Disclosures Required Under Takeover Law

In this section, we present the disclosures relating to takeover law required by sections 289(4) and 315(4) of the HGB.

**CAPITAL STRUCTURE**

On December 31, 2013, Volkswagen AG’s share capital amounted to €1,191,009,251.84 (€1,190,995,445.76); it was composed of 295,089,818 ordinary shares and 170,148,171 preferred shares. This includes 5,393 preferred shares created as a result of the voluntary exercise of the mandatory convertible note. Each share conveys a notional interest of €2.56 in the share capital.

In addition to the issue of the €2.5 billion mandatory convertible note in November 2012, Volkswagen AG successfully placed a further €1.2 billion mandatory convertible note that entitles and obliges holders to subscribe for Volkswagen preferred shares in June 2013 (see also pages 88 and 163).

**SHAREHOLDER RIGHTS AND OBLIGATIONS**

The shares convey pecuniary and administrative rights. The pecuniary rights include in particular the shareholders’ right to participate in profits (section 58(4) of the Aktiengesetz (AktG – German Stock Corporation Act)), the right to participate in liquidation proceeds (section 271 of the AktG) and preemptive rights to shares in the event of capital increases (section 186 of the AktG) that can be disapplied by the Annual General Meeting with the approval of the Special Meeting of Preferred Shareholders, where appropriate. Administrative rights include the right to attend the Annual General Meeting and the right to speak there, to ask questions, to propose motions and to exercise voting rights. Shareholders can enforce these rights in particular through actions seeking disclosure and actions for avoidance.

Each ordinary share grants the holder one vote at the Annual General Meeting. The Annual General Meeting elects shareholder representatives to the Supervisory Board and elects the auditors; in particular, it resolves the appropriation of net profit, formally approves the actions of the Board of Management and the Supervisory Board, resolves amendments to the Articles of Association, capitalization measures and authorizations to purchase treasury shares; if required, it also resolves the performance of a special audit, the removal before the end of their term of office of Supervisory Board members elected at the Annual General Meeting and the winding-up of the Company.

Preferred shareholders generally have no voting rights. However, in the exceptional case that preferred shareholders are granted voting rights by law (for example, when preferred share dividends were not paid in one year and not compensated for in full in the following year), each preferred share also grants the holder one vote at the Annual General Meeting. Furthermore, preferred shares entitle the holder to a €0.06 higher dividend than ordinary shares (further details on this right to preferred and additional dividends are specified in Article 27(2) of the Articles of Association).

The Gesetz über die Überführung der Anteilsrechte an der Volkswagenwerk Gesellschaft mit beschränkter Haftung in private Hand (VW-Gesetz – Act on the Privatization of Shares of Volkswagenwerk Gesellschaft mit beschränkter Haftung) of July 21, 1960, as amended on July 30, 2009, includes various provisions in derogation of the German Stock Corporation Act, for example on exercising voting rights by proxy (section 3 of the VW-Gesetz) and on majority voting requirements at the Annual General Meeting (section 4(3) of the VW-Gesetz). The European Commission brought an action against Volkswagen at the European Court of Justice (ECJ) because it was of the opinion that this majority requirement does not comply with the Treaty on the Functioning of the European Union (TFEU, formerly the EU Treaty). The ECJ delivered its ruling on October 22, 2013 and dismissed the action brought by the European Commission. The VW-Gesetz, as amended on July 30, 2009, therefore does not need to be amended.

In accordance with the Volkswagen AG Articles of Association (Article 11(1)), the State of Lower Saxony is entitled to appoint two members of the Supervisory Board of Volkswagen AG for as long as it directly or indirectly holds at least 15 percent of Volkswagen AG’s ordinary shares. In addition, resolutions by the General Meeting that are required by law to be adopted by a qualified majority require a majority of more than 80 percent of the share capital of the Company represented when the resolution is adopted (Article 25(2)), regardless of the provisions of the VW-Gesetz. The European Commission also considered this provision of the Articles of Association to be incompatible with the TFEU. The ECJ dismissed this complaint in its ruling of October 22, 2013.
SHAREHOLDINGS EXCEEDING 10% OF VOTING RIGHTS
Shareholdings in Volkswagen AG that exceed 10% of voting rights are shown in the notes to the annual financial statements of Volkswagen AG and in the notes to the Volkswagen consolidated financial statements starting on pages 272 of this annual report.

COMPOSITION OF THE SUPERVISORY BOARD
The Supervisory Board consists of 20 members, half of whom are shareholder representatives. In accordance with Article 11(1) of the Articles of Association, the State of Lower Saxony is entitled to appoint two of these shareholder representatives for as long as it directly or indirectly holds at least 15% of the Company’s ordinary shares. The remaining shareholder representatives on the Supervisory Board are elected by the Annual General Meeting.

The other half of the Supervisory Board consists of employee representatives elected by the employees in accordance with the Mitbestimmungsgesetz (MitbestG – German Codetermination Act). A total of seven of these employee representatives are Company employees elected by the workforce; the other three employee representatives are trade union representatives elected by the workforce.

The Chairman of the Supervisory Board is generally a shareholder representative elected by the other members of the Supervisory Board. In the event that a Supervisory Board vote is tied, the Chairman of the Supervisory Board has a casting vote in accordance with the MitbestG.

Information about the composition of the Supervisory Board can be found on pages 66 to 68 of this annual report.

STATUTORY REQUIREMENTS AND REQUIREMENTS OF THE ARTICLES OF ASSOCIATION WITH REGARD TO THE APPOINTMENT AND REMOVAL OF BOARD OF MANAGEMENT MEMBERS AND TO AMENDMENTS TO THE ARTICLES OF ASSOCIATION
The appointment and removal of members of the Board of Management are governed by sections 84 and 85 of the AktG, which specify that members of the Board of Management are appointed by the Supervisory Board for a maximum of five years. Board of Management members may be reappointed or have their term of office extended for a maximum of five years in each case. In addition, Article 6 of the Articles of Association states that the number of Board of Management members is stipulated by the Supervisory Board and that the Board of Management must consist of at least three persons.

The Annual General Meeting resolves amendments to the Articles of Association (section 119(1) of the AktG). In accordance with section 4(3) of the VW-Gesetz as amended on July 30, 2009 and Article 25(2) of the Articles of Association, Annual General Meeting resolutions to amend the Articles of Association require a majority of more than four-fifths of the share capital represented.

POWERS OF THE BOARD OF MANAGEMENT, IN PARTICULAR CONCERNING THE ISSUE OF NEW SHARES AND THE REPURCHASE OF TREASURY SHARES
According to German stock corporation law, the Annual General Meeting can, for a maximum of five years, authorize the Board of Management to issue new shares. It can also authorize the Board of Management, for a maximum of five years, to issue bonds on the basis of which new shares are to be issued. The Annual General Meeting also decides the extent to which shareholders have preemptive rights to the new shares or bonds. The highest amount of authorized share capital or contingent capital available for these purposes is determined by Article 4 of the Articles of Association of Volkswagen AG, as amended.
The Annual General Meeting on April 19, 2012 resolved to authorize the Board of Management, with the consent of the Supervisory Board, to increase the Company’s share capital by a total of up to €110.0 million (corresponding to approximately 43 million shares) on one or more occasions up to April 18, 2017 by issuing new ordinary and/or nonvoting preferred bearer shares – including with shareholders’ preemptive rights disapplied – against cash and/or noncash contributions. Additionally, the Board of Management is authorized to increase the share capital by up to a total of €179.4 million on one or more occasions up to December 2, 2014 by issuing new nonvoting preferred shares against cash contributions. Furthermore, the share capital can be increased by up to €102.4 million by issuing nonvoting preferred shares, in order to settle the conversion or option rights of holders or creditors of convertible bonds or bonds with warrants to be issued before April 21, 2015. This authorization was partially exercised in November 2012 by the issuance of a mandatory convertible note in the amount of €2.5 billion and in June 2013 by a further mandatory convertible note in the amount of €1.2 billion. Further details on the authorization to issue new shares and their permitted uses may be found in the notes to the consolidated financial statements on page 228.

Opportunities to acquire treasury shares are governed by section 71 of the AktG. The Board of Management was most recently authorized to acquire treasury shares up to a maximum of 10% of the share capital at the Annual General Meeting on April 19, 2012. This authorization applies until April 18, 2017 and has not so far been exercised.

MATERIAL AGREEMENTS OF THE PARENT COMPANY IN THE EVENT OF A CHANGE OF CONTROL FOLLOWING A TAKEOVER BID

A banking syndicate granted Volkswagen AG a syndicated credit line amounting to approximately €5.0 billion that runs until July 2018.

The syndicate members were granted the right to call their portion of the syndicated credit line if Volkswagen AG is merged with a third party or becomes a subsidiary of another company. However, this call right does not apply in the event of a merger by absorption of Porsche Holding SE, one of its subsidiaries, or one of its holding companies and Volkswagen AG in which Volkswagen AG is the acquiring legal entity.

RESTRICTIONS ON THE TRANSFER OF SHARES

Volkswagen AG and Suzuki Motor Corporation have agreed mutual approval and preemptive tender rights if the shares held by the other contracting party are to be sold. As of the reporting date, Volkswagen held a 19.9% stake in Suzuki.