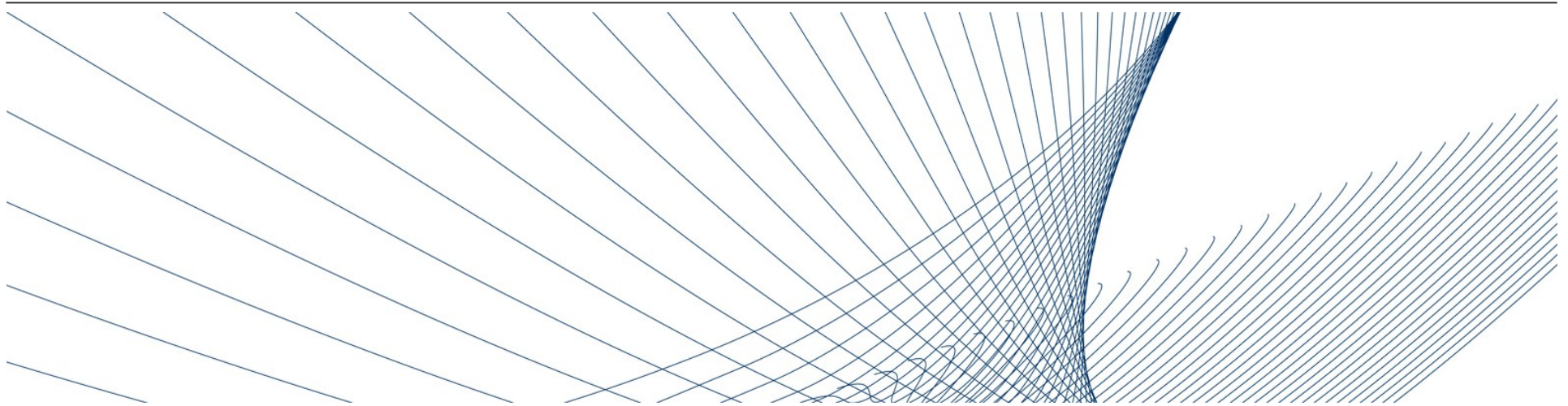


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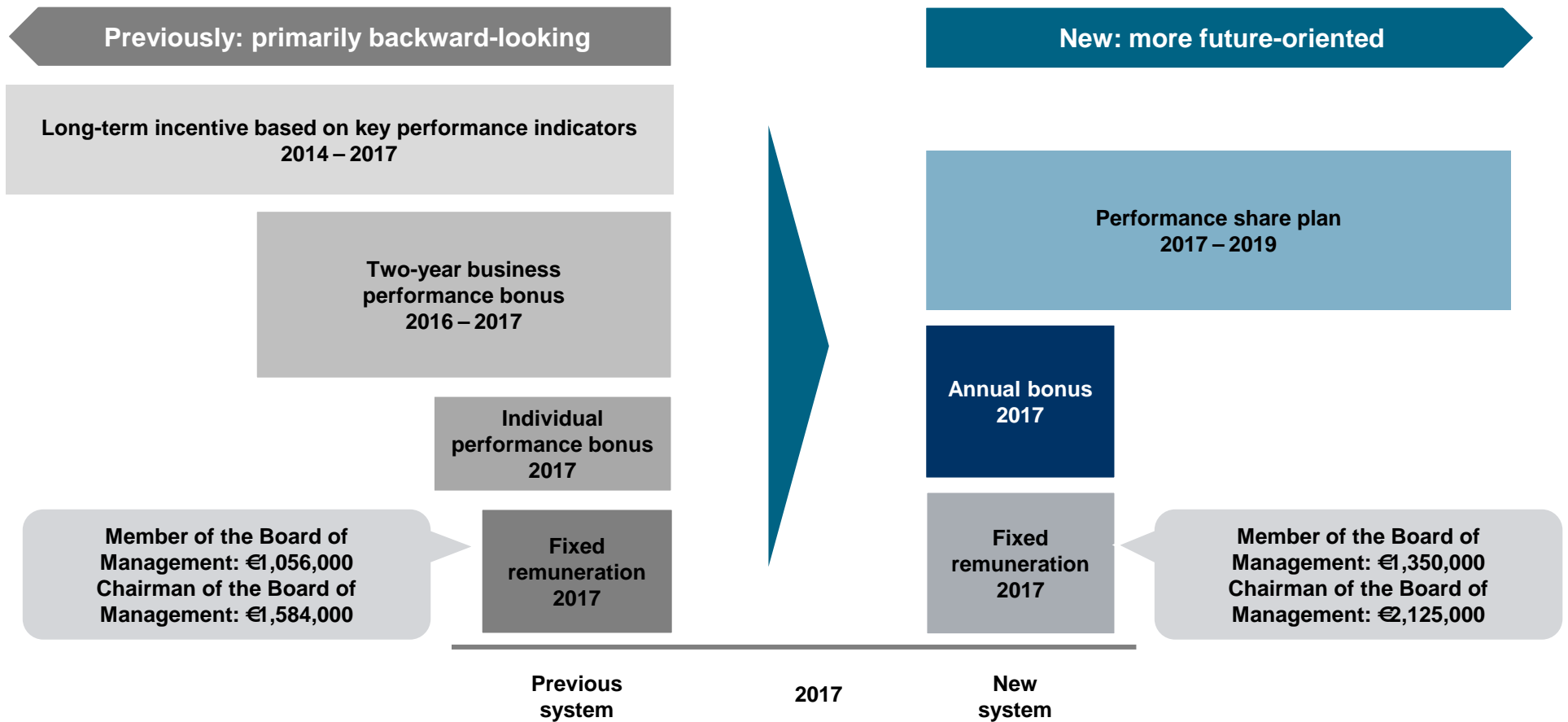


# **New remuneration system for the Board of Management – Presentation of essential principles**

March 2017

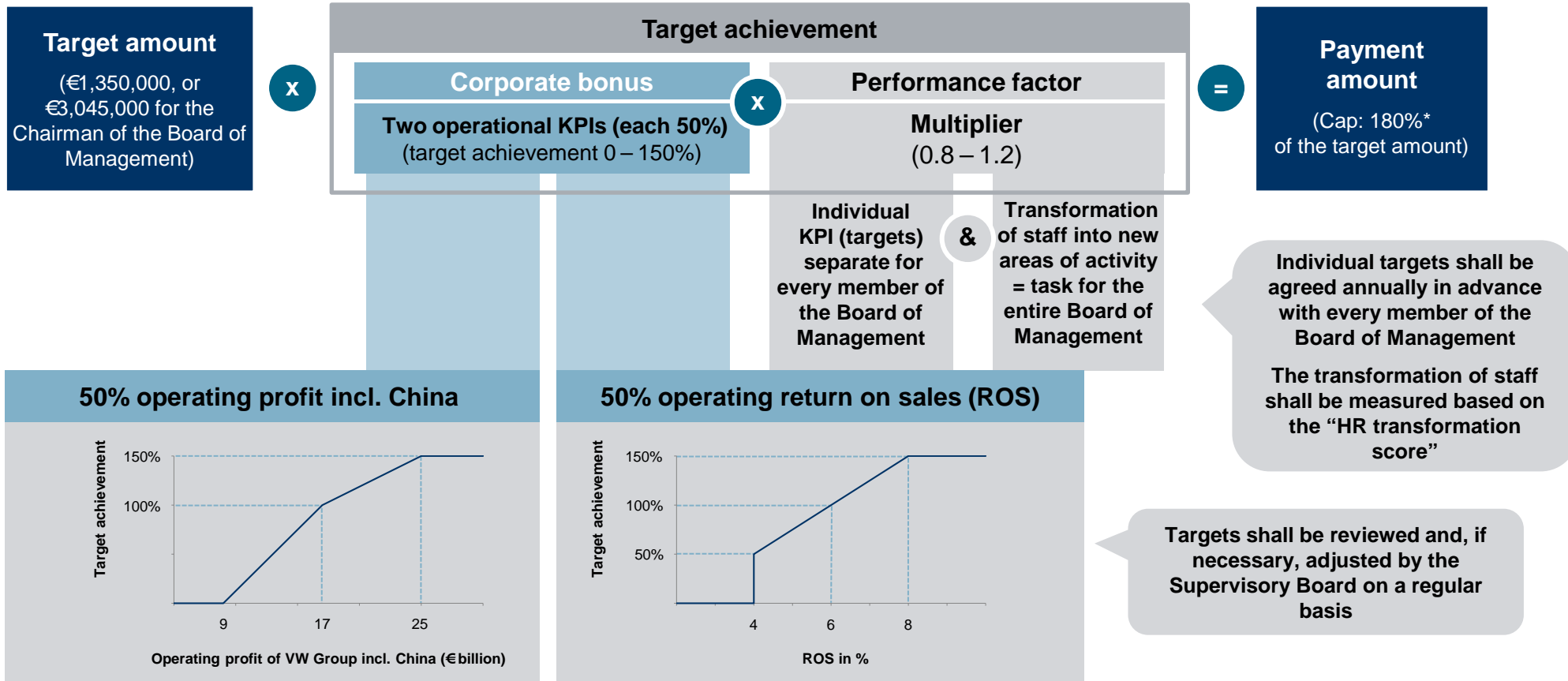
# New remuneration system for the Board of Management 2017

## Board of Management remuneration components



# New remuneration system for the Board of Management 2017

## Functionality of determining the annual bonus amount



\* Cap of 180% arises from 150% of the maximum financial target achievement and a performance factor up to a maximum of 1.2

# New remuneration system for the Board of Management 2017

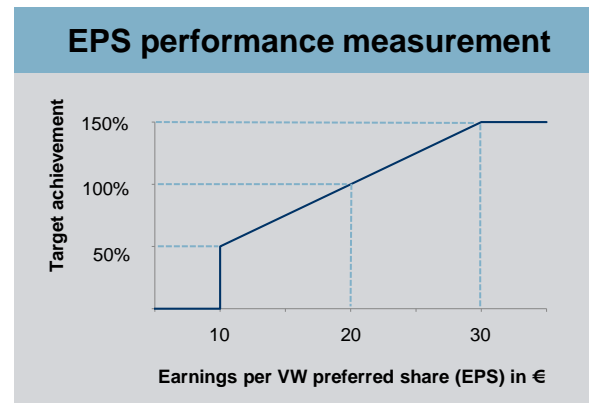
## Functionality of the performance share plan (“LTI”)

### Grant

- Grant effective from January 1 of the respective fiscal year.
- The annual target amount (€1,800,000, or €3,830,000 for the Chairman of the Board of Management) shall be converted into phantom VW preferred shares.
- The conversion is based on the unweighted average of the closing prices of the VW preferred share on the last 30 trading days before the grant date.
- The grant is entailed to a target value for the annual earnings per VW preferred share (EPS).

### Performance period

- In each year of the three-year term, one-third of the number of VW preferred shares initially granted shall be adjusted according to the degree of target achievement and subsequently be determined.
- Target shall be reviewed and, if necessary, adjusted by the Supervisory Board on a regular basis.



### Payment

- At the end of the three-year term, a cash settlement shall take place.
- The payment amount shall be calculated as the final number of determined phantom VW preferred shares, multiplied by the closing reference price at the end of the three-year period plus a dividend equivalent.
- The closing reference price shall be the unweighted average of the closing prices of the VW preferred share on the last 30 trading days before the expiry of the three-year term of the respective performance period.
- Cap: 150% target achievement, maximum payout 200% of the target amount.

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## New remuneration system for the Board of Management 2017

### Adjustment of the total remuneration cap

- Beyond the cap on the amount for the individual variable components, the annual benefits received according to the German Corporate Governance Code, consisting of the fixed remuneration and the variable remuneration components, shall not exceed an amount of €5,500,000, or €10,000,000 for the Chairman of the Board of Management.
- If the respective total cap amount is exceeded, the variable components shall be reduced proportionately.
- The amount of the total remuneration cap shall be reviewed annually by the Supervisory Board on the basis of market benchmarks to assess whether and to what extent an increase would be appropriate and necessary.