

# VOLKSWAGEN

AKTIENGESELLSCHAFT

**Publication by virtue of clauses 1 and 2 of the settlement concluded on 30 November 2010 which was published in the Electronic Federal Gazette (*Elektronischer Bundesanzeiger*) on 3 December 2010 in respect of various legal actions against resolutions passed at the Extraordinary General Meeting of Volkswagen AG on 3 December 2009**

1) Comments pursuant to clause 1 of the settlement: The General Meeting of Volkswagen Aktiengesellschaft resolved in an Extraordinary General Meeting held on 3 December 2009 with the required majority of votes to create the right in favour of the Federal State of Lower Saxony (*Niedersachsen*) to appoint two members of the Supervisory Board (*Aufsichtsrat*) for as long as it directly or indirectly holds at least 15 percent of the company's ordinary shares.

The Supervisory Board and Management Board (*Vorstand*) submitted this proposal for the adoption of a resolution by the Annual General Meeting, because they believe, and continue to believe, that the proposed amendment to the Articles of Association is in the interests of (both) the company and its shareholders.

Over the past several decades since Volkswagen Aktiengesellschaft evolved into its current form, the Federal State of Lower Saxony has proven to be a reliable and regular anchor investor. The Federal State of Lower Saxony has also provided the company with support and assistance as the company underwent difficult entrepreneurial phases of transformation. The Federal State of Lower Saxony has at all times taken up positions as they are called for in connection with "good corporate governance" nowadays, in particular, in promoting the long-term success of the company and ensuring that the interests of employees and the general public are taken into account. In addition, as a major shareholder in Volkswagen Aktiengesellschaft with seats on its Supervisory Board, the Federal State of Lower Saxony has at all times facilitated the further development of the company, which is today one of the world's leading automobile manufacturers.

The company is of the view that the state should continue to play this role in the future and that the legal basis to do so should be established. The best way to ensure such legal basis was to create rights of appointment. Porsche Automobil Holding SE has held a majority of the voting rights at the company's Annual General Meeting since 2008. Porsche Automobil Holding SE would thus be in a position to decide alone by virtue of its majority which shareholder representatives is elected by the General Meeting to the Supervisory Board. Representation of the Federal State of Lower Saxony on the Supervisory Board would thus only be possible with Porsche Automobilholding SE's consent.

The creation of rights of appointment in favour of the Federal State of Lower Saxony is also be in the interests of minority shareholders. The rights of appointment ensure that the Federal State of Lower Saxony is represented on the company's Supervisory Board and can also safeguard the interests of the company, the general public and the employees when they do not happen to be aligned with the interests of the majority shareholder. By contrast, free float shareholders who own ordinary shares as well as preference shareholders are normally unable to elect their favoured shareholder representative to the Supervisory Board. The creation of rights of appointment will thus result in an appropriate shift in the balance of power in the company's Supervisory Board.

2) Comments on clause 2 of the settlement: The Annual General Meeting resolved in an Extraordinary General Meeting of Volkswagen Aktiengesellschaft held on 3 December 2009 with the required majority of votes, that resolutions by the Annual General Meeting that are required by law to be adopted by a majority of at least three quarters of the share capital represented, will require a majority of more than 80 percent of the share capital of the company represented at the time the resolution is passed.

The Supervisory Board (*Aufsichtsrat*) and Management Board (*Vorstand*) submitted this proposal for the adoption of a resolution by the Annual General Meeting, because they believe, and continue to believe, that the proposed amendment to the Articles of Association is in the interests of (both) the company and its shareholders.

Over the past several decades since Volkswagen Aktiengesellschaft evolved into its current form, a number of provisions have been incorporated aimed at protecting the company against the voting power of one single shareholder. This is also intended by adequately reducing the blocking minority (*Sperrminorität*) threshold applicable to key decisions which are required by law to be adopted by a majority of at least three quarters of the share capital represented. This will make it easier for individual shareholders or groups of shareholders to exert greater influence on the adoption of resolutions. German stock corporation law explicitly permits such reduction of the blocking minority threshold.

The company is of the view that a reduced blocking minority threshold should continue to apply in the future. Porsche Automobil Holding SE has been holding a majority of the voting rights at the company's General Meetings since 2008. Due to the attendance at the company's General Meetings, Porsche Automobil Holding SE would be in the position to pass key decisions requiring a qualified majority together with one of the other key shareholders. The reduced blocking minority threshold enables the Federal State of Lower Saxony (*Niedersachsen*) to block such resolutions in any case.

The reduced blocking minority threshold is also in the interests of minority shareholders. It ensures that shareholders voting together as a block are prevented from passing key decisions in the face of opposition from key shareholders. By contrast, free float shareholders who own ordinary shares as well as preference shareholders are normally unable to block resolutions being passed by the General Meeting which they do not consider to be expedient. The reduced blocking minority threshold will thus result in an appropriate balance of power in the company's General Meeting.

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