davon sind der Dr. Wolfgang Porsche Holding GmbH 50,73% der Stimmrechte (149.696.681 Stimmrechte) nach § 22 Abs. 1 Satz 1 Nr. 1 WpHG zuzurechnen.

Die der Dr. Wolfgang Porsche Holding GmbH zugerechneten Stimmrechte werden dabei über folgende von ihr kontrollierte Unternehmen, deren Stimmrechtsanteil an der VOLKSWAGEN AKTIENGESELLSCHAFT jeweils 3% oder mehr beträgt, gehalten: Wolfgang Porsche GmbH, Grünwald; Familie Porsche Beteiligung GmbH, Grünwald; Porsche Automobil Holding SE, Stuttgart.

12) Folgende Personen haben uns gemäß § 21 Abs. 1 WpHG am 15.07.2015 jeweils mitgeteilt, dass ihr Stimmrechtsanteil an der VOLKSWAGEN AKTIENGESELLSCHAFT, Wolfsburg, Deutschland, am 14.07.2015 die Schwellen von 3%, 5%, 10%, 15%, 20%, 25%, 30% und 50% der Stimmrechte überschritten und zu diesem Tag jeweils 50,73% der Stimmrechte (149.696.681 Stimmrechte) betragen hat:

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

Davon sind jedem der vorgenannten Mitteilenden jeweils 50,73% der Stimmrechte (149.696.681 Stimmrechte) nach § 22 Abs. 1 Satz 1 Nr. 1 WpHG zuzurechnen.

Die ihnen zugerechneten Stimmrechte werden dabei jeweils über folgende von ihnen kontrollierte Unternehmen, deren Stimmrechtsanteil an der VOLKSWAGEN AKTIENGESELLSCHAFT jeweils 3% oder mehr beträgt, gehalten:

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) Die Familie Porsche Privatstiftung, Salzburg, Österreich, hat uns gemäß § 21 Abs. 1 WpHG am 15.07.2015 mitgeteilt, dass ihr Stimmrechtsanteil an der VOLKSWAGEN AKTIENGESELLSCHAFT, Wolfsburg, Deutschland, am 14.07.2015 die Schwellen von 50%, 30%, 25%, 20%, 15%, 10%, 5% und 3% der Stimmrechte unterschritten und zu diesem Tage 0% der Stimmrechte (0 Stimmrechte) betragen hat.

14) Die Ferdinand Porsche Privatstiftung, Salzburg, Österreich, hat uns gemäß § 21 Abs. 1 WpHG am 15.07.2015 mitgeteilt, dass ihr Stimmrechtsanteil an der VOLKSWAGEN AKTIENGESELLSCHAFT, Wolfsburg, Deutschland, am 14.07.2015 die Schwellen von 50%, 30%, 25%, 20%, 15%, 10%, 5% und 3% der Stimmrechte unterschritten und zu diesem Tage 0% der Stimmrechte (0 Stimmrechte) betragen hat.

15) Die Ferdinand Porsche Familien-Privatstiftung, Salzburg, Österreich, hat uns gemäß § 21 Abs. 1 WpHG am 15.07.2015 mitgeteilt, dass ihr Stimmrechtsanteil an der VOLKSWAGEN AKTIENGESELLSCHAFT, Wolfsburg, Deutschland, am 14.07.2015 die Schwellen von 3%, 5%, 10%, 15%, 20%, 25%, 30% und 50% der Stimmrechte überschritten und zu diesem Tag 50,73% der Stimmrechte (149.696.681 Stimmrechte) betragen hat. Davon sind der Ferdinand Porsche Familien-Privatstiftung 50,73% der Stimmrechte (149.696.681 Stimmrechte) nach § 22 Abs. 1 Satz 1 Nr. 1 WpHG zuzurechnen.

Die der Ferdinand Porsche Familien-Privatstiftung zugerechneten Stimmrechte werden dabei über folgende von ihr kontrollierte Unternehmen, deren Stimmrechtsanteil an der VOLKSWAGEN AKTIENGESELLSCHAFT jeweils 3% oder mehr beträgt, gehalten:

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) Folgende Personen haben uns gemäß § 21 Abs. 1 WpHG am 20.07.2015 jeweils mitgeteilt, dass ihr Stimmrechtsanteil an der VOLKSWAGEN AKTIENGESELLSCHAFT, Wolfsburg, Deutschland, am 14.07.2015 die Schwellen von 3%, 5%, 10%, 15%, 20%, 25%, 30% und 50% der Stimmrechte überschritten und zu diesem Tag jeweils 50,73% der Stimmrechte (149.696.681 Stimmrechte) betragen hat:

- Dr. Geraldine Porsche, Österreich,
- Diana Porsche, Österreich,
- Felix Alexander Porsche, Deutschland.

Davon sind jedem der vorgenannten Mitteilenden jeweils 50,73% der Stimmrechte (149.696.681 Stimmrechte) nach § 22 Abs. 1 Satz 1 Nr. 1 WpHG zuzurechnen. Die ihnen zugerechneten Stimmrechte werden dabei jeweils über folgende von ihnen kontrollierte Unternehmen, deren Stimmrechtsanteil an der VOLKSWAGEN AKTIENGESELLSCHAFT jeweils 3% oder mehr beträgt, gehalten:

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) Die Ferdinand Porsche Familien-Holding GmbH, Salzburg, Österreich, hat uns gemäß § 21 Abs. 1 WpHG am 4. August 2015 mitgeteilt, dass ihr Stimmrechtsanteil an der VOLKSWAGEN AKTIENGESELLSCHAFT, Wolfsburg, Deutschland, am 31. Juli 2015 die Schwellen von 3%, 5%, 10%, 15%, 20%, 25%, 30% und 50% der Stimmrechte überschritten und zu diesem Tag 50,73% der Stimmrechte (149.696.681 Stimmrechte) betragen hat. Davon sind der Ferdinand Porsche Familien-Holding GmbH 50,73% der Stimmrechte (149.696.681 Stimmrechte) nach § 22 Abs. 1 Satz 1 Nr. 1 WpHG zuzurechnen.

Die der Ferdinand Porsche Familien-Holding GmbH zugerechneten Stimmrechte werden dabei über folgende von ihr kontrollierte Unternehmen, deren Stimmrechtsanteil an der VOLKSWAGEN AKTIENGESELLSCHAFT jeweils 3% oder mehr beträgt, gehalten: 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%
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. 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 threshold 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			
<input type="checkbox"/> 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.).			
<input checked="" type="checkbox"/> <u>Full</u> 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 threshold 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			
<input type="checkbox"/> 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.).			
<input checked="" type="checkbox"/> <u>Full</u> 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)

QATAR

We have received the following notification:

- (1) Pursuant to section 21 (1) WpHG we hereby notify for and on behalf of the State of Qatar, acting by and through the Qatar Investment Authority, Doha, Qatar, that its indirect voting rights in Volkswagen Aktiengesellschaft
 - (a) exceeded the threshold of 10% on December 17, 2009 and amounted to 13.71% of the voting rights of Volkswagen Aktiengesellschaft (40,440,274 voting rights) as per this date
 - (i) 6.93% (20,429,274 voting rights) of which have been obtained by the exercise by Qatar Holding LLC of financial instruments within the meaning of section 25 (1) sentence 1 WpHG on that date granting the right to acquire shares in Volkswagen Aktiengesellschaft, and
 - (ii) all of which are attributed to the State of Qatar pursuant to section 22 (1) sentence 1 no. 1 WpHG.
 - (b) exceeded the threshold of 15% on December 18, 2009 and amounted to 17.00% of the voting rights of Volkswagen Aktiengesellschaft (50,149,012 voting rights) as per this date
 - (i) 3.29% (9,708,738 voting rights) of which have been obtained by the exercise by Qatar Holding LLC of financial instruments within the meaning of section 25 (1) sentence 1 WpHG on that date granting the right to acquire shares in Volkswagen Aktiengesellschaft, and
 - (ii) all of which are attributed to the State of Qatar pursuant to section 22 (1) sentence 1 no. 1 WpHG.

Voting rights that are attributed to the State of Qatar pursuant to lit. (a) and (b) above are held via the following entities which are controlled by it and whose attributed proportion of voting rights in Volkswagen Aktiengesellschaft amount to 3% each or more:

- (aa) Qatar Investment Authority, Doha, Qatar;
- (bb) Qatar Holding LLC, Doha, Qatar;
- (cc) Qatar Holding Luxembourg II S.à.r.l., Luxembourg, Luxembourg;
- (dd) Qatar Holding Netherlands B.V., Amsterdam, The Netherlands.

(2) Pursuant to section 21 (1) WpHG we hereby notify for and on behalf of the Qatar Investment Authority, Doha, Qatar, that its indirect voting rights in Volkswagen Aktiengesellschaft

(a) exceeded the threshold of 10% on December 17, 2009 and amounted to 13.71% of the voting rights of Volkswagen Aktiengesellschaft (40,440,274 voting rights) as per this date

(i) 6.93% (20,429,274 voting rights) of which have been obtained by the exercise by Qatar Holding LLC of financial instruments within the meaning of section 25 (1) sentence 1 WpHG on that date granting the right to acquire shares in Volkswagen Aktiengesellschaft, and

(ii) all of which are attributed to the Qatar Investment Authority pursuant to section 22 (1) sentence 1 no. 1 WpHG.

(b) exceeded the threshold of 15% on December 18, 2009 and amounted to 17.00% of the voting rights of Volkswagen Aktiengesellschaft (50,149,012 voting rights) as per this date

(i) 3.29% (9,708,738 voting rights) of which have been obtained by the exercise by Qatar Holding LLC of financial instruments within the meaning of section 25 (1) sentence 1 WpHG on that date granting the right to acquire shares in Volkswagen Aktiengesellschaft, and

(ii) all of which are attributed to the Qatar Investment Authority pursuant to section 22 (1) sentence 1 no. 1 WpHG.

Voting rights that are attributed to the Qatar Investment Authority pursuant to lit. (a) and (b) above are held via the entities as set forth in (1) (bb) through (dd) which are controlled by it and whose attributed proportion of voting rights in Volkswagen Aktiengesellschaft amount to 3% each or more.

(3) Pursuant to section 21 (1) WpHG we hereby notify for and behalf of Qatar Holding LLC, Doha, Qatar, that its direct and indirect voting rights in Volkswagen Aktiengesellschaft

(a) exceeded the threshold of 10% on December 17, 2009 and amounted to 13.71% of the voting rights of Volkswagen Aktiengesellschaft (40,440,274 voting rights) as per this date

(i) 6.93% (20,429,274 voting rights) of which have been obtained by the exercise of financial instruments within the meaning of section 25 (1) sentence 1 WpHG on that date granting the right to acquire shares in Volkswagen Aktiengesellschaft, and

(ii) 6.78% (20,011,000 voting rights) of which are attributed to Qatar Holding LLC pursuant to section 22 (1) sentence 1 no. 1 WpHG.

(b) exceeded the threshold of 15% on December 18, 2009 and amounted to 17.00% of the voting rights of Volkswagen Aktiengesellschaft (50,149,012 voting rights) as per this date

(i) 3.29% (9,708,738 voting rights) of which have been obtained by the exercise of financial instruments within the meaning of section 25 (1) sentence 1 WpHG on that date granting the right to acquire shares in Volkswagen Aktiengesellschaft, and

(ii) 6.78% (20,011,000 voting rights) of which are attributed to Qatar Holding LLC pursuant to section 22 (1) sentence 1 no. 1 WpHG.

Voting rights that are attributed to Qatar Holding LLC pursuant to lit. (a) and (b) above are held via the entities as set forth in (1) (cc) through (dd) which are controlled by it and whose attributed proportion of voting rights in Volkswagen Aktiengesellschaft amount to 3% each or more.

We have received the following notification:

- (1) Pursuant to section 21 (1) WpHG we hereby notify for and on behalf of Qatar Holding Luxembourg II S.à.r.l., Luxembourg, Luxembourg, that its indirect voting rights in Volkswagen Aktiengesellschaft exceeded the thresholds of 10% and 15% on December 18, 2009 and amounted to 17.00% of the voting rights of Volkswagen Aktiengesellschaft (50,149,012 voting rights) as per this date, all of which are attributed to Qatar Holding Luxembourg II S.à.r.l. pursuant to section 22 (1) sentence 1 no.1 WpHG.

Voting rights that are attributed to Qatar Holding Luxembourg II S.à.r.l. are held via the following entities which are controlled by it and whose attributed proportion of voting rights in Volkswagen Aktiengesellschaft amount to 3% each or more:

- (a) Qatar Holding Netherlands B.V., Amsterdam, The Netherlands;
- (b) Qatar Holding Germany GmbH, Frankfurt am Main, Germany.

- (2) Pursuant to section 21 (1) WpHG we hereby notify for and on behalf of Qatar Holding Netherlands B.V., Amsterdam, The Netherlands, that its indirect voting rights in Volkswagen Aktiengesellschaft exceeded the thresholds of 10% and 15% on December 18, 2009 and amounted to 17.00% of the voting rights of Volkswagen Aktiengesellschaft (50,149,012 voting rights) as per this date, all of which are attributed to Qatar Holding Luxembourg II S.à.r.l. pursuant to section 22 (1) sentence 1 no. 1 WpHG.

Voting rights that are attributed to Qatar Holding Netherlands B.V. are held via the entity as set forth in (1) (b) which is controlled by it and whose attributed proportion of voting rights in Volkswagen Aktiengesellschaft amounts to 3% or more.

- (3) Pursuant to section 21 (1) WpHG we hereby notify for and on behalf of Qatar Holding Germany GmbH, Frankfurt am Main, Germany, that its direct voting rights in Volkswagen Aktiengesellschaft exceeded the thresholds of 3%, 5%, 10% and 15% on December 18, 2009 and amounted to 17.00% of the voting rights of Volkswagen Aktiengesellschaft (50,149,012 voting rights) as per this date.

STATE OF LOWER SAXONY

Das Land Niedersachsen hat unter dem 2. Januar 2017 mitgeteilt, dass das Land Niedersachsen zum 31. Dezember 2016 insgesamt 59.022.310 Stammaktien der Volkswagen AG hält. Hiervon werden 440 Stück VW-Stammaktien direkt und 59.021.870 Stammaktien indirekt über die landeseigene Hannoversche Beteiligungsgesellschaft mbH (HanBG) gehalten.

RECONCILIATION OF NET INCOME TO NET RETAINED PROFITS

€ million	2016	2015
Net income / net loss for the year	2,799	-5,515
Retained profits brought forward	2	5
Appropriations to / release of revenue reserves	-1,399	5,580
Net retained profits	1,402	69

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 €1.0 billion be distributed from net retained profits of €1.4 billion, and that €0.4 billion be appropriated to other revenue reserves.

TOTAL EXPENSE FOR THE PERIOD

Cost of materials

€ million	2016	2015
Cost of raw materials, consumables and supplies, and of purchased merchandise	48,985	49,617
Cost of purchased services	4,650	11,550
	53,635	61,167

Personnel expenses

€ million	2016	2015
Wages and salaries	8,237	8,234
Social security, post-employment and other employee benefit costs	1,793	1,688
of which in respect of post-employment benefits	(456)	(461)
	10,030	9,923

WRITE-DOWNS OF LONG-TERM FINANCIAL ASSETS

€ million	2016	2015
Affiliated companies	256	-
Other equity investments	50	-
	305	-

Of the affiliated companies, this relates to VW India, Pvt. Ltd., Pune, India, among others, and, of the investments, to SGL Carbon GmbH, Wiesbaden.

AVERAGE NUMBER OF EMPLOYEES OF VOLKSWAGEN AG DURING THE YEAR

	2016	2015
by group		
Direct area	54,781	54,791
Indirect area	58,196	57,731
	112,977	112,523
Auszubildende	4,559	4,665
	117,536	117,188
by plant		
Wolfsburg	64,129	63,870
Hanover	14,267	14,083
Braunschweig	7,015	6,937
Kassel	16,384	16,364
Emden	8,905	9,032
Salzgitter	6,836	6,904
	117,536	117,188

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 POST-BALANCE SHEET DATE EVENTS

Negative 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. At the end of September 2015, Porsche SE reached agreement with the Suzuki Motor Corporation regarding the off-exchange purchase of 1.5% of the ordinary shares of Volkswagen AG. 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 in principle to reimburse Porsche SE for 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, which has now been completed, a compensation obligation running into the low three-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 is 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 2 January, 2017, the State of Lower Saxony and Hannoversche Beteiligungsgesellschaft mbH, Hanover, held 20.00% of the voting rights of Volkswagen AG on 31 December, 2016. As mentioned above, the General Meeting of Volkswagen AG on December 3, 2009 also resolved that the State of Lower Saxony may appoint two members of the Supervisory Board (right of appointment).

Members of the Board of Management and Supervisory Board of Volkswagen AG are members of supervisory and management boards or shareholders of other companies with which Volkswagen AG has relations in the normal course of business. All transactions with related parties are conducted on an arm's length basis.

The following tables present the amounts of supplies and services transacted 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 €17 million (previous year: €719 million).

RELATED PARTIES

€ million	SUPPLIES AND SERVICES RENDERED	SUPPLIES AND SERVICES RECEIVED
	2016	2016
Porsche SE	1	-
Supervisory Board members	0	-
Board of Management members	0	-
Consolidated subsidiaries	7,434	7,498
Unconsolidated subsidiaries	39	299
Joint ventures	1,568	812
Associates	5	133
Pension plans	4	-
State of Lower Saxony, its majority interests and joint ventures	5	5

€ million	INCOME FROM PROFIT AND LOSS TRANSFER AGREEMENTS	COST OF LOSS ABSORPTION	INTEREST INCOME	INTEREST EXPENSE
	2016	2016	2016	2016
Porsche SE	-	-	-	1
Consolidated subsidiaries	1,773	-	28	162
Unconsolidated subsidiaries	4	1	-0	0
Joint ventures	2,113	-	-	0
Associates	-	-	0	0

€ million	COLLATERAL GRANTED	COLLATERAL RECEIVED	CREDIT LINES GRANTED
	2016	2016	2016
Consolidated subsidiaries	377	-	6,280
Unconsolidated subsidiaries	-	-	117
Joint ventures	-	109	-
State of Lower Saxony, its majority interests and joint ventures	-	2	-

The Board of Management and Supervisory Board of the Volkswagen Group are related parties. The following benefits and remuneration were recorded as expenses for these persons in connection with their executive body membership:

€	2016	2015
Short-term benefits	44,121,431	65,020,873
Benefits based on virtual shares	-670,296	-
Post-employment benefits	5,829,277	1,746,494
Termination benefits	-	41,132,431
	49,280,412	107,899,797

By resolution of the Supervisory Board of Volkswagen AG at its meeting on April 22, 2016, 30% of the variable remuneration for fiscal year 2015 for the Board of Management members active on the date of the resolution was withheld and its disposal made subject to the Company's future share price performance.

Employee representatives on the Supervisory Board continue to receive a regular salary as stipulated in their employment contracts. This is based on the provisions of the Betriebsverfassungsgesetz (BetrVG – German Works Constitution Act) and is appropriate to their respective function or role in the Company. The same applies for representatives of senior management on the Supervisory Board.

The members of the Supervisory Board have declared to the Management Board that they waive their claims for all remuneration payments for the fiscal year 2016. Such waiver shall apply to the extent that those claims exceed the amount that would be due if the stipulations to be resolved by the General Meeting on May 10, 2017 regarding the remuneration for the Supervisory Board for the current and future fiscal years were applied for the fiscal year 2016. Since the waiver was declared after the end of the fiscal year 2016, it has no effect on the values shown in the notes.

Liabilities to members of the Board of Management for bonuses, benefits based on virtual shares and termination benefits in 2015 amounted to €26.2 million at the end of the year (previous year: €75.7 million). In addition, there were liabilities of €7.2 million (previous year: -) towards members of the Supervisory Board. The termination benefits relate to additions to pension provisions for active members of the Board of Management.

PENSIONS OF THE MEMBERS OF THE BOARD OF MANAGEMENT

€	SERVICE	PRESENT	SERVICE	PRESENT
	EXPENSE	VALUE AS OF	EXPENSE	VALUE AS OF
	2016	Dec. 31, 2016	2015	Dec. 31, 2015
Matthias Müller	192,698	19,101,848	214,899	18,537,453
Karlheinz Blessing	569,026	550,704	-	-
Herbert Diess	648,115	936,752	328,738	298,854
Francisco Javier Garcia Sanz	325,966	14,887,586	268,796	14,296,031
Jochem Heizmann	-875,971	14,988,243	-901,098	15,476,845
Christine Hohmann-Dennhardt	586,752	572,997	-	-
Christian Klingler	-	-	107,355	-
Horst Neumann	-	-	-814,385	-
Leif Östling	-	-	190,566	-
Hans Dieter Pötsch	-	-	-38,476	-
Andreas Renschler	3,449,716	7,477,713	4,026,819	4,026,819
Rupert Stadler	328,251	12,893,568	273,555	12,426,367
Martin Winterkorn	-	-	-1,026,405	-
Frank Witter	604,724	5,767,558	-883,870	5,099,047
Sum	5,829,277	77,176,969	1,746,494	70,161,416

REMUNERATION OF THE BOARD OF MANAGEMENT AND THE SUPERVISORY BOARD

€	2016	2015
Board of Management remuneration		
Non-performance-related remuneration	18,093,835	28,288,098
Performance-related remuneration	20,622,000	34,956,362
	38,715,835	63,244,460
Supervisory Board remuneration		
Fixed remuneration components	384,471	313,158
Variable remuneration components	4,508,626	-
	4,893,096	313,158
	43,608,931	63,557,618

The non-performance-related remuneration of the Board of Management comprises fixed remuneration and fringe benefits. The fixed remuneration component also includes differing levels of remuneration for the assumption of appointments at Group companies. 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. Fringe benefits relate to noncash benefits, including in particular the use of property such as company cars, as well as the payment of insurance premiums. Taxes incurred on these noncash benefits are largely borne by Volkswagen AG.

The performance-related remuneration comprises a bonus linked to business performance in the year under review and in the previous year, and since 2010, a long-term incentive (LTI), which is based on the reporting period and the three fiscal years preceding it. Members of the Board of Management can also be awarded bonuses that reflect their individual performance.

The performance-related remuneration measured in accordance with German GAAP includes the amounts withheld from the active Board of Management members whose disposal is subject to the Company's future share price performance. These are reported at their fair value of €4.2 million. Expenses of €0.8 million were recognized in the light of the performance of the share price as of December 31, 2016 but do not constitute remuneration under German commercial law. The amount withheld led to the creation of 50,703 virtual preferred shares.

In its meeting on February 24, 2017, the Supervisory Board accepted Mr. Blessing's offer to irrevocably relinquish the top-up amount of €512.5 thousand for fiscal year 2016 to reach the minimum remuneration. The waiver lowered the performance-related remuneration according to German GAAP of the current fiscal year.

On 31 December, 2016, pension obligations for members of the Board of Management amounted to €77.2 million (previous year: €70.2 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. Members of the Board of Management with contracts entered into on or after January 1, 2010 are entitled to payment of their normal remuneration for six to twelve months in the event of illness. Contracts entered into before that date grant remuneration for six months. In the event of disability, they are entitled to the retirement pension. Surviving dependents receive a widow's pension of 66 2/3% and a 20% orphan's pension based on the pension of the former member of the Board of Management.

Former members of the Board of Management and their surviving dependents received €11,1 million (previous year: €51.3 million). The figures for the previous year include the amounts agreed to be paid to Messrs. Östling, Winterkorn, Klingler and Pötsch in connection with their departure from the Board of Management. Provisions for pensions for these persons amounted to €205.6 million (previous year: €209.9 million).

No non-interest-bearing advances were paid to members of the Board of Management (previous year: €0.2 million).

Wolfsburg, 24 February, 2017

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, 24 February, 2017

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

Auditor's Report

On completion of our audit, we issued the following unqualified auditor's report dated February 24, 2017. This report was originally prepared in German. In case of ambiguities the German version takes precedence:

Auditor's Report

"We have audited the annual financial statements, comprising the balance sheet, the income statement and the notes to the financial statements, together with the bookkeeping system, and the management report, which is combined with the group management report of VOLKSWAGEN AKTIENGESELLSCHAFT, Wolfsburg, for the business year from January 1 to December 31, 2016. As required by Article 6b (5) EnWG ("Energie-wirtschaftsgesetz", "German Energy Industry Law"), the audit also included the company's observance of obligations for the accounting pursuant to Article 6b (3) EnWG whereby the activities pursuant to Article 6b (3) EnWG have to be accounted for in separate accounts. The maintenance of the books and records and the preparation of the annual financial statements and the combined management report in accordance with the regulations of German commercial law as well as the observance of the obligations pursuant to Article 6b (3) EnWG are the responsibility of the Company's Board of Management. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system and the combined management report and on the observance of obligations for the accounting pursuant to Article 6b (3) EnWG based on our audit.

We conducted our audit of the annual financial statements in accordance with § (Article) 317 HGB ("Handels-gesetzbuch": "German Commercial Code") and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements in accordance with (German) principles of proper accounting and in the combined management report are detected with reasonable assurance and to obtain reasonable assurance about whether, in all material aspects, the obligations for accounting pursuant to Article 6b (3) EnWG have been observed. Knowledge of the business activities and the economic and legal environment of the Company and expectations as to possible misstate-ments are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records, the annual financial statements and the combined management report, as well as the observance of obligations for accounting pursuant to Article 6b (3) EnWG are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by the Com-pany's Board of Management, as well as evaluating the overall presentation of the annual financial statements and the combined management report, and assessing whether the amounts stated and the classification of accounts pursuant to Article 6b (3) EnWG are appropriate and comprehensible and whether the principle of consistency has been observed. We believe that our audit provides a reasonable basis for our opinion.

Our audit of the annual financial statement, together with the bookkeeping system, and the management re-port has not led to any reservations.

In our opinion based on the findings of our audit, the annual financial statements comply with the legal re-quirements and give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with (German) principles of proper accounting. The combined management report is consistent with the annual financial statements, complies with legal requirements, as a whole provides a suita-ble view of the Company's position and suitably presents the opportunities and risks of future development. The audit of the observance of obligations for accounting pursuant to Article 6b (3) EnWG whereby the activi-ties pursuant to Article 6b (3) EnWG have to be accounted for in separate accounts has not led to any reserva-tions.

Without qualifying our opinion, we draw attention to the information provided and statements made in section “Key events in the fiscal year” of the notes to the financial statements and in section “Diesel Issue” of the combined management report with regard to the diesel issue, the underlying causes, the involvement of members of the board of management as well as the impact on these financial statements.

Based on the results of the various measures taken to investigate the issue presented so far, which underlie these financial statements, there is no validation that members of the 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, this could eventually have an impact on the annual and consolidated financial statements and on the combined management report for the fiscal year 2016 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.”

Hanover, February 24, 2017

PricewaterhouseCoopers
Aktiengesellschaft
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, 2016 or the date of departure from the Board of Management of Volkswagen AG

MATTHIAS MÜLLER (63)

Chairman (since September 26, 2015)
March 1, 2015*
Member of the Executive Board of
Porsche Automobil Holding SE
October 13, 2010*

DR. RER. SOC. KARLHEINZ BLESSING (59)

Human Resources and Organization
January 1, 2016*
Appointments:
○ Wolfsburg AG, Wolfsburg

DR. ING. HERBERT DIESS (58)

Chairman of the Brand Board of Management
Volkswagen Passenger Cars
July 1, 2015*
Appointments:
○ Infineon Technologies AG, Neubiberg

DR. RER. POL. H.C. FRANCISCO JAVIER GARCIA SANZ (59)

Procurement
July 1, 2001*
Appointments:
○ Hochtief AG, Essen
⊙ Criteria CaixaHolding S.A., Barcelona

PROF. DR. RER. POL. DR.-ING. E.H. JOCHEM HEIZMANN (64)

China
January 11, 2007*
Appointments:
○ Lufthansa Technik AG, Hamburg

DR. JUR. CHRISTINE HOHMANN-DENNHARDT (66)

Integrity and Legal Affairs
January 1, 2016 – January 31, 2017*
Appointments (on January 31, 2017):
⊙ Messe Frankfurt GmbH, Frankfurt am Main

ANDREAS RENSCHLER (58)

Commercial Vehicles
February 1, 2015*
Appointments:
○ Deutsche Messe AG, Hanover

PROF. RUPERT STADLER (53)

Chairman of the Board of Management of AUDI AG
January 1, 2010*
Appointments:
○ FC Bayern München AG, Munich

HILTRUD DOROTHEA WERNER (50)

Integrity and Legal Affairs
February 1, 2017*

FRANK WITTER (57)

Finance and Controlling
October 7, 2015*

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

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

* The beginning or the period of membership of the Board of Management.

Members of the Supervisory Board and their Appointments

Appointments as of December 31, 2016 or the date of departure from the Supervisory Board of Volkswagen AG

HANS DIETER PÖTSCH (65)

(Chairman; since October 7, 2015)

Chairman of the Executive Board and Chief Financial Officer of Porsche Automobil Holding SE
October 7, 2015*

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
- 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 (61)

(Deputy Chairman; since November 20, 2015)

1. Chairman of IG Metall
November 20, 2015*

Appointments:

- Robert Bosch GmbH, Stuttgart

DR. HUSSAIN ALI AL-ABDULLA (59)

Minister of State

April 22, 2010*

Appointments:

- Gulf Investment Corporation, Safat/Kuwait
- Kirnaf Finance, Riad (Chairman)
- Masraf Al Rayan, Doha (Chairman)
- Qatar Holding, Doha
- Qatar Investment Authority, Doha

AKBAR AL BAKER (56)

Minister of State and Group Chief Executive of Qatar Airways

May 5, 2015 – June 22, 2016*

Appointments (on June 22, 2016):

- Arab Air Carriers Organization, Beirut (Chairman)
- Heathrow Airport Holdings Ltd., London
- International Air Transport Association, Montreal

DR. HESSA SULTAN AL-JABER (57)

Minister of State

June 22, 2016*

Appointments:

- Qatar Satellite Company, Doha
- Malomatia, Doha
- Trio Investment, Doha

BIRGIT DIETZE (43)

Trade union secretary on management board of trade union IG Metall
June 1, 2016*

ANNIKA FALKENGREN (54)

President and Group Chief Executive of Skandinaviska Enskilda Banken AB
May 3, 2011*

Appointments:

- FAM AB, Stockholm
- Scania CV AB, Södertälje

DR. JUR. HANS-PETER FISCHER (57)

Chairman of the Board of Management of Volkswagen Management Association
January 1, 2013*

Appointments:

- Volkswagen Pension Trust e.V., Wolfsburg

DR. JUR. KLAUS LIESEN (85)

July 2, 1987 – May 3, 2006*

Honorary Chairman of the Supervisory Board of Volkswagen AG (since May 3, 2006)

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

* The beginning or the period of membership of the Supervisory Board.

UWE FRITSCH (60)

Chairman of the Works Council at the Volkswagen AG
Braunschweig plant

April 19, 2012*

Appointments:

- ⊙ Eintracht Braunschweig GmbH & Co KGaA,
Braunschweig
- ⊙ Basketball Löwen Braunschweig GmbH,
Braunschweig

BABETTE FRÖHLICH (51)

IG Metall,

Department head for coordination of Executive Board
duties and planning

October 25, 2007 – June 1, 2016*

UWE HÜCK (54)

Chairman of the General and Group Works Councils of
Dr. Ing. h.c. F. Porsche AG;

July 1, 2015*

Appointments:

- ⊙ Dr. Ing. h.c. F. Porsche AG, Stuttgart (Deputy
Chairman)
- ⊙ Porsche Automobil Holding SE, Stuttgart
(Deputy Chairman)

JOHAN JÄRVKLO (43)

Chairman of IF Metall at Scania AB

November 22, 2015*

Appointments:

- ⊙ Scania CV AB, Södertälje
- ⊙ Volkswagen Truck & Bus GmbH, Braunschweig

DR. LOUISE KIESLING (59)

Designer and entrepreneur

April 30, 2015*

OLAF LIES (49)

Minister of Economic Affairs, Labor and Transport for
the Federal State of Lower Saxony

February 19, 2013*

Appointments:

- ⊙ Deutsche Messe AG, Hanover (Chairman)
- ⊙ Container Terminal Wilhelmshaven JadeWeserPort-
Marketing GmbH & Co. KG, Wilhelmshaven
(Chairman)
- ⊙ Demografieagentur für die niedersächsische
Wirtschaft GmbH, Hanover (Chairman)
- ⊙ JadeWeserPort Realisierungs GmbH & Co. KG,
Wilhelmshaven (Chairman)
- ⊙ JadeWeserPort Realisierungs-Beteiligungs GmbH,
Wilhelmshaven (Chairman)

PETER MOSCH (44)

Chairman of the General Works Council of AUDI AG

January 18, 2006*

Appointments:

- ⊙ AUDI AG, Ingolstadt
- ⊙ Porsche Automobil Holding SE, Stuttgart
- ⊙ Audi Pensionskasse – Altersversorgung der
AUTO UNION GmbH, VVaG, Ingolstadt

BERND OSTERLOH (60)

Chairman of the General and Group Works Councils of
Volkswagen AG

January 1, 2005*

Appointments:

- ⊙ Autostadt GmbH, Wolfsburg
- ⊙ Porsche Automobil Holding SE, Stuttgart
- ⊙ Wolfsburg AG, Wolfsburg
- ⊙ 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 PIĚCH (74)

Lawyer in private practice

August 7, 2009*

Appointments:

- ⊙ AUDI AG, Ingolstadt
- ⊙ Dr. Ing. h.c. F. Porsche AG, Stuttgart
- ⊙ Porsche Automobil Holding SE, Stuttgart
- ⊙ Porsche Cars Great Britain Ltd., Reading
- ⊙ Porsche Cars North America Inc., 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

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

* The beginning or the period of membership of the
Supervisory Board.

DR. JUR. FERDINAND OLIVER PORSCHE (55)

Member of the Board of Management of Familie Porsche AG Beteiligungsgesellschaft

August 7, 2009*

Appointments:

- AUDI AG, Ingolstadt
- Dr. Ing. h.c. F. Porsche AG, Stuttgart
- Porsche Automobil Holding SE, Stuttgart
- ⊙ PGA S.A., Paris
- ⊙ Porsche Holding Gesellschaft m.b.H., Salzburg
- ⊙ Porsche Lizenz- und Handelsgesellschaft mbH & Co. KG, Ludwigsburg
- ⊙ Volkswagen Truck & Bus GmbH, Braunschweig

DR. RER. COMM. WOLFGANG PORSCHE (73)

Chairman of the Supervisory Board of Porsche Automobil Holding SE; Chairman of the Supervisory Board of Dr. Ing. h.c. F. Porsche AG

April 24, 2008*

Appointments:

- AUDI AG, Ingolstadt
- Dr. Ing. h.c. F. Porsche AG, Stuttgart (Chairman)
- Porsche Automobil Holding SE, Stuttgart (Chairman)
- ⊙ Familie Porsche AG Beteiligungsgesellschaft, Salzburg (Chairman)
- ⊙ Porsche Cars Great Britain Ltd., Reading
- ⊙ Porsche Cars North America Inc., Atlanta
- ⊙ Porsche Holding Gesellschaft m.b.H., Salzburg
- ⊙ Porsche Ibérica S.A., Madrid
- ⊙ Porsche Italia S.p.A., Padua
- ⊙ Schmittenhöhebahn AG, Zell am See

STEPHAN WEIL (58)

Minister-President of the Federal State of Lower Saxony

February 19, 2013*

STEPHAN WOLF (50)

Deputy Chairman of the General and Group Works Councils of Volkswagen AG

January 1, 2013*

Appointments:

- Volkswagen Financial Services AG, Braunschweig
- Wolfsburg AG, Wolfsburg
- ⊙ Volkswagen Pension Trust e.V., Wolfsburg

THOMAS ZWIEBLER (51)

Chairman of the Works Council of Volkswagen Commercial Vehicles

May 15, 2010*

COMMITTEES OF THE SUPERVISORY BOARD AS OF 31 DECEMBER, 2016**Members of the Executive Committee**

Hans Dieter Pötsch (Chairman)
 Jörg Hofmann (Deputy Chairman)
 Bernd Osterloh
 Dr. Wolfgang Porsche
 Stephan Weil
 Stephan Wolf

Members of the Mediation Committee in accordance with section 27(3) of the Mitbestimmungsgesetz (German Codetermination Act)

Hans Dieter Pötsch (Chairman)
 Jörg Hofmann (Deputy Chairman)
 Bernd Osterloh
 Stephan Weil

Members of the Audit Committee

Dr. Ferdinand Oliver Porsche (Chairman)
 Peter Mosch (Deputy Chairman)
 Birgit Dietze
 Annika Falkengren

Members of the Nomination Committee

Hans Dieter Pötsch (Chairman)
 Dr. Wolfgang Porsche
 Stephan Weil

Special Committee on Diesel Engines

Dr. Wolfgang Porsche (Chairman)
 Uwe Fritsch
 Olaf Lies
 Bernd Osterloh
 Dr. Ferdinand Oliver Porsche
 Thomas Zwiebler

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

* The beginning or the period of membership of the Supervisory Board.