THIS IS A NON-BINDING ENGLISH TRANSLATION OF THE APPROVED GERMAN PROSPECTUS DATED MARCH 23, 2010

VOLKSWAGEN

AKTIENGESELLSCHAFT

Prospectus

for the public offering by way of pre-placement and indirect subscription offer

and

for admission to the regulated market with simultaneous admission to the sub-segment of the Regulated Market with additional post-admission obligations (Prime Standard) of the Frankfurt Stock Exchange and for admission to the regulated markets of the stock exchanges in Hanover, Berlin, Düsseldorf, Hamburg, Munich and Stuttgart as well as admission to the regulated markets of the stock exchanges in London and Luxembourg

of

up to 65,000,000 new, no-par value preferred bearer shares
(shares without nominal value)

from

the capital increase against cash contribution from authorized capital with subscription rights of the shareholders of Volkswagen Aktiengesellschaft anticipated to be resolved by the Board of Management of the Company on March 26, 2010 with the approval of the Supervisory Board on March 26, 2010

– each with a notional interest of EUR 2.56 per share in the share capital and with full dividend rights as of January 1, 2009 –

of

Volkswagen Aktiengesellschaft
Wolfsburg

International Securities Identification Number (ISIN): DE0007664039
Wertpapier-Kenn-Nummer (WKN – Securities Identification Number): 766403

Global Coordinators and Joint Lead Bookrunners

BofA Merrill Lynch **Citi** **Deutsche Bank** **HSBC Trinkaus** **J.P. Morgan**

Co-Bookrunners

BNP PARIBAS **COMMERZBANK** **Crédit Agricole CIB** **Credit Suisse**

Landesbank Baden-Württemberg **Morgan Stanley** **SOCIÉTÉ GÉNÉRALE Corporate & Investment Banking** **UniCredit Bank AG**

March 23, 2010

CONTENTS

Section	Page

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1. SUMMARY OF THE PROSPECTUS

*The following summary should be read as an introduction to this prospectus (the "**Prospectus**"). It summarizes information contained in this Prospectus and is supplemented by more detailed information contained elsewhere in this Prospectus. Investors should base any decision as to whether to invest in the shares of Volkswagen Aktiengesellschaft described herein on examination of the Prospectus as a whole due to the considerably more detailed information in other parts of the Prospectus. Volkswagen Aktiengesellschaft, Berliner Ring 2, 38440 Wolfsburg, Germany ("**Volkswagen Aktiengesellschaft**" or "**Company**" and together with its consolidated subsidiaries the "**Volkswagen Group**" or "**Volkswagen**") and Citigroup Global Markets Limited, Deutsche Bank Aktiengesellschaft, HSBC Trinkaus & Burkhardt AG, J. P. Morgan Securities Ltd. and Merrill Lynch International as Global Coordinators and Joint Lead Bookrunners (collectively the "**Global Coordinators**") as well as BNP PARIBAS, COMMERZBANK Aktiengesellschaft, Crédit Agricole Corporate & Investment Bank, Credit Suisse Securities (Europe) Limited, Landesbank Baden-Württemberg, Morgan Stanley Bank AG, Société Générale and UniCredit Bank AG (collectively the "**Co-Bookrunners**" and together with the Global Coordinators the "**Underwriters**") assume responsibility for the content of this summary in accordance with section 5(2) sentence 3 no. 4 of the Wertpapierprospektgesetz (WpPG – German Securities Prospectus Act). They can be held liable for the content of the summary, however only in cases where the summary is misleading, inaccurate or contradictory when read in conjunction with the other parts of the Prospectus. Where a claim relating to the information contained in this Prospectus is brought before a court, the plaintiff investor might, under the relevant national legislation of the individual states of the European Economic Area, have to bear the costs of translating the Prospectus before the legal proceedings are initiated.*

1.1 Summary of the business activities of the Volkswagen Group

Volkswagen views itself as one of the world's leading multibrand groups in the automotive industry. The business operations of the various companies comprising the Volkswagen Group focus on the development, production and sale of passenger cars, light commercial vehicles, trucks and buses.

In terms of unit sales (i.e. the number of vehicles sold to dealers), Volkswagen is one of the world's leading automobile manufacturers and is the largest automobile manufacturer in Europe (source: Volkswagen Group data and IHS Global Insight, "AutoInsight Data" database, as of March 1, 2010 with the exception of the figures for the production of passenger cars and light commercial vehicles (as of February 11, 2010) and the figures relating to trucks (as of March 10, 2010) ("**Global Insight**")). With the products of its group brands Volkswagen Passenger Cars, Audi, Škoda, SEAT and Volkswagen Commercial Vehicles, Volkswagen, in the so-called high-volume business (i.e. production and unit sales of vehicles with a large number of units per model), addresses business and retail customers from a wide range of customer segments and in multiple regional markets. In the luxury class, Volkswagen is represented by the group brands Lamborghini, Bentley and Bugatti. In the heavy commercial vehicle sector (trucks with a gross vehicle weight in excess of 16 tonnes, buses and special vehicles), Volkswagen conducts business under the Scania brand. Volkswagen also indirectly holds 49.9% of the share capital of Dr. Ing. h.c. F. Porsche Aktiengesellschaft, 28.67% of the share capital and 29.9% of the voting rights of MAN SE ("**MAN**") and 19.89% of the share capital of Suzuki Motor Corporation ("**Suzuki**").

Volkswagen Group's business operations encompass the Automotive and Financial Services Divisions. In the Automotive Division, Volkswagen develops vehicles and engines, produces and sells passenger cars, light commercial vehicles, trucks and buses and carries out its genuine parts business. In fiscal year 2009, Volkswagen delivered a total of approximately 6.336 million vehicles to its customers worldwide (passenger cars, light commercial vehicles, trucks and buses). Volkswagen's range of products comprises approximately 200 passenger car and commercial vehicle models, plus additional models developed from these base models, referred to as derivatives. With this range of automotive products, Volkswagen covers all major product classes and vehicle types, from small cars to super sports cars in the passenger car sector and from pick-ups to heavy trucks in the commercial vehicles sector.

The Financial Services Division includes customer and dealer financing, leasing, direct banking and insurance activities and fleet management. The primary purpose of the Financial Services Division is to promote Volkswagen's sales and customer retention.

Volkswagen Group operates 60 locations (including the two Chinese joint ventures) in 15 European countries, six North and South American countries and in Asia and Africa; vehicles are manufactured at 40 of these locations. Volkswagen Group has close to 370,000 employees worldwide (including the Chinese joint ventures) and sells its vehicles in more than 150 countries. Volkswagen's Financial Services Division has approximately 8,000 employees in 37 countries.

The regional markets for Volkswagen's products and services consist of Germany with 28.4% of group sales revenue from sales to third parties in fiscal year 2009 (2008: 24.3%, 2007: 24.7%), Europe and Other Regions (excluding Germany) with 43.1% (2008: 48.5%, 2007: 48.6%), North America with 10.8% (2008: 11.2%, 2007: 12.1%), South America with 9.1% (2008: 8.6%, 2007: 7.7%) and Asia-Pacific with 8.5% (2008: 7.4%, 2007: 6.9%) (in all cases not including the two Chinese joint ventures).

1.2 Summary of the Offering

Subject matter of the Offering . . . . . The offering (the "**Offering**") relates to up to 65,000,000 new no-par value, non-voting preferred bearer shares (shares without nominal value) of the Company, each with a notional interest of EUR 2.56 in the share capital of the Company and carrying full dividend rights from January 1, 2009 (the "**New Shares**").

The New Shares will originate from the capital increase against cash contribution from authorized capital with subscription rights of the shareholders in accordance with Article 4(4) of the Articles of Association of the Company and registered on March 12, 2010 with the commercial register of the Local Court of Braunschweig (*Amtsgericht Braunschweig*). In accordance with Article 4(4) of the Articles of Association of Volkswagen Aktiengesellschaft, the Board of Management of Volkswagen Aktiengesellschaft is authorized, until December 2, 2014, to increase the share capital, with the approval of the Supervisory Board, by issuing new non-voting preferred bearer shares against cash contribution on one or more occasions up to a total of EUR 345,600,000 (corresponding to 135,000,000 non-voting shares). Such shares will carry the same rights under the Articles of Association as the preferred shares described in Articles 23 and 27(2) of Volkswagen Aktiengesellschaft's Articles of Association. Shareholders are to be granted subscription rights in such issuance. Other features of the rights attached to the shares and the conditions applicable to their issuance are determined by the Board of Management of the Company, with the approval of the Supervisory Board. The Board of Management of the Company resolved on March 23, 2010, when utilizing this authorization, with the approval of the same day of the presidium of the Supervisory Board (the "**Presidium**"), authorized by resolution of the Supervisory Board on February 26, 2010, to increase the share capital of the Company from authorized capital by up to EUR 166,400,000 by issuing up to 65,000,000 new preferred shares against cash contribution (the "**Utilization Resolution**"). Furthermore, the Board of Management of the Company will determine in its resolution the exact number of new shares to be issued, the Subscription Ratio and the Offer Price (as defined below) and the Subscription Price (as defined below) for the new shares; such resolution is expected to be adopted on March 26, 2010, with the approval of the Supervisory Board by the Presidium of the Supervisory Board expected on the same day (the "**Determination Resolution**").

The implementation of the capital increase is expected to be registered in the commercial register of the Local Court of Braunschweig (*Amtsgericht Braunschweig*) (the "**Commercial Register**") on March 29, 2010. After registration of the capital increase in the Commercial Register, the share capital of the Company will be increased by the amount determined in the Determination Resolution. If the Determination Resolution provides for the issuance of 65,000,000 New Shares and accordingly a capital increase of EUR 166,400,000, the share capital of the Company registered with the Commercial Register upon registration of the implementation of the capital increase will amount to EUR 1,191,023,813.12. Taking into account the new ordinary shares which were created under the stock option program since January 1, 2010, if the capital increase is fully implemented in the maximum volume of EUR 166,400,000, the share capital of the Company will amount to EUR 1,191,025,681.92 and be divided into 295,006,127 ordinary bearer shares and 170,238,280 non-voting preferred bearer shares.

Subscription Offer and Pre-placement . . . . The New Shares will be offered in a public offering in Germany, the United Kingdom, Luxembourg and Switzerland and, if and to the extent the New Shares are not subscribed under the subscription

	offer, by way of a pre-placement which will include both a public offering in Germany and a private placement with institutional investors in Germany and in certain other countries. A syndicate of banks lead by the global coordinators and joint lead bookrunners, Citigroup Global Markets Limited, Deutsche Bank Aktiengesellschaft, HSBC Trinkaus & Burkhardt AG, J.P. Morgan Securities Ltd. and Merrill Lynch International (collectively the "**Global Coordinators**" and the "**Joint Lead Bookrunners**") as well as BNP PARIBAS, COMMERZBANK Aktiengesellschaft, Crédit Agricole Corporate & Investment Bank, Credit Suisse Securities (Europe) Limited, Landesbank Baden-Württemberg, Morgan Stanley Bank AG, Société Générale and UniCredit Bank AG (collectively the "**Co-Bookrunners**" and together with the Global Coordinators, the "**Underwriters**") have agreed on the basis of an underwriting agreement (the "**Underwriting Agreement**"), which was entered into on March 23, 2010 between the Company and the Underwriters, to underwrite the New Shares and to offer them to the shareholders by way of indirect subscription rights during the subscription period, in accordance with the subscription ratio and at the subscription price per New Share (the "**Subscription Offer**"), with the subscription ratio and the subscription price per New Share (the "**Subscription Price**") to be established in the Determination Resolution. Deutsche Bank Aktiengesellschaft, HSBC Trinkaus & Burkhardt AG, and J.P. Morgan Securities Ltd. will subscribe the New Shares. The Subscription Price and the final issue volume will be determined based on the results of the bookbuilding procedure for the Pre-placement (as defined below). The maximum Subscription Price will amount to EUR 80. The subscription period is expected to run from and including March 31, 2010 to and including April 13, 2010. The Underwriters also agreed, on the basis of the Underwriting Agreement, to offer, prior to the commencement of the Subscription Offer, the New Shares for purchase in a public offering to retail investors in Germany (the "**Public Pre-placement**") and under a private placement exclusively to institutional investors in Germany and in other countries (including qualified institutional buyers in the USA in reliance on Rule 144A under the US Securities Act of 1933 (as amended) (the "**Securities Act**") as well as in Japan, Canada and Australia) (the "**Institutional Pre-placement**" and together with the Public Pre-placement, the "**Pre-placement**"). The Pre-placement will take the form of a bookbuilding procedure. The offer period for the Public Pre-placement is expected to run from and including March 24, 2010 to and including March 25, 2010 at 3.00 p.m. CET. The offer period for the Institutional Pre-placement is expected to run from and including March 23, 2010 to and including March 26, 2010 at 12.00 noon CET. The offer period for the Institutional Pre-placement may be shortened by one day and in that case would be expected to end on March 25, 2010.
Assigned Subscription Rights	The shareholders of Volkswagen Aktiengesellschaft, Qatar Holding Germany GmbH, Porsche Automobil Holding SE, Porsche Gesellschaft m.b.H., Salzburg, and Hannoversche Beteiligungsgesellschaft mit beschränkter Haftung (jointly referred to as the "**Assigning Shareholders**") have entered into an agreement (the "**Assignment Agreement**") with the Global Coordinators concerning the assignment and transfer of all their future subscription rights to the New Shares (the "**Assigned Subscription Rights**"). A total of up to 47,469,364 New Shares are attributable to the subscription rights which are assigned to the Global Coordinator designated as the assignee in the Assignment Agreement, Deutsche Bank Aktiengesellschaft. The assignment is subject to the condition subsequent that the implementation of the capital increase is

	registered with the Commercial Register and is also conditional on the Offer Price corresponding to the Subscription Price. The Global Coordinators have granted Qatar Holding Germany GmbH the right, under the Pre-placement, to purchase a number of New Shares, amounting to all of its Assigned Subscription Rights, i.e. up to 12,424,565 New Shares. The Global Coordinators are obliged to consider any purchase order of Qatar Holding Germany GmbH on a preferential basis in the allocation under the Pre-placement and to preferentially allocate New Shares to this order. The preferential allocation to Qatar Holding Germany GmbH is not subject to claw-back.
Claw-Back in the Institutional Pre-placement	Only New Shares attributable to the Assigned Subscription Rights will be placed in the Public Pre-placement, up to a maximum of 5%, i.e. a maximum of up to 3,250,000 New Shares. It will be pointed out to investors who wish to purchase New Shares under the Institutional Pre-placement that the purchase of New Shares under the Institutional Pre-placement will, in some cases, take place subject to claw-back, and to this extent, such purchase is also subject to deferred settlement. The portion of the New Shares placed under the Institutional Pre-placement subject to claw-back (the "**Claw-Back Shares**") will be determined by the claw-back ratio. The claw-back ratio corresponds to the ratio of the New Shares which are not associated with the Assigned Subscription Rights (the "**Freefloat Subscription Shares**") to the total number of New Shares available for the Institutional Pre-placement (the "**Institutional Placement Shares**"). The number of Institutional Placement Shares corresponds to the number of New Shares, less the New Shares placed through the Public Pre-placement to retail investors and less the New Shares purchased by Qatar Holding Germany GmbH in the Pre-placement, if applicable. Qatar Holding Germany GmbH was granted the right, under the Pre-placement, to purchase a number of New Shares amounting to all of its Assigned Subscription Rights, i.e up to 12,424,565 shares. The number of Institutional Placement Shares will be reduced to the extent that Qatar Holding Germany GmbH exercises this right, which will lead to a corresponding increase in the claw-back ratio. To the extent that the number of Freefloat Subscription Shares which are not subscribed in the Subscription Offer remains lower than the number of Claw-Back Shares, the claw-back will be exercised with respect to each purchaser of Claw-Back Shares on a *pro rata* basis in accordance with the ratio of the total number of Freefloat Subscription Shares subscribed in the Subscription Offer to the total number of Claw-Back Shares.
Cancellation of Subscription Offer or Pre-placement	The Subscription Offer and the Pre-placement are subject, among other things, to the registration of the implementation of the capital increase with the Commercial Register, which is expected to take place on March 29, 2010. Moreover, the Subscription Offer and the Pre-placement may be canceled under certain circumstances.
Offer Price and Subscription Price . .	The Subscription Price is expected to be determined by resolution of the Board of Management of the Company on March 26, 2010 with the approval of the Supervisory Board by the Presidium of the Supervisory Board also expected on March 26, 2010 on the basis of the outcome of the bookbuilding procedure for the Pre-placement. The Subscription Price will be a maximum of EUR 80. The offer price per share (the "**Offer Price**") for the Pre-placement is determined on the basis of the outcome of the bookbuilding

procedure for the Pre-placement and will correspond to the Subscription Price.

The Subscription Price for the Subscription Offer will be included in the Subscription Offer which is expected to be published on March 29, 2010 in the electronic version of the Bundesanzeiger (German Federal Gazette) and on or about March 30, 2010 in the Börsen-Zeitung, the Frankfurter Allgemeine Zeitung and in the Handelsblatt. The Subscription Price and the final issue volume are expected to be published as an ad-hoc announcement through an electronic information system and on the Internet page of the Company (www.volkswagenag.com/ir).

Exercise of subscription rights ..... In order to avoid exclusion from participation in the capital increase the shareholders are requested in the Subscription Offer to exercise their subscription rights to the New Shares during the period described therein through their custodial banks at one of the subscription agents mentioned below during ordinary business hours. Subscription rights which are not exercised within the relevant time limit will expire.

Subscription agents are the German branches of Deutsche Bank Aktiengesellschaft.

The subscription rights (ISIN DE000A1DAKV5/WKNA1DAKV) which are attributable to the ordinary shares of the Company (ISIN DE0007664005 / WKN 766400) and to the preferred shares of the Company (ISIN DE0007664039 / WKN 766403) will automatically be booked on the evening of on March 30, 2010, to the custodial banks through Clearstream Banking AG, Neue Börsenstrasse 1, 60487 Frankfurt am Main, Germany.

Subscription rights trading .... In connection with the Offering of the New Shares, there will be an exchange trading of the Subscription Rights. The subscription rights (ISIN DE000A1DAKV5 / WKN A1DAKV) for the New Shares will be traded in the period from March 31, 2010 up to and including April 9, 2010 in the regulated market (floor trading and XETRA) on the Frankfurt Stock Exchange. The subscription agents are prepared to act as brokers in the buying and selling of subscription rights on the stock exchange, if possible. No compensation will be provided for subscription rights which are not exercised. After expiration of the subscription period, subscription rights which are not exercised will expire worthless. As of March 31, 2010, the existing shares of the Company will be listed "ex subscription rights".

Deutsche Bank Aktiengesellschaft may take measures in order to provide liquidity for orderly subscription rights trading or to perform other activities customary for a subscription rights coordinator, in particular, the buying and selling of subscription rights for New Shares. In this respect, Deutsche Bank Aktiengesellschaft reserves the right to conduct hedging transactions in preferred shares of the Company or corresponding derivatives.

Admission and trading of the New Shares .... It is expected that application will be made on March 23, 2010 for the admission of the New Shares to trading on the regulated market of the Frankfurt Stock Exchange with simultaneous admission to the sub-segment of the regulated market with additional post-admission obligations (Prime Standard) as well as of the stock exchanges in Hanover, Berlin, Düsseldorf, Hamburg, Munich and Stuttgart. The admission is expected to take place on March 30, 2010. It is expected that application will be made for the inclusion of the New Shares in the existing listing of the preferred shares of the Company on March 23, 2010, and that such inclusion will take place on or about March 31, 2010.

As soon as possible after this, the New Shares are also to be included in the existing listing of the preferred shares of the

	Company on the stock exchanges in London and Luxembourg as well as on the SIX Swiss Exchange.
Certification and delivery of New Shares	The New Shares will be made available to the purchasers as co-ownership interests in one global share certificate, which will be deposited with Clearstream Banking AG, Neue Börsenstrasse 1, 60487 Frankfurt am Main, Germany, in the collective safe custody system. The shareholders have no entitlement to demand the issuance of individual share certificates for their New Shares. The delivery of the New Shares will take place through a collective safe custody deposit. It is expected that the New Shares acquired in the Public Pre-placement as well as those acquired in the Institutional Pre-placement which are attributable to Assigned Subscription Rights will be made available on March 31, 2010. The New Shares acquired in the Subscription Offer are, to the extent the subscription period is not extended, expected to be delivered on April 16, 2010. The New Shares acquired in the Institutional Pre-placement which are subject to a claw-back and deferred settlement are, to the extent the subscription period is not extended, also expected to be delivered on April 16, 2010, if and to the extent the claw-back right is not exercised.
Lock-up agreement and selling restrictions	The Company has agreed with the Underwriters that, for the period from March 21, 2010 until 180 days following delivery of the purchased New Shares acquired in the Subscription Offer and without the prior written consent of the Global Coordinators, (A) it will not offer or sell or enter into any obligations in this respect for the sale or disposal of (i) bonds which are convertible into shares of the Company or which can be exchanged for such, (ii) shares of the Company or (iii) other securities convertible into or exchangeable for shares of the Company or with a right for subscription or receipt of such shares and (B) it will not enter into any swaps or other agreements under which the economic consequences of ownership of shares of the Company are transferred in whole or in part to another party, regardless of whether the transaction is settled through delivery of securities, in cash or in any other manner. This obligation does not apply for (i) the issuance of the New Shares and (ii) the issuance of shares in connection with the exercise of share options that have already been issued under an existing share option plan. The Assigning Shareholders have agreed with the Global Coordinators that, subject to certain exceptions, for the period from March 23, 2010 up to 30 days (i) from the delivery of the New Shares subscribed in the Subscription Offer, (ii) but at the latest from April 20, 2010, they will not – either themselves or, with certain exceptions, through one of their dependent companies – without the prior written consent of the Global Coordinators, (x) offer or sell or enter into any obligations in this respect for the sale or transfer of shares of the Company (including New Shares acquired by them in the Pre-placement, if applicable) or other securities convertible into or exchangeable for shares of the Company (including New Shares) or with a right to subscribe or receive such shares (including New Shares) or (y) enter into any swaps or other agreements under which the economic consequences of ownership of shares of the Company (including New Shares) are transferred in whole or in part to another party, regardless of whether the transaction is settled through delivery of securities, in cash or in any other manner. Certain selling restrictions apply to the Offering.
Utilization of issue proceeds	The net proceeds from the offer of the New Shares are intended to be used for the purposes of improving of the Company's capitalization in connection with the creation of an integrated automotive

group with and the related acquisition of the indirect equity interests in Dr. Ing. h.c. F. Porsche Aktiengesellschaft and the outflow of liquidity resulting from such acquisition. In addition, the net proceeds are intended to provide the Company with additional financial stability and flexibility and to enable the Company to maintain the ratings assigned to it at the date of this Prospectus. Thereby Volkswagen is to be put in a position to continue its strategic initiatives to form an integrated automotive group.

ISIN, WKN and stock market symbol of the New Shares and the subscription rights . . . . International Securities Identification Number (ISIN)

- For the New Shares: DE0007664039
- For the subscription rights to the New Shares: DE000A1DAKV5

Wertpapier-Kenn-Nummer (WKN – Securities Identification Number)

- For the New Shares: 766403
- For the subscription rights to the New Shares: A1D AKV

Stock market symbol of the preferred shares: VOW3

1.3 Selected consolidated financial and operating information

The summarized financial information for fiscal years 2009 and 2008 presented in the following is based on the audited consolidated financial statements of Volkswagen Aktiengesellschaft for the fiscal year ended December 31, 2009, and the summarized financial information for fiscal year 2007 presented in the following – insofar as not indicated otherwise – is based on the audited consolidated financial statements of Volkswagen Aktiengesellschaft for the fiscal year ended December 31, 2008, both of which are reproduced in the "*Financial Section*" of this Prospectus (the "**IFRS consolidated financial statements**"). The IFRS consolidated financial statements were prepared in accordance with International Financial Reporting Standards, as adopted by the European Union ("**IFRS**"), and were audited by PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft ("**PwC**"), who issued an unqualified auditors' report in each case.

Selected information from the consolidated income statement of Volkswagen Aktiengesellschaft

	January 1 to December 31		
	2009 (audited)	2008 (audited)	2007 (audited)
	in EUR million		
Sales revenue	**105,187**	**113,808**	**108,897**
Cost of sales	−91,608	−96,612	−92,603
Gross profit	**13,579**	**17,196**	**16,294**
Distribution expenses	−10,537	−10,552	−9,274
Administrative expenses	−2,739	−2,742	−2,453
Net other operating expense/income[1]	1,553	2,431	1,584
Operating profit	**1,855**	**6,333**	**6,151**
Share of profits and losses of equity-accounted investments	701	910	734
Other financial result[2]	−1,296	−635	−342
Financial result	**−595**	**275**	**392**
Profit before tax	**1,261**	**6,608**	**6,543**
Income tax income/expense	−349	−1,920	−2,421
Profit after tax	**911**	**4,688**	**4,122**
Minority interests	−49	−65	2
Profit attributable to shareholders of Volkswagen Aktiengesellschaft	**960**	**4,753**	**4,120**

[1] Total of: other operating income and other operating expenses.
[2] Total of: finance costs and other financial result.

Selected financial information from the consolidated balance sheet of Volkswagen Aktiengesellschaft

	December 31		
	2009 (audited)	**2008 (audited)**	**2007 (audited)**
		in EUR million	
Assets			
Noncurrent assets	**99,402**	**91,756**	**76,841**
Intangible assets	12,907	12,291	6,830
Property, plant and equipment	24,444	23,121	19,338
Leasing and rental assets	10,288	9,889	8,179
Financial services receivables	33,174	31,855	27,522
Noncurrent receivables and other financial assets[1]	18,589	14,600	14,972
Current assets	**77,776**	**76,163**	**68,516**
Inventories	14,124	17,816	14,031
Financial services receivables	27,403	27,035	24,914
Current receivables and other financial assets[2]	12,381	17,061	12,844
Marketable securities	3,330	3,770	6,615
Cash and cash equivalents	20,539	9,474	10,112
Assets held for sale	–	1,007	–
Total assets	**177,178**	**167,919**	**145,357**
Equity and Liabilities			
Equity	**37,430**	**37,388**	**31,938**
Equity attributable to shareholders of Volkswagen Aktiengesellschaft	35,281	35,011	31,875
Minority interests	2,149	2,377	63
Noncurrent liabilities	**70,215**	**65,729**	**57,351**
Noncurrent financial liabilities	36,993	33,257	29,315
Provisions for pensions	13,936	12,955	12,603
Other noncurrent liabilities[3]	19,286	19,517	15,433
Current liabilities	**69,534**	**64,802**	**56,068**
Current financial liabilities	40,606	36,123	28,677
Trade payables	10,225	9,676	9,099
Other current liabilities[4]	18,703	18,237	18,292
Liabilities associated with assets held for sale	–	766	–
Total equity and liabilities	**177,178**	**167,919**	**145,357**

[1] Total of: investment property, equity-accounted investments, other equity investments, noncurrent other receivables and financial assets, noncurrent tax receivables, deferred tax assets.
[2] Total of: trade receivables, current other receivables and financial assets, current tax receivables.
[3] Total of: other noncurrent liabilities, deferred tax liabilities, noncurrent provisions for taxes, other noncurrent provisions.
[4] Total of: current tax payables, other current liabilities, current provisions for taxes, other current provisions.

Selected information from the consolidated cash flow statement of Volkswagen Aktiengesellschaft

In accordance with the amended IAS 7, cash flows from the acquisition or manufacture of assets that are exclusively held for rental to others and subsequently held for sale as well as cash flows from their rental and sale, must be classified as cash flows from operating activities. As from fiscal year 2009 (with comparative figures for fiscal year 2008), Volkswagen therefore reports liquidity movements resulting from changes in leasing and rental assets in cash flows from operating activities (previously reported in cash flows from investing activities). Accordingly, changes in financial services receivables are also allocated to cash flows from operating activities. This leads to a uniform presentation of finance and leasing transactions in the consolidated cash flow statement.

In addition, transactions involving investment property are grouped with those relating to property, plant and equipment and intangible assets. For the purposes of comparison, the figures from the previous years 2008 and 2007 have been adjusted accordingly and are shown in the following table.

	Period from January 1 to December 31			
	2009 (audited)	**2008[1] (audited)**	**2007[1] (unaudited)**	**2007[2] (audited)**
	in EUR million			
Cash and cash equivalents at beginning of period (excluding time deposit investments)	**9,443**	**9,914**	**9,367**	**9,367**
Profit before tax	1,261	6,608	6,543	6,543
Income taxes paid	−529	−2,075	−1,172	−1,172
Depreciation and amortization of property, plant and equipment, intangible assets and investment property[1]	5,028	5,198	5,442	5,435
Amortization of capitalized development costs	1,586	1,392	1,843	1,843
Impairment losses on equity investments[1]	16	32	180	180
Depreciation of leasing and rental assets	2,247	1,816	1,773	1,780
Gain/loss on disposal of noncurrent assets	−547	37	18	32
Share of profit or loss of equity-accounted investments	−298	−219	−71	−71
Other noncash expense/income	727	765	−11	−11
Change in inventories	4,155	−3,056	−1,856	−1,856
Change in receivables (excluding financial services)	465	−1,333	−942	−942
Change in liabilities (excluding financial services)	260	815	2,244	2,244
Change in provisions	1,660	509	1,657	1,657
Change in leasing and rental assets	−2,571	−2,734	−2,751	–
Change in financial services receivables	−719	−5,053	−3,588	–
Cash flows from operating activities	**12,741**	**2,702**	**9,311**	**15,662**
Investments in property, plant and equipment, intangible assets and investment property	−5,963	−6,896	−4,649	−4,638
Additions to capitalized development costs	−1,948	−2,216	−1,446	−1,446
Acquisition of equity investments	−3,989	−2,597	−1,238	−1,238
Change in leasing and rental assets	–	–	–	−2,763
Change in financial services receivables	–	–	–	−3,588
Disposal of equity investments	1,320	1	–	14
Proceeds from disposal of property, plant and equipments, intangible assets and investment property	153	95	212	185
Change in investments in securities	989	2,041	−1,742	−1,742
Change in loans and time deposit investments	−236	−1,611	−596	−596
Cash flows from investing activities	**−9,675**	**−11,183**	**−9,459**	**−15,812**
Capital contributions	4	218	211	211
Dividends paid	−874	−722	−497	−497
Capital transactions with minority interests	−392	−362	–	–
Other changes	23	−3	−12	−12
Proceeds from issue of bonds	15,593	7,671	9,516	9,516
Repayment of bonds	−10,202	−8,470	−8,484	−8,484
Change in other financial liabilities	1,405	9,806	93	93
Finance lease payments	−23	−15	−40	−40
Cash flows from financing activities	**5,536**	**8,123**	**787**	**787**
Effect of exchange rate changes on cash and cash equivalents	190	−113	−90	−90
Net change in cash and cash equivalents	**8,792**	**−471**	**547**	**547**
Cash and cash equivalents at end of period (excluding time deposit investments)	**18,235**	**9,443**	**9,914**	**9,914**

	Period from January 1 to December 31			
	2009 (audited)	2008[1] (audited)	2007[1] (unaudited)	2007[2] (audited)
	in EUR million			
Cash and cash equivalents at end of period (excluding time deposit investments)	18,235	9,443	9,914	9,914
Securities and loans (including time deposit investments)	7,312	7,875	9,178	9,178
Gross liquidity	**25,547**	**17,318**	**19,092**	**19,092**
Total third-party borrowings	−77,599	−69,555	−57,992	−57,992
Net liquidity	**−52,052**	**−52,237**	**−38,900**	**−38,900**

1 Adjusted to reflect that, for the first time in fiscal year 2009, cash flows from the acquisition or manufacture of assets that are exclusively held for rental and subsequent sale to others as well as cash flows from their rental and sale, are classified (in accordance with amended IAS 7) as cash flows from operating activities. In addition, transactions involving investment property are grouped with those relating to property, plant and equipment and intangible assets.

2 Audited information prior to adjustment in accordance with amended IAS 7 as contained as comparative figures in the audited financial statements of Volkswagen Aktiengesellschaft for the fiscal year ended December 31, 2008.

Earnings per share

	January 1 to December 31		
	2009 (audited)	2008 (audited)	2007 (audited)
Earnings per ordinary share (basic) (in EUR)[1]	2.38	11.92	10.43
Earnings per ordinary share (diluted) (in EUR)[1]	2.38	11.88	10.34
Earnings per preferred share (basic) (in EUR)[1]	2.44	11.98	10.49
Earnings per preferred share (diluted) (in EUR)[1]	2.44	11.94	10.40
Number of no-par value shares (thousands) as of December 31			
Ordinary shares	295,005	294,920	291,337
Preferred shares	105,238	105,238	105,238
Dividend paid (in EUR)			
Per ordinary share[2]	1.60	1.93	1.80
Per preferred share[2]	1.66	1.99	1.86

1 Basic earnings per share are calculated by dividing profit attributable to shareholders of Volkswagen Aktiengesellschaft by the weighted average number of ordinary and preferred shares outstanding during the fiscal year. Earnings per share are diluted by potential shares. These include stock options, although these are only dilutive if they result in the issuance of shares at a value below the average market price of the shares. Such a dilutive effect arose from the sixth, seventh and eighth tranches of the stock option plan.

2 Figures for the years 2007 and 2008 relate to dividends paid in the following year. For 2009, the figures relate to a proposed dividend.

Employee breakdown

	Number of employees on average per year		
	2009 (audited)	2008 (audited)	2007 (audited)
Performance-related wage-earners	162,636	169,764	162,013
Salaried staff	166,787	153,742	137,095
	329,423	**323,506**	**299,108**
Vocational trainees	9,076	8,686	8,481
	338,499	**332,192**	**307,589**
Unconsolidated vehicle-producing investments	28,270	25,015	21,005
Total	**366,769**	**357,207**	**328,594**

1.4 Summary of risk factors

Prior to their investment decision, investors should carefully read the following risk factors along with the other information contained in this Prospectus and consider them when making their investment decision. The materialization of one or more of these risks may materially impair the business of the Volkswagen Group and have material adverse effects on the net assets, financial position and results of operations of the Volkswagen Group. The quoted market price of the shares of the Company could drop significantly if any one of these risks materialize, and investors could lose a portion, or even all, of their invested capital. The risks described below are not the only risks to which the Company, its subsidiaries and its equity holdings are exposed. Other risks and uncertainties which are presently unknown to the Company could also negatively impact the operations of the Company and its affiliated companies and have material adverse effects on its business operations and on its net assets, financial position and results of operations. The order in which the following risks are listed is no indication of the probability of their occurrence or their scope or the significance of the individual risks. The risks listed here may materialize individually or cumulatively or together with other circumstances.

1.4.1 Market-related risks

- The sales volume of Volkswagen's products and services is dependent upon overall economic developments.
- The demand for Volkswagen's products is dependent on retail customers' purchasing power and on business and major customers' financial situation and willingness to invest.
- Due to its large market share in Western Europe, particularly in Germany, Volkswagen is particularly exposed to this region's overall economic development and competitive pressures. In addition, Volkswagen is particularly dependent on the development of the Audi brand due to the considerable importance of the Audi brand.
- The termination of government vehicle purchase incentive programs may lead to a drop in demand for vehicles and trigger an increase in price pressures in the automotive industry.
- Volkswagen faces strong competition in all markets, which may be exacerbated and lead to a significant drop in unit sales or price deterioration.
- An increased shift in passenger and freight transportation from passenger cars, light commercial vehicles and trucks to other modes of transport, as well as the development and acceptance of innovative mobility concepts, could substantially impair the unit sales of Volkswagen's products and services.
- In the markets for passenger cars and light commercial vehicles, the trend towards smaller vehicles and engines with lower engine capacity could intensify and negatively impact Volkswagen's profitability.
- Volkswagen is exposed to the risks of new drive technologies being developed and the effects of this on the automobile markets.
- In its geographic expansion, particularly in Asia, the USA and Central and Eastern Europe, Volkswagen is exposed to risks due to competitors' increased sales and distribution efforts in these markets.

1.4.2 Company-related risks

- Volkswagen's future business success as a car manufacturer depends on its ability to develop new, attractive, energy-efficient products that are tailored to its customers' needs and to offer these products on competitive terms and conditions.
- There could be a shortage of raw materials which are important to Volkswagen's production in the event of a rapid recovery in the general economic situation and the prices of certain raw materials and energy could increase.
- Due to the increasing economic pressure on suppliers, there is a risk of supplier insolvencies and the resulting possible interruptions of or impairments to Volkswagen's procurement, production, transport and service chains.
- In the event of a strong increase in demand, production capacity may be insufficient.
- The future business success of Volkswagen depends on its ability to maintain the high quality of its vehicles.
- Unforeseen business interruptions to Volkswagen's production facilities may lead to production bottlenecks or production downtime.
- Volkswagen is particularly dependent on the sale of vehicles to major customers (including fleet customers) and is therefore dependent on their economic situation.
- The effects of the global financial and economic crisis, along with regulatory changes, may have a significant negative impact on the economic situation of Volkswagen dealers and importers.
- There is a risk that the separate positioning of its various brands pursued by Volkswagen will not be successful, which could lead to a reciprocal weakening of the brands.
- Volkswagen may not succeed in refinancing itself in due time and to the necessary extent. There is also a risk of refinancing upon unfavorable terms and conditions.

- Volkswagen is exposed to the risk that a contract party will default or that the credit quality of its contract partners or customers will deteriorate.
- Changes in interest rates could have a negative impact on Volkswagen.
- There are risks from exchange rate fluctuations versus the euro and from hedging transactions entered into in this regard.
- The Financial Services Division is dependent, among other things, on the development of the Automotive Division and therefore is also exposed to the same risks. It is also dependent on the ability to offer its customers products and services that meet their demands.
- Volkswagen is subject to liquidity risks.
- Volkswagen's business in the Financial Services Division is exposed to worldwide risks from non-compliance with a variety of regulatory and legal requirements and conditions.
- In connection with its leasing business, Volkswagen is exposed to the risk that the market value of the leased vehicles will fall below the calculated residual values.
- Volkswagen is exposed to risks from the insurance business.
- Volkswagen Aktiengesellschaft is liable to the Bundesverband deutscher Banken e.V. (Association of German Banks) if the latter incurs losses as a result of having provided assistance to Volkswagen Bank GmbH.
- The value of goodwill or the brand names reported on the consolidated financial statements may have to be partially or fully written down as a result of reevaluations (in particular, as a result of impairment testing).
- Volkswagen is dependent on its ability to attract, retain and provide further training to qualified managers and employees.
- Volkswagen is dependent on good relationships with its employees and their unions.
- Volkswagen is exposed to IT risks, IT security risks and data protection risks.
- There is a risk that Volkswagen will be unable to implement its strategic plans and objectives, in whole or in part, or that it only will be able to do so at a higher cost than planned or that the Company will not reach its medium and long-term financial goals.

1.4.3 Risks from joint ventures, acquisitions and equity interests in companies

- Risks may arise for Volkswagen out of its cooperation with joint venture partners.
- Volkswagen may be exposed to risks in relation to corporate acquisitions and equity interests in companies as well as with regard to the rights of outside minority shareholders.
- There are specific risks associated with creating an integrated automotive group.
  - There is a risk that the value and the existing risks at Porsche Zwischenholding GmbH ("**Porsche Zwischenholding**"), Dr. Ing. h.c. F. Porsche Aktiengesellschaft and Porsche Holding Gesellschaft m.b.H. and Porsche Gesellschaft m.b.H., both based in Salzburg, (Porsche Holding Gesellschaft m.b.H. and Porsche Gesellschaft m.b.H. together also "**Porsche Holding Salzburg**") have not been assessed correctly and that such risks have not been reflected adequately in the implementation agreements.
  - Risks exist relating to the financial situation and liquidity position of Porsche Automobil Holding SE.
  - There are risks related to the expected acquisition of Porsche Holding Salzburg's operating trading business.
  - There are risks in connection with an allegation of market manipulation with regard to Porsche Automobil Holding SE and former members of its Board of Management.
  - Risks exist with respect to achievement of the planned target structure for the integrated automotive group.
  - There are risks relating to the acquisition of the remaining indirect equity interest in Dr. Ing. h.c. F. Porsche Aktiengesellschaft.

1.4.4 Regulatory, legal and tax-related risks

- Volkswagen's business is subject to globally differentiated regulatory and legal requirements which are constantly changing. In particular, there are a multitude of environmental requirements in the area of production, as well as constantly increasing requirements for environmentally-specific product characteristics.
- Due to the international focus of its business activities, Volkswagen is exposed to political, economic, tax and legal risks in other countries.

- It is possible that Volkswagen's compliance and risk management systems will prove to be inadequate to prevent and discover breaches of legal rules and regulations and to identify, measure and take appropriate countermeasures against all relevant risks to Volkswagen.
- Volkswagen is exposed to a multitude of environmental and security-related liability risks.
- Volkswagen may not succeed in adequately protecting its intellectual property and know-how.
- It cannot be ruled out that Volkswagen may be held liable for an infringement of third-party intellectual property, in particular of competitors and suppliers, or may be dependent upon the costly use of third-party intellectual property.
- Volkswagen may not have validly acquired service inventions and possibly may not always acquire them validly in the future.
- Volkswagen is subject to risks arising from legal disputes and may become the subject of government investigations.
- Volkswagen is exposed to risks in connection with product-related guarantees and warranties as well as the provision of voluntary services, in particular in relation to recall campaigns.
- Volkswagen's existing insurance coverage may not suffice to cover the costs caused by events of loss. Insurance premiums may increase following a number of claims or one major claim.
- Volkswagen is exposed to risks from its pension obligations.
- The legal relationships between Volkswagen and its customers and dealers are based on standardized agreements and forms that have been designed for multiple transactions. Individual mistakes in the formation of these contracts, problems of individual application or errors in this documentation could therefore affect multiple customer and dealer relationships.
- Volkswagen may be exposed to tax risks that could materialize, particularly on the occasion of tax audits or due to ongoing opposition proceedings against a demand for considerable back taxes.

1.4.5 Risks due to shareholder and corporate governance structures

- Volkswagen maintains legal and business relationships with related parties, from which dependencies and conflicts of interest may result.
- Due to overlapping memberships at Board of Management and Supervisory Board level and common use of important group functions, conflicts of interest may arise between the Company and key subsidiaries, as well as with affiliated companies.
- Major shareholders could have a significant influence on the Company, which may adversely affect the Company and the quoted market price of its shares.

1.4.6 Risks related to the Offering

- The quoted market prices for the ordinary and preferred shares of the Company may be subject to strong price fluctuations and may fall or perform differently from one another.
- It is possible that investors will acquire New Shares under this Offering at a price that is higher than the market price and/or the quoted market price after the Offering has ended.
- The sale of a significant number of the ordinary or preferred shares of the Company may negatively impact the quoted market price of the ordinary and/or preferred shares of the Company.
- The interests of shareholders in the share capital of the Company which do not participate, or participate only in part, in this Offering will be diluted.
- Future capital measures by the Company and/or the exercise of existing or future conversion rights and options for the acquisition of ordinary or preferred shares of the Company may negatively impact the quoted market price of the ordinary and preferred shares of the Company and lead to a significant dilution of shareholders' holdings.
- The Offering may expire, and the subscription rights may lapse or become worthless, if the Underwriting Agreement is terminated.
- The subscription rights may become worthless if the quoted market price of the preferred shares of the Company falls sharply.
- It is not certain that active trading in the subscription rights will develop and that the subscription rights will not be subject to greater price fluctuations than the shares of the Company.

2. RISK FACTORS

*Prior to their investment decision, investors should carefully read the following risk factors along with the other information contained in this prospectus (the "**Prospectus**") and consider them when making their investment decision. The materialization of one or more of these risks may materially impair the business of Volkswagen Aktiengesellschaft, Berliner Ring 2, 38440 Wolfsburg, Germany ("**Volkswagen Aktiengesellschaft**" or the "**Company**" and together with its consolidated subsidiaries the "**Volkswagen Group**" or "**Volkswagen**") and/or that of the Volkswagen Group and have material adverse effects on the net assets, financial position and results of operations of the Company and/or the Volkswagen Group. The quoted market price of the shares of the Company could drop significantly if any one of these risks materialize, and investors could lose a portion, or even all, of their investment capital. The risks described below are not the only risks to which the Company, its subsidiaries and its equity holdings are exposed. Other risks and uncertainties which are presently unknown to the Company or which it regards as immaterial could also negatively impact the operations of the Company and its affiliated companies and have material adverse effects on its business operations and on its net assets, financial position and results of operations. The order in which the following risks are listed is no indication of the probability of their occurrence or their scope or the significance of the individual risks. The risks listed here may materialize individually or cumulatively or together with other circumstances.*

2.1 Market-related risks

2.1.1 The sales volume of Volkswagen's products and services is dependent upon overall economic developments.

In numerous ways, the sales volume of Volkswagen's products and services is dependent upon the general economic situation. In 2008 and 2009, the macroeconomic environment was marked by the global financial and economic crisis and, for all of the markets relevant for Volkswagen, was characterized by a high level of uncertainty and volatility. The macroeconomic environment was negatively affected, in particular, by the scarcity of financing resulting from the crisis in the financial sector, tensions in the capital markets, the ongoing and even increased economic downturn in some regions of the world as well as a lack of consumer confidence and the resulting decline in consumption. These factors, along with inflationary pressures resulting from rising energy prices, rising interest rates due to the withdrawal of monetary support measures, increased levels of public debt, a stagnation or worsening of the situation in international labor markets, increasing protectionism by individual states and persistently large foreign-trade imbalances may also negatively influence the global economic environment. Moreover, the current macroeconomic environment could be further negatively affected by the occurrence of other events that harm consumer and investor confidence generally (e.g. international conflicts, political instability, terrorism, high levels of volatility in the real estate or equity markets). Even though there currently are signs that it is slowly recovering, it cannot be ruled out that the macroeconomic environment, severely weakened by the general financial and economic crisis, will recover more slowly than expected or will even deteriorate further.

Automobile manufacturers generally responded to the declines in demand associated with a deteriorating macroeconomic environment with cutbacks in production, reduced working hours and sales promotion measures. Nevertheless, additional excess capacities in worldwide automobile production could occur, possibly leading, among other things, to increased inventories. These excess capacities and inventory levels, as well as a decrease in demand for vehicles and genuine parts, could cause automobile manufacturers, including Volkswagen, to scale down their capacities or intensify their sales promotions, resulting in additional costs and increased price-related pressures among competing firms in the automotive industry. Conversely, in the event of a quick recovery in demand for vehicles and optional equipment, it cannot be ruled out that reduced production capacities will lead to supply constraints, such that not all orders received can be processed within a reasonable period of time.

The occurrence of the specified factors may have a material adverse effect on Volkswagen's general business activity, net assets, financial position and results of operations.

2.1.2 The demand for Volkswagen's products is dependent on retail customers' purchasing power and on business and major customers' financial situation and willingness to invest.

The demand for vehicles for personal use generally depends on consumers' net purchasing power. The demand for vehicles for commercial use by major customers (including fleet customers) primarily depends on their financial condition, their willingness to invest and the means of available financing. When potential customers' disposable income or financial flexibility decreases, this will generally also negatively impact the demand for Volkswagen products.

The reduction in consumers' net purchasing power resulting from a deteriorating macroeconomic environment, combined with restrictive lending and a worsening of consumer sentiment generally, could lead Volkswagen's existing and potential customers to refrain from purchasing a new vehicle, defer a purchase further into the future or purchase a smaller model (and potentially also from a lower vehicle class), a less powerful vehicle and/or a vehicle with less equipment at a lower price. In addition, the current macroeconomic environment has also led to reduced investments by major customers in vehicles for commercial use and leased vehicles. Moreover, the current macroeconomic environment has resulted in a significant drop in demand for logistics services, as a result of which business customers have delayed or refrained from making investments to acquire light commercial vehicles and trucks, due to the uncertain economic future and corresponding lack of planning certainty.

To create additional incentives to purchase the respective products and services, the automotive industry is granting customers and dealers price reductions on vehicles and services. Price reductions are a common method of promoting sales. At the same time, however, these measures lead to increased price pressures and increased competition within the automotive industry. As a provider of numerous high-volume models (models with a large number of units produced), Volkswagen is significantly affected by the risk of rising competitive and price pressures.

Special sales incentives and increased price pressures in the new car business also influence price levels in the used car market, with a negative effect on vehicle resale values. This may have a negative impact on the profitability of the used car business in Volkswagen's dealer organization.

The Company believes that the markets for passenger cars and light commercial vehicles, as well as for trucks and buses, will continue to be affected by constant price pressure in the future which, in particular, is dependent on customer demand and vehicle supply. In addition to general pressure on the prices that Volkswagen can obtain, a significant decrease in demand may lead to other sales-promoting concessions such as generous courtesy arrangements or an extension of payment terms.

The occurrence of the specified factors may have a material adverse effect on Volkswagen's general business activity and on its net assets, financial position and results of operations.

2.1.3 Due to its large market share in Western Europe, particularly in Germany, Volkswagen is particularly exposed to this region's overall economic development and competitive pressures. In addition, Volkswagen is particularly dependent on the development of the Audi brand due to the considerable importance of the Audi brand.

In 2009, Volkswagen delivered approximately 46.1% of its global (including the two Chinese joint ventures) passenger cars and light commercial vehicles delivered to customers in Western Europe. Germany accounted for 28.4% of Volkswagen's global sales revenue (sales to third parties excluding China), with Europe and other regions accounting for 43.1%. A decrease in demand for Volkswagen's products and services in Western Europe, especially in Germany, for example in connection with the global financial and economic crisis that has had a particularly strong effect on a number of Western European nations, may have a material adverse effect on Volkswagen's general business activity and on its net assets, financial position and results of operations. This also applies to the commercial vehicle market, in which demand is particularly dependent on economic developments in the relevant region.

It cannot be ruled out that Volkswagen's competitors, including new vendors in Asia and Eastern Europe, some of which have access to comparable technologies due to acquisitions of or partnerships with Western European automobile manufacturers, will increasingly attempt to serve the Western European market with their spare production capacities. This is true regardless of economic developments in Asian and Eastern European markets, for example as a result of strategically motivated regional expansions or currency-related competitive advantages. As a result, competitive pressures in Western European markets could increase further and falling prices and decreased demand for Volkswagen vehicles could then be expected. Accordingly, Volkswagen's margins could be adversely affected and the Company could lose market shares.

The occurrence of the specified factors may have a material adverse effect on Volkswagen's general business activity and on its net assets, financial position and results of operations.

In addition, it should be noted that a significant portion of the Volkswagen Group's operating result in 2009 was attributable to the activities of Audi AG and its subordinate subsidiaries. Therefore, a significant impairment of the Audi brand or Audi's business activities would also have a material adverse effect on Volkswagen's general business activities and on its net assets, financial position and results of operations.

2.1.4 The termination of government vehicle purchase incentive programs may lead to a drop in demand for vehicles and trigger an increase in price pressures in the automotive industry.

In connection with the general financial and economic crisis, a number of countries in which Volkswagen does business introduced sales promotion measures such as the scrapping premium in Germany or tax relief, grants and premiums in other countries, which aimed to generate higher demand for the automobile industry's products and services. Many of the government vehicle purchase incentive programs have already been exhausted or have expired. Particularly in the second half of 2009, government vehicle purchase incentive programs, mainly in Western Europe, China and the USA, led to an increased demand for vehicles, especially small cars, in some cases even leading to bottlenecks in production. Volkswagen benefited from these government vehicle purchase incentive programs particularly in relation to its relatively inexpensive models such as the VW Polo, the VW Golf/Jetta, and the Škoda Fabia.

The termination or expiry of these government vehicle purchase incentive programs may lead, among other things, to a decline in the artificially generated increase in demand, in particular, for certain Volkswagen Group vehicles. It should also be noted that many customers purchasing a vehicle in connection with the government measures had actually planned to buy at a later point in time. This will lead to an elimination of demand from these customers at the originally planned time in the future (so-called pull-forward effect). There is an additional risk that those automobile manufacturers most affected by the expiration of government vehicle purchase incentive programs could plan to increase their sales volume through price reductions, which could lead to heightened price pressures, also for Volkswagen's products. Due to the continuing aftereffects of government vehicle purchase incentive programs, for example because vehicles already ordered on the basis of these measures still need to be produced and delivered, there is also a risk that there is a distorted picture of the true current demand for Volkswagen Group vehicles.

The occurrence of the specified factors may have a material adverse effect on Volkswagen's general business activity and on its net assets, financial position and results of operations.

2.1.5 Volkswagen faces strong competition in all markets, which may be exacerbated and lead to a significant drop in unit sales or price deterioration.

The markets in which Volkswagen does business are marked by intense competition, which in previous years has led, in part, to declines in unit sales for individual automobile manufacturers and thus to considerable price cuts for various products.

For a number of years, the automotive industry has been characterized by excess capacities. This became especially clear in connection with the general financial and economic crisis, as the demand for vehicles in a number of Volkswagen's key markets could only be supported through government vehicle purchase incentive programs (such as the scrapping premium in Germany). These government vehicle purchase incentive programs and additional supplemental initiatives by automobile manufacturers, in particular price reductions and cheaper rates of financing, strongly reduced automobile price levels. As a result of the expiration of these measures, which has either already taken place or is imminent, increased price pressures may arise if customers' expectations of lower new car prices – including price reductions from external and internal measures – have solidified. Once government vehicle purchase incentive programs expire, automobile manufacturers could view themselves as compelled to practice aggressive sales promotion, for example through continued price cuts, which would expose Volkswagen to increased competition. Competitors with a higher operating margin than Volkswagen could utilize the resulting price pressure, possibly continuing over a longer period, to increase their market shares. Competitors could also have higher potential cost savings than Volkswagen to offset this price pressure.

Market observers assume that competitive pressure will be further intensified by cooperation between existing vendors or the market entry of new vendors, particularly from China, India, or Russia, or through an expansion of production by existing vendors, for example by shifting production to countries with low unit labor costs.

Any intensification of competition, whether due to the aforementioned factors or other factors, could negatively affect the number of Volkswagen's marketable products and services, and the prices and margins obtainable by Volkswagen, and hence Volkswagen's market position, and could have a material adverse effect on Volkswagen's general business activity as well as on its net assets, financial position and results of operations.

2.1.6 An increased shift in passenger and freight transportation from passenger cars, light commercial vehicles and trucks to other modes of transport, as well as the development and acceptance of innovative mobility concepts, could substantially impair the unit sales of Volkswagen's products and services.

Volkswagen-produced vehicles are also in competition with other modes of transportation such as trains, airplanes and ships. The possibility cannot be ruled out that, in the future, private and commercial users of transportation will make increased use of modes of transportation other than the automobile. The reasons for this could include the rising costs for automotive transport of people and goods (e.g. rising fuel prices, vehicle taxes, toll fees, or other so-called steering taxes), increasing traffic density in major cities and factors relating to environmental protection. Moreover, the number of vehicles sold could decline due to changes in customers' long-term behavior, such as increased use of collective transportation (buses, car pooling, car sharing concepts, rail transport, etc.). A trend in this direction, particularly in connection with increasing urbanization, has been noticeable for some years now. Such developments may lead to an overall reduction in demand for automobiles and a corresponding decline in demand for the Volkswagen Group's products and services. The occurrence of the specified factors may have a material adverse effect on Volkswagen's general business activity and on its net assets, financial position and results of operations.

2.1.7 *In the markets for passenger cars and light commercial vehicles, the trend towards smaller vehicles and engines with lower engine capacity could intensify and negatively impact Volkswagen's profitability.*

For the last several years, Western European markets in particular have seen a general trend in demand for combustion engines (diesel and petrol engines) that use less fuel and emit fewer harmful emissions due to newly developed technologies and have a lower engine capacity, while at least maintaining performance levels (so-called downsizing). For example, numerous employers now set requirements relating to engine performance and harmful emissions for employees selecting a company car – whereas previously the purchase price was almost the only selection criterion. Some reasons for this trend include rising fuel prices, increasing government regulation (i.e. with respect to carbon dioxide and other harmful emissions), speed limits and higher taxes on certain types of vehicles such as sport utility vehicles and luxury cars, traffic density in large cities, as well as environmental protection.

When selling passenger cars and light commercial vehicles, the profitability of the Volkswagen Group depends, among other things, on the size, performance and equipment features of the vehicles sold. As a rule, larger vehicles in higher vehicle categories with (relatively) higher engine power will generate a greater contribution towards earnings than smaller vehicles in lower vehicle categories with (relatively) lower engine power. If the trend towards smaller vehicles or vehicles equipped with smaller engines continues, this may have a material adverse effect on Volkswagen's general business activity and on its net assets, financial position and results of operations.

2.1.8 *Volkswagen is exposed to the risks of new drive technologies being developed and the effects of this on the automobile markets.*

Over the past few years, the global market for automobiles, particularly in established markets, has been characterized by increasing demand for environmentally responsible and more environmentally friendly technologies. This is related, in particular, to the public debate on global warming and climate protection. Volkswagen endeavors to take account of climate protection and the ever more stringent laws and regulations that have been and are likely to be adopted with continued technical developments. Thus, in addition to further developing the current combustion engines, Volkswagen is focusing on researching, developing and producing new drive technologies, such as natural-gas fueled engines, hybrid engines and electric powertrains. Volkswagen is focusing on gas, hydrogen (fuel cells) and lithium-based storage batteries, in addition to crude-oil and regenerative fuels, as sources of energy.

Volkswagen has entered into a variety of cooperative arrangements in order to research and develop new technologies, particularly propulsion and energy source technologies, for example, researching high-performance lithium ion batteries for electric cars. There is a risk that research and development activities will not achieve their planned objectives or that competitors or joint ventures set up by competitors will develop better solutions and will be able to manufacture the resulting products more rapidly, in larger quantities, with a higher quality or at a lower cost. This could lead to increased demand for the products of such competitors and result in a loss of Volkswagen's market share. There is also a risk that the joint venture partners Volkswagen has chosen will prove to be unsuitable and that the money invested in researching and developing new technologies will, to a considerable extent, have been spent in vain, because the technologies developed or the products derived therefrom are unsuccessful in the market or because competitors have developed better or less expensive products. It is possible that Volkswagen could then be compelled to make new investments in researching and developing other technologies to maintain its existing market share or to win back the market share lost to competitors.

In addition, the use of new technology is increasingly resulting in the automotive industry's customers no longer looking for products only on the basis of the currently usual factors such as price, design, performance, brand image, or comfort/features, but also on the basis of the technology used in the vehicle or the manufacturer or provider of this technology. This could lead to shifts in demand and parameters of value creation in the automotive industry at the expense of products manufactured by Volkswagen.

The occurrence of the specified factors may have a material adverse effect on Volkswagen's general business activity and on its net assets, financial position and results of operations.

2.1.9 *In its geographic expansion, particularly in Asia, the USA and Central and Eastern Europe, Volkswagen is exposed to risks due to competitors' increased sales and distribution efforts in these markets.*

The Company believes that future growth will, to a considerable extent, depend on demand from China, India, Brazil, Russia, the USA and the ASEAN region. Accordingly, Volkswagen has increased its investments in these regions and plans to make significant investments there in the future. This also applies to the Financial Services Division.

A number of Volkswagen's competitors, including Asian and Eastern European providers, have also considerably expanded their production capacities in these regions. At present, existing production capacities are primarily serving the local Asian and Eastern European markets. Demand in these markets will crucially depend on local economic growth. In some of these markets, economic growth is currently supported, to a significant extent through government economic recovery programs which are usually temporary and could expire at any time. If in the future, economic growth does not increase as expected or weakens, Volkswagen might sell fewer products in these markets and obtain lower prices than presently assumed by the Company. It could also lead to significantly intensified price competition among automobile manufacturers in these regions. This could adversely affect Volkswagen's sales revenue and income. Additionally, the investments made by Volkswagen in these markets could prove to be futile. The occurrence of the specified factors may have a material adverse effect on Volkswagen's general business activity and on its net assets, financial position and results of operations.

2.2 Company-related risks

Research and development risks

2.2.1 Volkswagen's future business success as a car manufacturer depends on its ability to develop new, attractive, energy-efficient products that are tailored to its customers' needs and to offer these products on competitive terms and conditions.

Volkswagen's success as a car manufacturer depends primarily on its ability to provide its customers with new, attractive, low-cost, energy-efficient products tailored to their needs and, in particular, to develop, manufacture and offer motor vehicles and motor vehicle components on competitive terms and conditions. Low fuel consumption and exhaust emissions (for example, based on European Union regulations) and the resulting alternative drive technologies (for example, electric powertrains or hybrid engines) with increasingly shorter model update cycles are of increasing importance for customers. Similarly, the services offered must meet customer requirements. A significant factor in Volkswagen's future success is its ability to recognize trends in customer requirements in sufficient time to react to these changes and thus strengthen its position in its existing product range and the market segments it already serves, as well as to expand into new market segments. The increasing complexity of Volkswagen's products and the introduction of new, more environmentally friendly technologies, represent research and development challenges.

A misjudgment or delayed recognition of trends and customer requirements in individual markets or other changes in demand, which even extensive market research cannot eliminate, could lead to a drop in unit sales in the short term and, over the long term – should fundamental or repeated misjudgments be made – to a loss of customers and to an impairment, in particular to a reputational impairment, of the affected Volkswagen brand. Such misjudgments may also lead to significantly unprofitable investments and associated costs.

The cited risks could be exacerbated if customer requirements in individual markets in which Volkswagen is represented develop differently and Volkswagen either does not adapt its products and services in a timely manner or adapts them insufficiently, or not at all.

The occurrence of the specified factors, as well as potential delays in bringing new vehicle models to market, difficulties in attaining stated efficiency targets without loss of quality, a lack of customer acceptance of the new models introduced or temporary bottlenecks in the delivery of parts, components and materials for the manufacture of new car models, may have a material adverse effect on Volkswagen's general business activity and on its net assets, financial position and results of operations.

Procurement risks

2.2.2 There could be a shortage of raw materials which are important to Volkswagen's production in the event of a rapid recovery in the general economic situation and the prices of certain raw materials and energy could increase.

The prices of a number of raw materials that Volkswagen and Volkswagen's suppliers use in manufacturing their products or components, such as steel, aluminum, oil-derived products and various precious metals, reached new all-time highs in 2008. At the end of 2008, in the course of the general financial and economic crisis, prices fell significantly for a number of raw materials traded on commodities and futures exchanges, such as copper, aluminum and lead, as well as for other raw materials such as steel, although prices have risen again since then. A general economic recovery in important markets and the associated increase in demand, could lead to a shortage of raw materials which are important to Volkswagen's production and further price increases for these and other raw materials, resulting in further manufacturing cost increases for end products, parts and components. This risk likewise applies to the energy required by Volkswagen for production. Moreover, an increased price and procurement risk could result from the procurement of rare and frequently sought raw materials, particularly those used in vehicle electronics. If Volkswagen is unable to find substitutes for such raw materials or to pass the increased costs of its products on to customers by raising prices, the occurrence of the specified risks could have a material adverse effect on Volkswagen.

The occurrence of the aforementioned factors could have a material adverse effect on Volkswagen's general business activity and on its net assets, financial position and results of operations.

Moreover, Volkswagen seeks to hedge itself against price increases for essential raw materials and energy through the use of financial derivatives. If prices fall below the level hedged by the derivative financial instruments, these hedge transactions may oblige Volkswagen to pay more than the prevailing market price for raw materials or, at a minimum, to have incurred the expenses of the hedge transaction in vain, thereby suffering a competitive disadvantage relative to competitors who did not enter into any corresponding hedge transactions, or did so to a lesser extent. Furthermore, the default of a counterparty to the hedge transactions or the early termination of hedge transactions may lead to increased costs or the loss of the planned protective mechanism.

2.2.3 Due to the increasing economic pressure on suppliers, there is a risk of supplier insolvencies and the resulting possible interruptions of or impairments to Volkswagen's procurement, production, transport and service chains.

Volkswagen's business depends, among other things, on the timely availability of automotive parts and components, commodities and other materials. In addition to the quality of the parts, components, commodities and other materials, reliable and timely delivery by suppliers is decisive for the smooth flow of production at Volkswagen.

Although Volkswagen attempts to procure individual parts, components and materials from multiple suppliers, for certain parts, components and substances there is or are (as applicable) only one supplier or few suppliers. In these cases, there is a risk of possible production downtime if one or more suppliers, either itself or owing to factors beyond its control, e.g. a transportation strike, is unable to fulfill its delivery obligations. In this context, increasing local production by Volkswagen also plays a part, particularly in BRIC countries, since regionally-based suppliers are used, whose ability to deliver may be adversely affected by regional conditions and events. Changes in customer demand for special features or components may also lead to an increased risk of delivery bottlenecks. Furthermore, the possibility cannot be ruled out that, upon further consolidations in the supplier industry, Volkswagen will possess fewer suitable alternatives, thereby potentially resulting in a loss of quality, price increases, or delivery bottlenecks.

Volkswagen strives to maintain the lowest possible inventory levels. Consequently, Volkswagen's respective production facilities only take deliveries shortly before the use of the automotive parts and components, commodities and other materials and subsequent assembly of the pre-products (just-in-sequence production). The timely deliveries required for this purpose can be delayed or made impossible by interruptions to, or impairments of, the production, transport and distribution chain. Late deliveries may also lead to the occurrence of production bottlenecks and consequently to delayed vehicle deliveries, resulting in damage to Volkswagen's reputation.

Delay or non-availability of automotive parts, components, commodities and other materials required for production may have material adverse effects on the financial state or delivery situation of Volkswagen's individual suppliers. In certain cases, this could lead to financial difficulties for individual suppliers and, possibly, to their insolvency. In individual cases, to prevent supply disruptions for parts and components and other damage to Volkswagen, Volkswagen provides assistance to affected suppliers. Volkswagen may also provide support measures for strategic reasons which are not expedient from a purely financial perspective.

The occurrence of the specified factors may have a material adverse effect on Volkswagen's general business activity and on its net assets, financial position and results of operations.

Production risks

2.2.4 In the event of a strong increase in demand, production capacity may be insufficient.

In connection with the general financial and economic crisis, Volkswagen, like many other automobile manufacturers, has taken appropriate organizational measures (such as the use of flexible time accounts, shift changes and to a small extent, reduced working hours) to adjust its production capacity to the changes in demand.

It cannot be ruled out that Volkswagen or important Volkswagen suppliers will not be able to increase or adjust production capacity sufficiently quickly if the demand for certain vehicle models or features suddenly increases or changes (particularly in light of Volkswagen's planned new generation of vehicle models and start-ups). As a result, competitors who are able to react more quickly could gain market share.

The occurrence of the specified factors may have a material adverse effect on Volkswagen's reputation or that of certain affected brands, Volkswagen's general business activity and its net assets, financial position and results of operations.

2.2.5 *The future business success of Volkswagen depends on its ability to maintain the high quality of its vehicles.*

There is a risk that Volkswagen's globally-applicable internal quality standards, particularly for production in emerging markets where regionally-based suppliers are used, can only be maintained by incurring substantial costs for monitoring and quality assurance.

Errors or defects in parts and components procured or manufactured in-house or assembly mistakes, could cause Volkswagen to implement service or recall campaigns for vehicles manufactured and delivered by it, or even to develop new technical solutions that may require advance governmental authorization. Such measures could require significant time and financial resources from Volkswagen, which in turn may lead to higher provisions for warranties and expenses over and above the levels of existing provisions. Due to Volkswagen's application of the modular component concept in vehicle production, the risk for Volkswagen is increased because individual components are used in a number of different models and even different brands.

For customers, one of the determining factors in purchasing Volkswagen vehicles is the high quality of its products. If the quality of its vehicles were to decrease (or if the public were to have the impression that such a decrease in quality had occurred), this could damage Volkswagen's image and reputation as an automobile manufacturer and also damage the image and reputation of one or more group brands. In addition, there is no guarantee that Volkswagen will be able to obtain appropriate prices for the high quality of its products from its customers. Increasing downward pressure on prices deriving from customers could limit Volkswagen's ability to pass on higher production costs to customers. The cost reductions thus necessitated along the value chain for vehicle manufacture may exert additional cost and price pressures on Volkswagen's suppliers, which in turn may have a negative effect on product quality.

The occurrence of the specified factors may have a material adverse effect on Volkswagen's reputation or that of certain affected brands, its general business activity and on its net assets, financial position and results of operations.

2.2.6 *Unforeseen business interruptions to Volkswagen's production facilities may lead to production bottlenecks or production downtime.*

Volkswagen has more than 60 locations worldwide (including the two Chinese joint ventures), and vehicles are manufactured at 40 production facilities. The production facilities in Western Europe, Asia and South America are of particular importance to Volkswagen due to its strong market position in these regions. Notwithstanding adherence to high technical and safety standards for the construction, operation and maintenance of its production facilities, the risk of operational disruptions and interruptions cannot be ruled out. They can occur for reasons beyond Volkswagen's control (such as natural catastrophes, airplane crashes, terrorism, or epidemics) or for other reasons (such as fire, explosion, release of substances harmful to the environment or health, or regional strikes). Operational disruptions and interruptions may lead to significant production downtimes. With respect to such risks, Volkswagen believes it maintains, as far as possible, a suitable level of insurance. There is, however, no guarantee that this insurance coverage will apply to each of the aforementioned scenarios or that such coverage is sufficient. Any production downtime or stoppage can have a significant negative effect on Volkswagen's reputation and general business operations; in the case of insufficient insurance coverage, it can also have material adverse effects on Volkswagen's net assets, financial position and results of operations.

Sales and distribution risks

2.2.7 *Volkswagen is particularly dependent on the sale of vehicles to major customers (including fleet customers) and is therefore dependent on their economic situation.*

As a rule, major customers (e.g. in Germany with annual purchases of five or more vehicles or an inventory of at least 15 vehicles for their own use) including fleet customers, with their demand for vehicles for commercial use, generate more stable incoming orders than individual customers. Thus, in 2009, Volkswagen's deliveries to major customers comprised 24.7% (2008: 31.6%, 2007: 31.02%) of all group brand vehicles delivered in the Western European region (EU 15). Even if there is no dependency on individual major customers (for example, in 2009 Volkswagen's deliveries to the Volkswagen Group's 10 largest customers made up only 2.6% of the total vehicles delivered to major customers), as an aggregate, major customers are an important customer group for Volkswagen.

Due to the general financial and economic crisis and the resulting reluctance to invest, or for other reasons, major customers could delay their orders for vehicles or reduce the number of vehicles ordered. Additionally, due to the larger number of vehicles purchased by major customers compared to individual customers, major customers are generally granted larger discounts; there is a risk that Volkswagen will only be able to offset these discounts partially or not at all – for example with a better fleet mix or better individual features resulting in a higher contribution to earnings. The holding period for new vehicles by fleet customers is generally shorter than by private and commercial end customers, which leads to a more continuous realization of contributions to earnings. Moreover, there is a risk that the sale of fewer vehicles to major customers may also lead to a lower number of leasing agreements concluded for this purpose by the Financial Services Division. The occurrence of the specified factors may have a material adverse effect on Volkswagen's general business activity and on its net assets, financial position and results of operations.

2.2.8 The effects of the global financial and economic crisis, along with regulatory changes, may have a significant negative impact on the economic situation of Volkswagen's dealers and importers.

The economic situation of many of Volkswagen's dealers and importers is currently significantly impaired due to declining demand for vehicles and the associated deterioration of residual values in the leasing business. The decline in demand, which is, among other things, a result of the global financial and economic crisis, is characterized by higher financing costs and a significant decline in the range of products offered by banks and leasing companies for vehicle financing. If dealers or importers encounter financial difficulties and Volkswagen's products and services can either no longer be sold or sold only in limited numbers, this would have, on the one hand, direct effects on the region covered by the dealer or importer and, on the other hand, indirect effects on deliveries of Volkswagen vehicles if the affected dealers or importers could not be replaced by other comparable companies. Consequently, as was already the case on several occasions, Volkswagen could be compelled to provide support measures for dealers and importers and, where necessary, also take over their obligations to customers.

The aforementioned risks will intensify if the European Commission revisits the proposal to introduce a repairs clause in Directive 98/71/EC (the "**Design Directive**"). The design law protection for "must-match" genuine parts, i.e. genuine parts that must be identical to the original parts, such as wings or windscreens, would thereby become inapplicable throughout Europe. A repeal of the protection could subject Volkswagen's genuine parts business to stronger competition, with a material adverse effect on Volkswagen's dealers and importers as well as on Volkswagen's business operations. Due to the successor provisions of the current motor vehicle block exemption (Regulation (EC) No 1400/2002) and the EU5/6 legislative initiatives (Regulation (EC) No 715/2007 and Regulation (EC) No 692/2008), a more extensive liberalization might ensue, accompanied by intensified competition, particularly in the areas of service and genuine parts sales.

The occurrence of the specified factors may have a material adverse effect on Volkswagen's general business activity and on its net assets, financial position and results of operations.

2.2.9 There is a risk that the separate positioning of its various brands pursued by Volkswagen will not be successful, which could lead to a reciprocal weakening of the brands.

In the Automotive Division, Volkswagen has a number of brands, some of which target the same customer groups and therefore partially or wholly overlap. Simultaneously marketing various Volkswagen brands to the same customer group may have a negative effect on the market share of the respective brands. There is a risk that the expansion of existing brands, and the potential establishment or acquisition of additional brands, insofar as they are aimed at customer groups which Volkswagen's brands are already targeting, will lead to a mutual weakening of the market shares of the individual brands (so-called cannibalization). This risk is intensified because Volkswagen's vehicles are in part based on the same production platforms and modular system concept and contain identical components.

Additionally, there may be increasing customer demand for high-volume models in vehicle classes in which Volkswagen is represented with multiple brands and models (such as the compact vehicle class), which may result in Volkswagen having to increasingly differentiate the affected brands from each other.

The occurrence of the specified factors may lead to a loss in sales revenue or additional expenses for repositioning the affected brands, which would have a material adverse effect on Volkswagen's general business activity and on its net assets, financial position and results of operations.

Financial risks

2.2.10 Volkswagen may not succeed in refinancing itself in due time and to the necessary extent. There is also a risk of refinancing upon unfavorable terms and conditions.

Volkswagen depends on its ability to cover its respective capital requirements to an adequate extent. As a rule, refinancing is carried out separately for the Automotive Division and the Financial Services Division. Both divisions, however, follow the same refinancing strategy that is prescribed by Volkswagen Aktiengesellschaft's Board of Management. Therefore both divisions are in principle subject to the same risks with regard to refinancing.

The Automotive Division finances itself primarily through retained, undistributed earnings as well as through borrowings in the form of bonds and bank loans. The Financial Services Division's refinancing primarily uses existing money-market and capital-market programs, securitization of loan receivables and leasing receivables (asset-backed securities program), deposits from the direct banking business of Volkswagen Bank GmbH and bank loans.

The terms and conditions available to Volkswagen for its external funding depend, apart from general market conditions on the interest rate trend in financial markets and also on assessment of Volkswagen's credit quality by market participants and rating agencies. The Volkswagen Group's refinancing opportunities may be adversely affected by a deterioration in general market conditions as well as by a rating downgrade or withdrawal. For example, the interest of capital market participants (banks and other investors) may diminish overall as a result of specific investment rules in relation to credit ratings, which may result in Volkswagen having to pay higher rates of interest.

In the event of a general deterioration of market conditions, the credit spreads payable by Volkswagen or the general level of interest rates could increase, which in both cases would result in higher interest expenses for the refinancing. If Volkswagen has not dealt with and limited the risk of changes in interest rates accordingly, this could have material adverse effects for Volkswagen, particularly with respect to its net interest income.

The occurrence of the specified factors may have a material adverse effect on Volkswagen's general business activity and on its net assets, financial position and results of operations.

2.2.11 Volkswagen is exposed to the risk that a contract party will default or that the credit quality of its contract partners or customers will deteriorate.

Volkswagen is exposed to the risk that the credit quality of debtors (retail customers and business partners, such as dealers and major customers, including fleet customers) will deteriorate or that they will default (so-called counterparty credit risk). This includes the risk of a default on interest and lease payments, particularly in the Financial Services Division, and on financing repayments (credit risk). Such payment difficulties can be caused by unemployment (with respect to private customers) and insolvency (with respect to major customers). Due to the relative size of the financing arrangements for dealers or major customers, a partial or complete default by such customers individually could have material adverse effects on Volkswagen.

Volkswagen is exposed to the risk of default or deterioration of the credit quality of its contract partners in the money and capital markets. In both the Automotive and Financial Services Divisions, Volkswagen maintains extensive business relationships with banks and financial institutions, in particular, to control liquidity through call money and fixed term deposits and to hedge against such risks as currency exchange rate and commodity price risks using derivatives. Volkswagen incurs default risks with respect to the repayment of and interest on the deposits and the fulfillment of obligations under such derivatives (counterparty risk). The default of a counterparty can have an adverse effect on Volkswagen. Volkswagen invests surplus liquidity in bonds and similar financial instruments, among others. Deterioration in credit quality or the insolvency of an issuer of such bonds or other similar instruments can result in losses when financial instruments are sold before maturity or can even result in the issuer's default on the receivable.

The aforementioned risks have increased in connection with the global financial and economic crisis, so that the precautions taken by Volkswagen in terms of risk management have been increased. If the macroeconomic environment were to further deteriorate or fail to improve significantly in the near future, this could result in an additional need to increase risk provisioning.

The occurrence of the aforementioned factors could have a material adverse effect on Volkswagen's general business activities and net assets, financial position and results of operations.

2.2.12 Changes in interest rates could have a negative impact on Volkswagen.

Volkswagen is subject to the risk of changes in market interest rates which may result from mismatched-maturity refinancing and from the different interest rate elasticities of asset and liability items (so-called market price risk in the form of interest rate risk). If there is a sharp rise in interest rates, this could lead to increased interest expenses relative to interest income, which could result in decreased net interest income or in negative net interest income. Rising interest rates could also lead to a decrease in the demand for loans and a corresponding decrease in the sales potential of loans and other forms of financing.

Falling interest rates could, among other things, cause an increase in early loan repayments and stronger competition for customer deposits in the Financial Services Division. In certain circumstances, the liquidity from prematurely repaid loans of the Financial Services Division may only be able to be reinvested in types of investments that are less profitable than the repaid loans. A decrease in capital market interest rates may also have a negative effect on the capital market's receptivity to securitized loan portfolios (asset-backed securities) or the issuance of other debt securities by Volkswagen if potential investors view the risk premiums for Volkswagen's debt instruments to be too low compared to other products. Interest rates largely depend on factors over which Volkswagen has no control, such as the central banks' monetary policy and the domestic and international economic and political situation.

The occurrence of the specified factors may have a material adverse effect on Volkswagen's general business activity and on its net assets, financial position and results of operations.

2.2.13 *There are risks from exchange rate fluctuations versus the euro and from hedging transactions entered into in this regard.*

Volkswagen operates globally in a number of countries and generates a significant portion of its sales revenue in currencies other than the euro, particularly in US dollars, sterling, Russian rubles, Japanese yen, Swedish kronor, Czech korunas, Swiss francs, Chinese yuan renminbi, Mexican pesos, Brazilian reals, Australian and Canadian dollars, South African rand and Polish zloty. Similarly, a major portion of Volkswagen's expenses are denominated in a variety of currencies, particularly those aforementioned. As expenses and revenues in the respective currencies for any one reporting period rarely correspond with each other, an unfavorable exchange rate trend for these currencies may lead to a difference between the value calculated on a euro-basis for the service rendered and the value of the consideration received ("transaction effects"). Over the past three years, significant exchange rate fluctuations were evident, particularly with respect to the performance of the US dollar, sterling, the Russian ruble and the Swedish krona versus the euro, which had a corresponding effect on Volkswagen's net assets, financial position and results of operations. A number of Volkswagen Group's subsidiaries and equity investments prepare their financial statements in currencies other than the euro. These financial statements are translated into euros for preparation of the Volkswagen Group's consolidated financial statements. This conversion may also lead to corresponding effects in the consolidated financial statements of the Volkswagen Group (so-called translation effects).

When business and economic conditions are favorable, Volkswagen is usually able to obtain the equivalent of its euro-denominated prices, even when the euro is strong. Conversely, this is not usually possible during weak economic periods, with the result that a strong euro may have an intensified negative impact on Volkswagen. Volkswagen enters into hedging transactions for the purpose of lowering currency risks. These hedge transactions reflect the market trends forecast by the Company at the time the respective contracts were concluded. It can therefore not be ruled out that the exchange rate risks may not have been fully hedged and have been hedged only for the medium term. Hedge transactions and losses arising from exchange rate fluctuations which deviate from forecasts may also result in significant costs. Overall, Volkswagen's strategies for hedging against currency fluctuations may be unsuccessful for a variety of reasons and may prove to be insufficient.

The occurrence of the specified factors may have a material adverse effect on Volkswagen's general business activities and on its net assets, financial position and results of operations.

2.2.14 *The Financial Services Division is dependent, among other things, on the development of the Automotive Division and therefore is also exposed to the same risks. It is also dependent on the ability to offer its customers products and services that meet their demands.*

With its financial service activities, Volkswagen primarily pursues the objective of promoting the unit sales of Volkswagen-produced vehicles and strengthening customer loyalty to the Volkswagen Group's brands. The financing and leasing activities, as well as the insurance products brokered, are developed and offered in close coordination and cooperation with the Automotive Division. Accordingly, the Financial Services Division generally operates in those markets where Volkswagen sells vehicles. In the areas of customer acquisition and customer care, the Financial Services Division works closely together with the Volkswagen Group's dealer organization.

As a result of these objectives and the close connection with the Automotive Division and the dealer organization, the development of the Financial Services Division depends directly on unit sales of Volkswagen-produced vehicles to customers in the relevant markets. This dependency is particularly heavy in those markets, such as the USA, in which a high percentage of vehicles delivered to customers by Volkswagen is financed by the Financial Services Division. If vehicle deliveries to customers were to fall significantly in these markets, this would have an adverse impact on the earnings of the Financial Services Division.

Consequently those risks which influence developments in the market for the sale of automobiles have a direct impact on the Financial Services Division.

The financial services offered by the Financial Services Division must be adapted to the needs and expectations of the customers in order to promote unit sales of Volkswagen vehicles. There is therefore a risk that the financial services offered will not meet customer demands, that terms and conditions will not be competitive, or that competitors will offer customers more attractive products and services. Since financial services are mainly aimed at promoting unit sales of Volkswagen vehicles, this could have an adverse effect on unit sales of vehicles manufactured by Volkswagen.

The occurrence of the specified factors may have a material adverse effect on Volkswagen's general business activity and on its net assets, financial position and results of operations.

2.2.15 Volkswagen is subject to liquidity risks.

In the event that required follow-up financing cannot be obtained or only upon less favorable terms, or that another method of refinancing is not possible or only upon less favorable terms, or in the event of an unexpected drawdown of loan commitments or withdrawal of deposits, there is a risk that Volkswagen will not be able to fulfill its payment obligations on time or in the full amount (liquidity risk).

In connection with the global financial and economic crisis, the Financial Services Division – like all market participants – was at times unable to issue securities under its asset-backed securities program. This development was compensated for by higher deposits in its direct banking business and other types of capital market transactions. It cannot be ruled out, however, that, in the future, direct bank customers will invest their deposits in other forms of investments and/or outside the Volkswagen Group.

The occurrence of the specified factors may lead to a situation where the capital required for the financing of Volkswagen is not available to a sufficient extent or is not available upon reasonable terms and conditions, which in turn may have a material adverse effect on Volkswagen's general business activity and on its net assets, financial position and results of operations.

2.2.16 Volkswagen's business in the Financial Services Division is exposed to worldwide risks from non-compliance with a variety of regulatory and legal requirements and conditions.

The regulatory environment in the various jurisdictions in which the Financial Services Division's companies operate may change at any time. Failure to comply with regulatory provisions may lead to the imposition of penalties and other detriments, up to and including the loss of regulatory approvals. The business operations of the companies that belong to the Financial Services Division are regulated and supervised by the central banks and national regulatory authorities of the countries in which they are based or where they provide services. Regulatory principles and requirements in the various countries may change at any time. In the event of regulatory changes in one or more countries, additional requirements may be imposed on regulated companies which make it more difficult, or even impossible, for them to operate in certain business areas. Compliance with amended regulatory requirements may also lead to a significant increase in the Volkswagen Group's administrative expenses.

The occurrence of the specified factors may have a material adverse effect on Volkswagen's general business activity and on its net assets, financial position and results of operations.

2.2.17 In connection with its leasing business, Volkswagen is exposed to the risk that the market value of the leased vehicles will fall below the calculated residual values.

In connection with its operating leasing activities, the Financial Services Division, as lessor, generally bears the risk that the market value of the leasing vehicles upon realization, after the expiration of the contractually agreed leasing term, will be lower than the calculated residual value at the time the contract was entered into (residual value risk). The Financial Services Division forms corresponding loss provisions for the resulting difference.

With regard to the party bearing the residual value risks, Volkswagen distinguishes between direct and indirect residual value risks. If the residual value risk is carried by the Financial Services Division, as is generally the case in the operating lease area, it is referred to as a direct residual value risk. A residual value risk is indirect when that risk has been transferred to a third party (such as a dealer) based on a residual value guarantee. In Germany, the Financial Services Division therefore frequently concludes agreements with dealers requiring the latter to repurchase vehicles, such that dealers bear the economic residual value risk as residual value guarantors. With respect to the residual value guarantor, in these cases the Financial Services Division is exposed to counterparty credit risk. If the residual value guarantor defaults, the leased asset and thus also the residual value risk passes to the Financial Services Division as lessor.

The residual value risk is mainly influenced by external factors such as the selection of used cars being offered, consumer confidence and consumer preferences, exchange rates, sales incentive measures of governments and automobile manufacturers and general economic circumstances beyond the control of the Financial Services Division. Uncertainties may also exist with respect to the internal methods for calculating residual values, for example owing to assumptions that prove to have been incorrect. In markets with a large share of operating lease agreements such as the USA, Canada and Great Britain, the residual value risk is, in relative terms, particularly high. The Financial Services Division constantly monitors used-car price trends using available internal and external data and makes continuous adjustments to the risk provisioning.

In addition, initiatives to increase unit sales of new vehicles may lead to a decline in the resale value of used cars. This trend was particularly evident in the years 2008 and 2009 in view of the government vehicle purchase incentive programs and the price reductions by automobile manufacturers and dealers. It therefore became necessary to increase existing loss provisioning for residual value risk over the course of the global financial and economic crisis. It cannot be ruled out that, due to the aforementioned government and private sales-promotion measures and the general financial and economic crisis, residual value risks will also increase overall in the future.

Should this, or incorrect estimates in the initial calculations, or subsequent residual value adjustments, mean that the risk provisioning made by the Financial Services Division for residual value risk prove to have been inadequate, this may have a material adverse effect on Volkswagen's general business activity and on its net assets, financial position and results of operations.

2.2.18 Volkswagen is exposed to risks from the insurance business.

The Financial Services Division's insurance brokerage business serves primarily to promote the unit sales of Volkswagen's vehicles. In addition to underwriting commissions, the Financial Services Division also receives portfolio commissions, particularly in Germany where the Financial Services Division provides all support services and processes insurance policies.

In addition to the risks that exist for the Volkswagen Group with respect to market trends for vehicle sales, the Financial Services Division is also exposed to the risk that premiums for policies entered into with customers will not be paid or that policies will be prematurely terminated, with the consequence that the premiums received based on the portfolio of policies will have to be repaid. Such a development can have a number of causes, such as the deteriorating economic condition of customers.

The Financial Services Division also assumes insurance risks from brokering personal, automobile and commercial property and liability insurance policies through Volkswagen Reinsurance AG. The actuarial risk results from the inherently random risk of the insurance liabilities in connection with the advance payment of premiums at the beginning of the insurance period. The Financial Services Division passes on most of the automobile and commercial property and liability insurance policies it assumes to other reinsurers.

The occurrence of the specified factors may have a material adverse effect on Volkswagen's general business and on its net assets, financial position and results of operations.

2.2.19 Volkswagen Aktiengesellschaft is liable to the Bundesverband deutscher Banken e.V. (Association of German Banks) if the latter incurs losses as a result of having provided assistance to Volkswagen Bank GmbH.

Volkswagen Bank GmbH is a member of the Deposit Protection Fund (*Einlagensicherungsfonds*) of the Bundesverband deutscher Banken e.V. (Association of German Banks). Under the bylaws of the latter's Deposit Protection Fund, Volkswagen Aktiengesellschaft has signed an indemnity agreement on behalf of Volkswagen Bank GmbH. Under the agreement, Volkswagen Aktiengesellschaft undertakes to hold Bundesverband deutscher Banken e.V. harmless from any losses it incurs resulting from assistance provided to Volkswagen Bank GmbH. The Deposit Protection Fund of the Bundesverband deutscher Banken e.V. protects all non-bank deposits, that is, deposits of private individuals, commercial enterprises and public-sector entities. Any intervention of the Deposit Protection Fund to support Volkswagen Bank GmbH may have a material adverse effect on Volkswagen's general business activity and on its net assets, financial position and results of operations. Moreover, any rescue measures taken by the Deposit Protection Fund may result in long-term reputational damage to the Volkswagen Group.

Other risks (impairment tests, personnel, IT, etc.)

2.2.20 The value of goodwill or the brand names reported on the consolidated financial statements may have to be partially or fully written down as a result of reevaluations (in particular, as a result of impairment testing).

As of December 31, 2009, intangible assets comprised of goodwill reported in the Volkswagen Group's balance sheet amounted to EUR 2,929 million and the reported value of brand names amounted to EUR 949 million.

At least once a year, Volkswagen reviews whether the value of these assets may be impaired based on the underlying cash-generating units. In doing so, the Volkswagen Group generally applies the value in use of the relevant cash-generating unit (brands or products). This is based on management's current planning (excluding the plan for Scania). The planning period generally covers a period of five years. For subsequent years, assumptions are made regarding future developments. In each case, the planning assumptions are adjusted to reflect the current state of knowledge. In this context, assumptions concerning macroeconomic trends and historic developments are taken into account. If there is objective evidence that the carrying amount is higher than the recoverable amount for the asset concerned, an impairment loss is incurred. An impairment loss may be triggered, among other things, by a general increase in interest rates. Volkswagen cannot guarantee that it will not be necessary to take such an impairment loss as of a future balance-sheet date. The occurrence of the specified factors may have a material adverse effect on Volkswagen's general business activities and on its net assets, financial position and results of operations.

2.2.21 *Volkswagen is dependent on its ability to attract, retain and provide further training to qualified managers and employees.*

Volkswagen's success depends substantially on qualified senior managers and employees, including the members of the Board of Management of the Company, as well as employees in key functions within the Volkswagen Group. In particular, highly qualified employees in the areas of research and development, design, production, distribution and other areas are critically important to Volkswagen's success. The loss of important employees due to turnover, targeted recruiting or age-related departures may lead to a significant drain on know-how. The competition for qualified personnel is on the increase, particularly in the area of automotive research and development. If Volkswagen fails to retain qualified personnel to the necessary extent, add additional qualified personnel or continue to train existing personnel, the Company may not reach its strategic and economic objectives.

The occurrence of the specified factors may have a material adverse effect on Volkswagen's general business activities and on its net assets, financial position and results of operations.

2.2.22 *Volkswagen is dependent on good relationships with its employees and their unions.*

Personnel expenses are a major cost factor for Volkswagen. Volkswagen's employees at its German locations and at a number of foreign subsidiaries have traditionally been heavily unionized. There is no guarantee that, upon the expiration of existing collective agreements and current collective wage agreements, new agreements can be concluded on terms and conditions that are reasonable from the perspective of the Company. It can also not be ruled out that such agreements may only be achieved after industrial action such as strikes or similar measures. If production, or other Volkswagen Group areas or business processes, are compromised by industrial action for an extended period, this may have material adverse effects on Volkswagen's general business activity and on its net assets, financial position and results of operations. Competitors may obtain competitive advantages if they succeed in negotiating collective wage agreements on better terms and conditions than Volkswagen. Foreign competitors, in particular, may also obtain competitive advantages due to more flexible legal environments.

In particular, Volkswagen Aktiengesellschaft is exposed to risks from the collective wage agreement concluded with Industriegewerkschaft Metall (IG Metall, German Metalworkers Union) and the Christliche Gewerkschaft Metall (CGM, Christian Metalworkers Union) for long-term job location and job security, the so-called Collective Wage Agreement for the Future (*Zukunftstarifvertag*). This Collective Wage Agreement for the Future came into effect on January 1, 2009 and in the normal course of events may not be terminated before December 31, 2014; as a rule, it applies to all Volkswagen Aktiengesellschaft employees. During the term of this Collective Wage Agreement for the Future, employment contracts may not be terminated for operational reasons. Under the Collective Wage Agreement for the Future, the Company agreed to keep the number of employees at the six West German locations stable, subject to additional structural measures agreed upon by management and the employees and their representatives. The Collective Wage Agreement for the Future contains an obligation to enter into site agreements for concrete measures for safeguarding employment at the six Western German locations and to reach productivity goals. For the future strategic development of the sites, the Company is making an innovation fund available of EUR 20 million per year. Starting in 2011, an additional fund with the same amount will be set up to foster new fields of employment along the automotive value chain. The Collective Wage Agreement for the Future provides for a review process (review discussions, arbitration) in the event of significant changes in basic assumptions or underlying economic conditions and if these proceedings take place without yielding a result, the Collective Wage Agreement for the Future may be terminated prematurely. Nevertheless, the Company may not react to a change in underlying economic conditions or, as the case may be, may not react in sufficient time, for example through staff reductions.

The occurrence of the specified factors may have a material adverse effect on Volkswagen's general business activities and on its net assets, financial position and results of operations.

2.2.23 *Volkswagen is exposed to IT risks, IT security risks and data protection risks.*

Volkswagen operates comprehensive and complex IT systems for, among other things, the organization, inventory and management of its primary, intermediate and end products, its suppliers and its customers, including, for example, databases containing information on the Financial Services Division's customers. A group-wide harmonization of the Volkswagen Group's various IT systems, and the third-party IT systems connected thereto, such as those of dealers, with a view to the creation of a uniform IT architecture, represents a special challenge for Volkswagen due, among other things, to the size, complexity and international nature of the Volkswagen Group. Additionally, numerous essential functional processes in the production of vehicles and components are dependent on computer-controlled applications and cannot be carried out without properly functioning IT systems. Malfunctions or errors in its own or external IT systems, including potential outside intrusions by hackers or computer viruses, and software or hardware errors, could have adverse effects on Volkswagen's operational business. Furthermore, regular or event-driven updates are required for many of the IT systems to meet increasingly complex business and regulatory requirements. It is also possible that IT applications may not meet the demands placed on them. IT system downtime, interruptions or security flaws may lead to significant disruptions of customer relationships, accounting, management and/or credit administration. Likewise, despite existing backup systems and emergency plans, a temporary shutdown of the IT systems may result in significant expenses for data restoration and verification.

Volkswagen collects, processes and uses employee and customer data which is strictly confidential, for example in the areas of human resources and in the Financial Services Division. In this regard, Volkswagen must comply with the applicable requirements of data protection laws; in Germany this includes, among others, the provisions of the Bundesdatenschutzgesetz (BDSG – German Federal Data Protection Act) as well as company regulations. Violations of the provisions of data protection laws, particularly any use or storage of data, or the transmission thereof to third parties, without the consent of the party affected, or unauthorized data access by third parties, may damage Volkswagen's reputation, constitute administrative offenses or criminal acts and provide grounds for damages claims and fines against the Company and/or its subsidiaries.

The occurrence of the specified factors may have a material adverse effect on Volkswagen's general business activities and on its net assets, financial position and results of operations.

2.2.24 There is a risk that Volkswagen will be unable to implement its strategic plans and objectives, in whole or in part, or that it only will be able to do so at a higher cost than planned or that the Company will not reach its medium- and long-term financial goals.

With its "Strategy 2018", Volkswagen is pursuing a basic strategic policy consisting of four key elements: customer satisfaction and quality, a pre-tax profit margin exceeding 8%, unit sales of more than 10 million vehicles a year, and Volkswagen as an outstanding employer. The basic strategic policy is linked to specific quantitative and qualitative goals in order to assess the actual progress in pursuing the strategy. Volkswagen's goal is to become the leading automotive group worldwide, from an economic and ecological perspective, by 2018. Numerous and diverse factors, some of which are beyond Volkswagen's control, such as a slow recovery or a deterioration in the business climate in the Volkswagen Group's core markets, primarily in Germany and Western Europe, weaker development in emerging markets, the occurrence of one or more of the risks described in this Prospectus, or other factors, can frustrate implementation of the basic strategic policy and the attainment of these goals. If Volkswagen is unable to implement the strategic goals it has announced, in whole or in part, or if the costs associated with the basic strategic policy exceed the expectations of the Company, this can have an adverse effect on Volkswagen's reputation, general business activities, and on its net assets, financial position and results of operations.

2.3 Risks from joint ventures, acquisitions and equity interests in companies

2.3.1 Risks may arise for Volkswagen out of its cooperation with joint venture partners.

For research and development, market launches and large projects, Volkswagen at times enters into joint ventures with strategic partners. In some cases, the relevant partners provide a major portion of the equity capital investment for the project and/or provide other services. In the corresponding agreements, Volkswagen agrees with the joint venture partners or the joint ventures to perform certain services for the project. If Volkswagen fails to fulfill its obligations under these contracts, either in whole or in part, this may lead to claims for damages, contractual penalties or termination of the joint venture by the partner or by the joint venture. Moreover, the successful implementation of a project may be endangered or impaired through a breach of contract by a partner, the joint venture or through unforeseen events. In the event that Volkswagen decides on divestment of or withdrawal from the joint venture, there is a risk that no buyer will be found for the joint venture shares or that there will be no other way to sell the shares for other reasons or that the partner will claim damages.

In particular, in relation to the joint venture Shanghai Volkswagen Automotive Co., Ltd., established in 1984, in which the Company, Volkswagen (China) Investment Company, Ltd. and Shanghai Automotive now have investments, as well as the joint venture FAW-Volkswagen Automotive Company Ltd., established in 1990, in which the Company, Volkswagen (China) Investment Company, Ltd., Audi AG and FAW Group Corporation are invested, due to the strategic importance of these joint ventures in terms of growth strategy in Asia, any impairment of the business activities of these joint ventures, irrespective of the associated claims for damages arising therefrom, will have material adverse effects on the functioning of the joint ventures. This also applies to the investment of Suzuki Motor Corporation ("**Suzuki**") in India (Maruti Suzuki India Ltd.), which plays an important role in the planned market expansion by Volkswagen in India.

The occurrence of the specified factors may lead to a loss of orders and/or customers and endanger Volkswagen's strategic market position in China together with the local joint ventures, or the planned expansion in India or other regions, which may result in a time-consuming and costly search for alternative joint venture partners as well as the loss of costs already incurred. The occurrence of the specified factors may have a material adverse effect on Volkswagen's general business activities and on its net assets, financial position and results of operations.

2.3.2 Volkswagen may be exposed to risks in relation to corporate acquisitions and equity interests in companies as well as with regard to the rights of outside minority shareholders.

The Company has made significant acquisitions in the recent past and has not ruled out the possibility that it will continue to acquire companies and equity interests in companies in the future. Corporate acquisitions are typically associated with significant investments and risks. As it is often not possible to completely review the target company prior to the acquisition or investment, or this can be done only by incurring disproportionately high costs, the Company can therefore not guarantee that it will recognize all risks related to such a transaction in advance or that it will have protected itself against such risks. Target companies may also be located in countries in which the underlying legal, economic, political and cultural conditions do not correspond to those customary in the European Union, or have other national peculiarities with which the Company may not be sufficiently familiar. In addition, preparing for the acquisition and integration of companies generally ties up significant management resources. There is also a danger that acquired or licensed technologies or other assets will not be legally valid or intrinsically valuable and that Volkswagen may therefore not be able to use them or use them as planned. There can also be no guarantee that the Company will succeed in retaining, maintaining and integrating the employees and business relationships of newly acquired companies or portions of companies.

There is a risk that it might not be possible to realize the targets for growth, economies of scale, cost savings, development, production and distribution targets, or other strategic goals being sought from the acquisition of companies and interests in companies, or it may only be possible to realize them to an insufficient extent given time and budget constraints. Moreover, anticipated synergies may not materialize, the purchase price may prove to have been too high or unforeseen restructuring expenses may become necessary. Thus, the success of corporate acquisitions or the taking of equity interests in companies, is generally not assured. Moreover, in many countries and regions, planned acquisitions are subject to review by competition authorities, which may impede a planned transaction. It is also possible that the flow of information to Volkswagen may be restricted for legal reasons in the case of equity interests in companies with outside minority shareholders; this restricts, in particular, planning and integration efforts and the ongoing procurement of information. For example, the effect of Swedish legal rules is that the Company has only limited access to the business and financial data of Scania AB and cannot view the internal monthly reporting data of Scania AB, but only the quarterly and annual reports which must be published, to the extent that these are necessary to compile the financial statements of the Company. This restricts the ability of the Company to recognise developments on the basis of up-to-date information and to react thereto, if necessary.

The occurrence of the specified factors, an incorrect assessment of the risks as well as other failures in relation to acquisitions and investments may have a material adverse effect on Volkswagen's general business activities and on its net assets, financial position and results of operations.

2.3.3 There are specific risks associated with creating an integrated automotive group.

Volkswagen Aktiengesellschaft aims to integrate Porsche Automobil Holding SE and Dr. Ing. h.c. F. Porsche Aktiengesellschaft (Porsche Automobil Holding SE and Dr. Ing. h.c. F. Porsche Aktiengesellschaft collectively also referred to as "**Porsche**") within the framework of an integrated automobile group, with Porsche under Volkswagen management and potentially including the operating trading business of Porsche Holding Gesellschaft m.b.H. and Porsche Gesellschaft m.b.H., both based in Salzburg (Porsche Holding Gesellschaft m.b.H. and Porsche Gesellschaft m.b.H. collectively also referred to as "**Porsche Holding Salzburg**"). To this end, the Company has made a 49.9% investment against a cash contribution of EUR 3.9 billion in Porsche Zwischenholding GmbH ("**Porsche Zwischenholding**"), which holds all shares in Dr. Ing. h.c. F. Porsche Aktiengesellschaft. In addition, the Company, as option writer, has reached an agreement with Porsche Gesellschaft m.b.H. Salzburg, in the form of a put option, regarding the potential acquisition of Porsche Holding Salzburg's operating trading business on the basis of an enterprise value of EUR 3.55 billion.

The intended target structure is a merger of Porsche Automobil Holding SE into Volkswagen Aktiengesellschaft, through which, among other things, Porsche Automobil Holding SE's remaining 50.1% indirect equity investment in Dr. Ing. h.c. F. Porsche Aktiengesellschaft would be combined with Volkswagen Aktiengesellschaft's indirect equity investment of 49.9%. In the event the merger is not implemented, the Company has entered into agreements (call/put options) for the acquisition of the remaining 50.1% indirect equity investment in Dr. Ing. h.c. F. Porsche Aktiengesellschaft for consideration consisting of a strike price of about EUR 3.9 billion (the strike price will be adjusted according to the type of option (call or put) and the date it is exercised to achieve certain tax effects), which may be exercised by the Company in 2013 and 2014 as well as by Porsche Automobil Holding SE in 2012/13 and 2014/15. This entails risks which are described in sections 2.3.3.1 to 2.3.3.6.

2.3.3.1 *There is a risk that the value and the existing risks at Porsche Zwischenholding, Dr. Ing. h.c. F. Porsche Aktiengesellschaft and Porsche Holding Salzburg have not been assessed correctly and that such risks have not been reflected adequately in the implementation agreements.*

There is a risk that, at the time of concluding the implementation agreements to create an integrated automotive group with Porsche (the "**Implementation Agreements**"), the Company assessed incorrectly the intrinsic value of Dr. Ing. h.c. F. Porsche Aktiengesellschaft and that of Porsche Holding Salzburg's operating trading business, including the synergies to be generated by an integrated automotive group. Thus, the Company believes that the agreed consideration for Dr. Ing. h.c. F. Porsche Aktiengesellschaft is justified, among other things, by the opportunity which, in the view of the Company exists, to achieve a long-term significant increase in Volkswagen's operating profits from the integration of Dr. Ing. h.c. F. Porsche Aktiengesellschaft into the Volkswagen Group. This assessment could prove to be false. The synergies may be significantly smaller or there may be none at all. In addition, significant costs may be incurred in realizing synergies and integrating Dr. Ing. h.c. F. Porsche Aktiengesellschaft and such costs may prove to be higher than estimated. Moreover, significant tax-related risks may exist and materialize from the restructuring measures (particularly from the merger of the former Dr. Ing. h.c. F. Porsche Aktiengesellschaft into Porsche Zwischenholding as well as the subsequent spin-off) implemented prior to the indirect investment in Dr. Ing. h.c. F. Porsche Aktiengesellschaft, as well as from the indirect investment in Dr. Ing. h.c. F. Porsche Aktiengesellschaft and from the passing along of the funds from the cash contribution as a loan to Porsche Automobil Holding SE. However, some significant measures, as well as the planned internal reorganization of Porsche were discussed with the tax authorities and were made the subject of binding advance rulings. In addition, there may be considerable risks of shared liability by Porsche Zwischenholding and Dr. Ing. h.c. F. Porsche Aktiengesellschaft for any demand for additional taxes from Porsche Automobil Holding SE, which could result from option transactions carried out by Porsche Automobil Holding SE and the former Dr. Ing. h.c. F. Porsche Aktiengesellschaft (see also section 2.3.3.2 "– *Risks exist relating to the financial situation and liquidity position of Porsche Automobil Holding SE*").

Additionally, during the due diligence review carried out with regard to Porsche, litigation, taxation and other risks, including in the form of joint-liability risks of Dr. Ing. h.c. F. Porsche Aktiengesellschaft and/or Porsche Zwischenholding for obligations of Porsche Automobil Holding SE, may not have been recognized, may have been recognized only inadequately, or were reflected insufficiently in determining the consideration, or Volkswagen Aktiengesellschaft's corresponding indemnity claims against Porsche Automobil Holding SE, agreed to in a significant amount, may be worthless and/or not secured to an adequate extent. The same applies to the potential acquisition of Porsche Holding Salzburg's operating trading business. The dealer and distribution network of Porsche Holding Salzburg may be less profitable than assumed and the agreed consideration could prove to be unreasonably high for this or for other reasons. During the due diligence review carried out on Porsche Holding Salzburg, risks, such as those connected with the tax-exempt collection of profits on options, may not have been recognized or may have been recognized only inadequately, and may materialize after implementation of the acquisition, to the detriment of Volkswagen. Volkswagen could, following the acquisition of Porsche Holding Salzburg's operating trading business, be subject to unexpected additional tax liabilities in the event that the competent tax authority has a different view of the transaction, with respect to the arm's length qualification and the valuations in the context of the acquisition of the operating trading business of Porsche Holding Salzburg, whose shareholders are indirect shareholders, and therefore closely related persons of Volkswagen Aktiengesellschaft.

The occurrence of the specified factors mentioned may have a material adverse effect on Volkswagen's general business activities and on its net assets, financial position and results of operations.

2.3.3.2 *Risks exist relating to the financial situation and liquidity position of Porsche Automobil Holding SE.*

There is a risk of significant deterioration of Porsche Automobil Holding SE's financial situation and liquidity position. Consequently, the indemnities given by Porsche Automobil Holding SE to Volkswagen Aktiengesellschaft may be unrecoverable, or recoverable to an inadequate extent. Furthermore, no assurance can be given that Porsche Automobil Holding SE's planned capital increase against cash contribution will take place or that the desired issue proceeds will be generated. In that case, absent successful renegotiations with its banks, it cannot be ruled out that Porsche Automobil Holding SE would not be in a position to repay its loan liabilities, some of which become due in 2011.

In addition to the aforementioned tax risks from the restructuring measures (see section 2.3.3.1, "*– There is a risk that the value and the existing risks at Porsche Zwischenholding, Dr. Ing. h.c. F. Porsche Aktiengesellschaft and Porsche Holding Salzburg have not been assessed correctly and that such risks have not been reflected adequately in the implementation agreements.*"), there are also significant tax risks to Porsche Automobil Holding SE from options transactions carried out by Porsche Automobil Holding SE and the former Dr. Ing. h.c. F. Porsche Aktiengesellschaft and, if these risks materialize, to Porsche Automobil Holding SE as a result of the tax group which existed at the time. In particular, this relates to unclarified questions relating to the tax-exempt status of profits from options transactions and the offsetting of profits and losses from options transactions. In this context, tax-assessment notices for prior tax-assessment periods, containing significant demands for back taxes, have already been issued to Porsche Automobil Holding SE. Upon an application by Porsche Automobil Holding SE, the subsequent execution of these tax notices has been suspended until the appeal process and the related legal proceedings (court of first instance), as applicable, have been completed. The settlement of these requests for significant back taxes, or other requests for back taxes, may materially affect Porsche's financial situation and liquidity situation. If the stay on enforcement of the aforementioned tax claims against Porsche Automobil Holding SE is lifted, there is a risk that Dr. Ing. h.c. F. Porsche Aktiengesellschaft or Porsche Zwischenholding will also be sued by the tax administration which could have negative results for the financial status of the Company. If so, there is a risk that the claims of the Company for indemnification against Porsche Automobil Holding SE will not be recoverable, in whole or in part.

If Porsche Automobil Holding SE, Dr. Ing. h.c. F. Porsche Aktiengesellschaft and/or Porsche Zwischenholding becomes insolvent as a result of tax claims or for other reasons, there is a further risk that an insolvency administrator will be appointed who will administer the assets of Porsche Automobil Holding SE, Dr. Ing. h.c. F. Porsche Aktiengesellschaft and/or Porsche Zwischenholding and will have power of disposition over the assets of Porsche Automobil Holding SE, Dr. Ing. h.c. F. Porsche Aktiengesellschaft and/or Porsche Zwischenholding. Moreover, there is also a risk that an insolvency administrator will contest one or all of the Implementation Agreements on the grounds that they would be detrimental to creditors. In the event of a successful challenge, there would be a risk that the assets transferred to Porsche Automobil Holding SE, Dr. Ing. h.c. F. Porsche Aktiengesellschaft and/or Porsche Zwischenholding in accordance with the Implementation Agreements will remain there, while Volkswagen would only have insolvency claims which would be satisfied on a *pro rata* basis, or that contractual restitution claims with regard to the affected Implementation Agreements would exist. There is also a risk that claims will be made against Volkswagen under the guarantee obligations it gave to Porsche Automobil Holding SE under the Implementation Agreements for the liabilities of Porsche Zwischenholding in the amount of about EUR 2.7 billion and of Dr. Ing. h.c. F. Porsche Aktiengesellschaft in the amount of about EUR 1.3 billion. The occurrence of the specified factors may have a material adverse effect on Volkswagen's general business activities and on its net assets, financial position and results of operations.

If the economic position of Porsche Automobil Holding SE deteriorates significantly, there is also a risk that the banks financing Porsche Automobil Holding SE will largely liquidate the equity interest held by Porsche Automobil Holding SE in Volkswagen (about 51 % of the ordinary shares), which collateralizes the loans made by the financing banks, by selling the equity interest on the capital market. This could have a material adverse effect on the quoted market price of the ordinary shares and indirectly on that of the preferred shares.

2.3.3.3 *There are risks related to the expected acquisition of Porsche Holding Salzburg's operating trading business.*

As one component of the concept for creating an integrated automotive group with Porsche under Volkswagen's leadership, the Company entered into agreements for the possible acquisition of Porsche Holding Salzburg's operating trading business as the writer of a put option in favor of Porsche Gesellschaft m.b.H., Salzburg, based on an enterprise value of EUR 3.55 billion.

The put option gives Porsche Gesellschaft m.b.H., Salzburg, the right to transfer all shares of Porsche Automotive Gesellschaft m.b.H. ("**Porsche Automotive**"), into which the operating trading business of Porsche Holding Salzburg will be spun off before the exercise of the put option, to Volkswagen Holding Österreich GmbH, Salzburg, or a company to be designated by Volkswagen Holding Österreich GmbH, Salzburg, no later than December 31, 2010. Porsche Gesellschaft m.b.H., Salzburg, is not obliged to exercise the put option. Conversely, Volkswagen does not have any right to require Porsche Gesellschaft m.b.H., Salzburg to transfer all of the shares of Porsche Automotive. To that extent, there is no legal certainty that Porsche Gesellschaft m.b.H., Salzburg will exercise its put option and that Volkswagen will acquire all of the shares of Porsche Automotive, and thus the operating trading business of Porsche Holding Salzburg.

If the put option is exercised, Volkswagen is, as a matter of principle, obligated to acquire the shares of Porsche Automotive. The consideration to be paid by Volkswagen corresponds to the equity value, as defined in the Comprehensive Agreement, of Porsche Automotive based on an enterprise value determined by external valuations and set at EUR 3.55 billion after the restructuring of the operating trading business, less adjustments for net obligations. The put option may be exercised from June 30, 2010 (taking effect at the earliest from January 1, 2011) and not later than December 31, 2013. There is a risk that the actual equity value of Porsche Automotive will be lower than expected when the put option is exercised. Due to Volkswagen's purchase obligation, which provides a right of withdrawal only if the equity value is considerably lower than the determined enterprise value, Volkswagen would be required to buy Porsche Holding Salzburg's operating trading business for a consideration greater than the actual equity value in such a case. Furthermore, there is a risk that tax risks from option transactions carried out by Porsche Holding Salzburg will materialize at Porsche Automotive and that the relevant indemnity claims by Volkswagen will not be recoverable.

There is also a risk that guarantees and indemnities to Volkswagen provided by Porsche Gesellschaft m.b.H., Salzburg, and Porsche Holding Gesellschaft m.b.H., Salzburg, with respect to the operating trading business will not be recoverable, in whole or in part, in particular, because the liability fund created to secure them is inadequate. In addition, the maximum limits of liability may be exceeded, so that no guarantee claim would exist to this extent.

The occurrence of the specified factors may have a material adverse effect on Volkswagen's general business activities and on its net assets, financial position and results of operations.

2.3.3.4 There are risks in connection with an allegation of market manipulation with regard to Porsche Automobil Holding SE and former members of its Board of Management.

The planned merger of Porsche Automobil Holding SE into Volkswagen Aktiengesellschaft, which is designed to create an integrated automotive group would, due to the legal effect of the merger by way of universal succession, result in all assets and liabilities, including all liabilities in existence at the time, being transferred to Volkswagen Aktiengesellschaft. If there are liabilities of Porsche Automobil Holding SE in relation to the allegation of market manipulation against the former members of the Board of Management and a senior executive of Porsche Holding SE relating to the ordinary and/or preferred shares of Volkswagen Aktiengesellschaft, then these liabilities would also be transferred to the Company.

A criminal investigation has been launched by the public prosecutor's office against two former members of the Board of Management and one senior executive of Porsche Automobil Holding SE in relation to an allegation of market manipulation and the failure to publish an ad hoc notification as well as the unpermitted passing on of insider information on one occasion.

In Germany in October 2009, institutional investors sought to initiate conciliatory proceedings against Porsche Automobil Holding SE claiming damages for alleged breaches of capital market rules. The claims for damages were estimated to amount to approximately EUR 140 million. Porsche Automobil Holding SE did not take part in the conciliatory proceedings. To the knowledge of the Company, no proceedings have yet been initiated against Porsche Automobil Holding SE in relation to the damages claims. At the beginning of 2010, a claim for damages in an undisclosed amount was initiated in a court in New York against former members of the Board of Management of Porsche Automobil Holding SE and against Porsche Automobil Holding SE for alleged breaches of US capital market rules. Porsche Automobil Holding SE believes such claim to be unfounded and will contest the allegations.

If successful in the relevant courts, these claims for damages may oblige Porsche Automobil Holding SE to pay very high awards of damages. In addition, it cannot be ruled out that further civil law damages claims will be made against Porsche Automobil Holding SE. A claim could, in particular, be initiated following the conclusion of the criminal investigation against the two former members of the Board of Management. Potential awards of damages could place a considerable burden on Porsche's financial resources and liquidity position, and if substantial in magnitude, could even lead to the insolvency of Porsche Automobil Holding SE.

If the merger is completed, the damages claims from these lawsuits would then be directed against the Company. The claims for damages which have been initiated prior to the merger of Porsche Automobil Holding SE into the Company would, once the merger were effective, then be directed against the Company and the Company would have to manage these proceedings and bear the related damages claims, costs and expenses.

If the merger is not completed, the obligation to pay damages and the related costs and expenses could place a considerable burden on Porsche's financial resources and liquidity position. In that case, the fulfilment of claims of the Company against Porsche Automobil Holding SE under the Implementation Agreements could be jeopardized.

The occurrence of the specified factors may have a material adverse effect on Volkswagen's general business activities and on its net assets, financial position and results of operations.

2.3.3.5 Risks exist with respect to achievement of the planned target structure for the integrated automotive group.

The target structure envisaged by the Company for the integrated automotive group with Porsche is a merger of Porsche Automobil Holding SE into Volkswagen Aktiengesellschaft. Further specifics of the structuring and implementation of the merger are, among other things, subject to a further legal and tax review.

With respect to achieving this target structure, there is a risk that the further legal and tax review will indicate that a merger would entail significant disadvantages for the Company or for Porsche Automobil Holding SE and/or that the Company and Porsche Automobil Holding SE cannot agree on a merger agreement which is reasonable for both sides. The required shareholder resolutions of the companies involved in the merger for the approval of the merger agreement or a necessary capital increase may also not be passed or not achieve the required majority. Actions brought by individual shareholders against the corresponding shareholder resolutions may also be successful and prevent, or at least delay, a merger. Furthermore, there is a risk that, at the time of the planned merger, Porsche Automobil Holding SE will still have significant credit liabilities and that its financial situation and liquidity position would, for this or other reasons, e.g. owing to tax liabilities or legal actions related to the allegation of market manipulation, strain the financial situation and liquidity position of Volkswagen after the merger of Porsche Automobil Holding SE into Volkswagen Aktiengesellschaft. In these cases, the merger may not be possible at all, or may only be carried out at a later date, and the planned target structure of the integrated automotive company with Porsche may not be achieved or may only be achieved at a later point.

The occurrence of the specified factors may have a material adverse effect on Volkswagen's general business activities and on its net assets, financial position and results of operations.

2.3.3.6 There are risks relating to the acquisition of the remaining indirect equity interest in Dr. Ing. h.c. F. Porsche Aktiengesellschaft.

In the event that the merger of Porsche Automobil Holding SE into Volkswagen Aktiengesellschaft cannot be implemented, agreements have been concluded in the form of call/put options for the acquisition of the remaining 50.1% indirect shareholding in Dr. Ing. h.c. F. Porsche Aktiengesellschaft, for consideration based on a strike price of approximately EUR 3.9 billion (the strike price will be adjusted according to the type of option (call or put) and the date it is exercised to achieve certain tax effects). Even if this consideration is reasonable in the opinion of the Company, and thus, for example, the planned synergies have been accurately assessed and all risks correctly recognized in the due diligence performed on Dr. Ing. h.c. F. Porsche Aktiengesellschaft and appropriately taken into account in the level of consideration agreed, the significant outflow of liquidity could have material adverse effects on Volkswagen's rating. In particular, Porsche Zwischenholding or Dr. Ing. h.c. F. Porsche Aktiengesellschaft could have a shared liability for the considerable tax risk in connection with the abovementioned restructuring measures carried out at Porsche or the option transactions carried out by the former Dr. Ing. h.c. F. Porsche Aktiengesellschaft and Porsche Automobil Holding SE. Additionally, a significant deterioration in the economic situation of Dr. Ing. h.c. F. Porsche Aktiengesellschaft could lead to a situation where, at the time the put options are exercised by Porsche Automobil Holding SE, the agreed amount of consideration no longer corresponds to the value of the equity interest to be acquired at this time. In such a case, with no right of withdrawal or mechanism for adjustment of the purchase price, Volkswagen would nevertheless still be obligated to acquire the remaining indirect equity interest of 50.1% in Dr. Ing. h.c. F. Porsche Aktiengesellschaft against payment of the agreed consideration.

If Porsche Automobil Holding SE should become insolvent, there is the additional risk that an insolvency administrator will successfully challenge the provisions stipulated in the Implementation Agreements for Volkswagen to acquire the remaining indirect equity interest in Dr. Ing. h.c. F. Porsche Aktiengesellschaft and that this shareholding will be realized in another manner.

The occurrence of the specified factors may have a material adverse effect on Volkswagen's general business activities as well as on its net assets, financial position and results of operations.

2.4 Regulatory, legal and tax-related risks

2.4.1 Volkswagen's business is subject to globally differentiated regulatory and legal requirements which are constantly changing. In particular, there are a multitude of environmental requirements in the area of production, as well as constantly increasing requirements for environmentally-specific product characteristics.

Volkswagen's business operations throughout the world are subject to comprehensive and constantly changing government regulation. This includes automobile design, manufacture, marketing and after-sales services (i.e., measures undertaken by Volkswagen to encourage customer loyalty in relation to the vehicle, the respective group brand and to Volkswagen after a successful sale) and car recycling and the Financial Services Division.

Due to its worldwide business operations, Volkswagen's Automotive Division is affected by and must comply with a number of differentiated and not always homogenous regulatory requirements. This results in a particularly high level of complexity due to the manifold and often divergent requirements in the various markets. This applies in particular to regulatory requirements connected to the protection of the environment and health as well as to the safety of persons and property. These requirements relate to Volkswagen's real estate, buildings and facilities as well as to products designed, manufactured and marketed by Volkswagen. The Automotive Division's products are particularly affected by regulatory requirements with regard to limits on harmful emissions, such as CO_2 emission limits. First, due to different countries having different limit values, it may not be possible for Volkswagen to market a vehicle with the same specifications worldwide and, second, the operation of Volkswagen products may be prohibited in the future in a particular country by a lowering of limits after the vehicle's sale or delivery, which poses an added reputational risk. In addition, the European Commission has regulated carbon dioxide emissions for all passenger cars (so-called fleet consumption) offered within the territory of the European Union starting in 2012. A corresponding regulation for light commercial vehicles is also planned. A regulation of this sort affects Volkswagen's product range and hence the development of new models for the European market. If Volkswagen is unable to meet the requirements relating to Volkswagen's fleet consumption, Volkswagen might, for example, have to pay penalties or fulfill imposed conditions, which may have material adverse effects on Volkswagen's business activities. Future legislative measures, or expansions of the Member States of the European Union, may also harbor risks for Volkswagen (such as risks from the obligation to take back end-of-life vehicles or risks arising from an integrated energy and climate protection program).

The requisite personnel resources and costs of complying with legal requirements are considerable, and Volkswagen expects such costs to increase further in the future. This is especially true as the continuing evolution of legal requirements may also affect Volkswagen's existing facilities and its ongoing research, development and manufacturing processes and products it has sold. There is no guarantee that increased expenses can be passed on to customers or dealers. As a result, development costs may increase and costs already incurred may prove to have been of no benefit.

If Volkswagen Group companies were to violate legal requirements, this could lead to the imposition of penalties, fines, damages or similar legal consequences. Existing permits and licenses may also be restricted or revoked and Volkswagen's business operations may be restricted or prohibited. The occurrence of the specified factors may have a material adverse effect on Volkswagen's reputation and general business activities as well as on its net assets, financial position and results of operations.

2.4.2 Due to the international focus of its business activities, Volkswagen is exposed to political, economic, tax and legal risks in other countries.

Volkswagen manufactures products in a variety of countries, such as Germany, Sweden, Spain and the Czech Republic, but also in countries at the threshold of becoming an industrialized country as well as those that only recently crossed that threshold, such as China, Brazil, Russia, India and Mexico. Volkswagen provides its products and services worldwide. In some countries in which Volkswagen manufactures and sells vehicles or services, the underlying conditions differ significantly from those in Western Europe and the USA, and there is less economic, political and legal stability. In a number of countries, there is a history of recurring political and/or economic crises and changes. This poses risks to Volkswagen's business activities which Volkswagen cannot influence and which can have material adverse effects on Volkswagen's business activities and growth opportunities in these countries.

Demand for vehicles as well as the conditions for production in certain countries may be influenced by regulatory, foreign-trade and other government interventions in markets in which Volkswagen does business. For example, international trade disputes, the revocation of existing tax privileges and the maintenance or introduction of new customs duties or other trade barriers such as import restrictions, may negatively impact upon Volkswagen's global sales, procurement activities, production costs and expansion plans in the affected regions. The same applies to the removal of tax incentives or demands for repayment of subsidies granted in individual countries. For example, in certain markets and countries there are high customs barriers for Volkswagen's products, or above-average government requirements for local production, as in China, Russia or Brazil. A planned expansion of sales volume may be made more difficult by these and other restrictions. The expansion of bilateral and multilateral free-trade agreements between individual countries could also negatively impact Volkswagen's market position in these foreign markets. This is particularly the case in the Southeast Asian area, where increasing numbers of Japanese companies are obtaining preferential market access based on free-trade agreements. To the extent that Volkswagen is unable to obtain access to markets, or can do so only on restrictive terms owing to the protectionist trade policies of individual countries or regions, this may have a material adverse effect on Volkswagen's general business activities and on its net assets, financial position and results of operations.

In reaction to significantly reduced demand for new vehicles following the global financial and economic crisis, since mid-2008, a series of countries in Western Europe, Asia and the USA, among others, have provided government support to individual or to multiple automobile manufacturers in the form of governmental shareholdings, loans, guarantees and other financial grants, in addition to the enactment of protectionist measures. To the extent that Volkswagen's competitors have received or continue to receive more support and/or receive support on better terms and conditions, Volkswagen may be operating at a competitive disadvantage with respect to one or more markets as well as in relation to its access to sources of financing.

In certain countries, such as Germany and the USA, Volkswagen is subject to foreign-trade laws and other comparable legal restrictions with respect to its business with and in other countries which may have a material adverse effect on its competitive position, sales revenue etc. In the event that it fails to comply with such restrictions, significant legal and reputational risks exist which, among other things, could lead to a loss of orders or to other disadvantages for existing and potential customer relationships.

The occurrence of the specified risks may have a material adverse effect on Volkswagen's reputation and general business activities as well as on its net assets, financial position and results of operations.

2.4.3 It is possible that Volkswagen's compliance and risk management systems will prove to be inadequate to prevent and discover breaches of legal rules and regulations and to identify, measure and take appropriate countermeasures against all relevant risks to Volkswagen.

In connection with its worldwide business operations, Volkswagen must observe a multitude of different legislative provisions in a multitude of countries. This, for example, includes the provisions of competition and anti-trust laws, foreign trade and customs laws, public procurement laws, licensing and authorization laws, intellectual-property and copyright laws, warranty of quality and product liability laws, environmental, construction and planning laws, consumer protection laws, energy laws, hazardous materials and chemicals laws, labor laws and occupational health and safety laws, banking and insurance laws, tax laws as well as provisions in relation to Volkswagen's purchasing and procurement activities. Moreover, the Company has obligations stemming from its stock exchange listings; in Germany this especially pertains to the provisions of the Wertpapierhandelsgesetz (WpHG – German Securities Trading Act). For example, this includes obligations regarding the immediate publication of insider information (so-called ad hoc disclosure).

Volkswagen is presently setting up a compliance management system. This system will be integrated with operational business processes and will monitor compliance with legislative provisions and, where necessary, will initiate appropriate countermeasures.

The possibility cannot be ruled out that Volkswagen's employees, despite the Volkswagen Group's existing work guidelines, prescribed organizational standards and work procedures, and despite the corresponding training measures and monitoring, may violate legal provisions, that risks may not be identified or evaluated incorrectly, that no appropriate countermeasures may be taken, that the compliance and risk management systems may not be appropriate to the size, complexity and geographical diversification of the Volkswagen Group, or that a failure may occur for other reasons. In addition, it can also not be ruled out that, in contract negotiations connected with business initiation, Volkswagen's employees, authorized representatives or agents have accepted, granted or promised advantages, have applied comparable unfair business practices or continue to do so. Volkswagen's compliance system may be incomplete or may not be sufficient to prevent and/or uncover such actions.

The occurrence of one or more of the specified risks may result in a reputational loss to individual brands or Volkswagen as well as in legal consequences such as the imposition of fines and penalties on the Company and/or its subsidiaries and/or the members of its governing bodies or employees, to the assertion of damages claims by third parties or to other detrimental legal consequences. These risks are intensified as the Volkswagen Group's business activities span the globe and as Volkswagen has a multitude of subsidiaries and investments. This also applies to Volkswagen's minority interests and joint ventures, as well as listed subsidiaries, where it is difficult and in some cases possible only to a limited extent, to integrate fully these entities into Volkswagen's compliance and risk management system.

The occurrence of the specified factors may have a material adverse effect on Volkswagen's general business activities and on its net assets, financial position and results of operations.

2.4.4 Volkswagen is exposed to a multitude of environmental and security-related liability risks.

Throughout the world, Volkswagen operates complex industrial plants and relies on the manufacture, storage and use of a multitude of substances that may constitute a hazard to human life and health as well as to the environment. It cannot be ruled out that, in the past or future, environmentally hazardous substances have entered or will enter the air, watercourses, especially groundwater, or the ground, or that the environment, human health, life and safety of persons and property have been or are being affected or endangered in some other manner, and that Volkswagen may be liable, possibly regardless of fault and in an unlimited amount, to remove or clean-up such harm and/or to pay damages. As was recently the case and as cannot be ruled out in the future, there may also be existing environmental liability caused by third parties at newly established production facilities. The occurrence of the specified factors may have a material adverse effect on Volkswagen's general business activities and on its net assets, financial position and results of operations.

2.4.5 Volkswagen may not succeed in adequately protecting its intellectual property and know-how.

Volkswagen possesses a large number of patents and other industrial property rights, a number of which are of essential importance to its business success. The granting of patents and other industrial property rights does not necessarily mean that they are valid or that it is possible to enforce any claims against third parties to the required or desired extent. Furthermore, it cannot be ruled out that brands of significance for Volkswagen will be attacked by third parties, as has happened in the past. In addition, there is no guarantee that all patents filed for or intended to be filed for by Volkswagen for its technologies, or other industrial property rights filed for or intended to be filed for, will be issued and/or granted in all countries where Volkswagen believes this to be necessary or expedient. Furthermore, it cannot be ruled out that Volkswagen's patents and other intellectual-property rights may be violated by third parties and that Volkswagen will not be able to prevent such violations for legal or factual reasons. This applies particularly to instances of product piracy where Volkswagen's vehicles and components are copied, possibly with poor quality, resulting in an additional reputation risk and warranty-claim risk for Volkswagen. Trade secrets and know-how that cannot be safeguarded through patents or other intellectual property rights are also important for Volkswagen's business success. There is no guarantee that a disclosure of trade secrets can be prevented, particularly to the extent that Volkswagen has disclosure obligations to third parties. It can also not be ruled out that, independently of Volkswagen, third parties will develop the same or similar know-how or obtain access to it.

It is conceivable that the (currently dormant) European Commission proposal to include a so-called repairs clause in Design Directive 98/71/EG will be revisited, in order to restrict the protection of spare parts under design patents. This would affect "must-match" spare parts, i.e. genuine parts that must be identical to the original part, such as wings or windscreens. A repeal of this design protection could lead to significant declines in Volkswagen's genuine parts business and would subject the genuine parts business to greater competition, which would have a material adverse effect on Volkswagen's business and its net assets, financial position and results of operations.

Inadequate protection of Volkswagen's intellectual property may restrict Volkswagen's ability to profitably exploit technological advances or lead to a reduction in future income as long as other manufacturers can manufacture and market products similar to those developed by Volkswagen with no development expenses of their own and hence more cost-effectively. This could harm Volkswagen's competitive position. Moreover, in responding to infringements or breaches of its industrial property rights, Volkswagen may incur high costs. The occurrence of the specified factors may have a material adverse effect on Volkswagen's general business activities and on its net assets, financial position and results of operations.

2.4.6 It cannot be ruled out that Volkswagen may be held liable for an infringement of third-party intellectual property, in particular of competitors and suppliers, or may be dependent upon the costly use of third-party intellectual property.

Volkswagen proceeds on the fundamental assumption that business-critical industrial property rights and the objects thereof can be used without risk of infringement (Volkswagen's own portfolio of industrial property rights and third-party licenses). It cannot be ruled out, however, that Volkswagen may be infringing on patents, brands, or other third-party rights, since many competitors and suppliers also submit patent applications for their inventions, subsequently securing patent protection or other industrial property rights. It also cannot be ruled out that existing licensing agreements will not be extended. Moreover, even the mere assertion of infringements of intellectual-property rights could have a materially negative impact on Volkswagen. There is therefore a particular risk that US patent exploitation companies may, as has already occurred in the past, sue Volkswagen more frequently in the future for alleged breaches of patents. In such cases, Volkswagen may possibly be barred from manufacturing or marketing products and might potentially be compelled to acquire licenses or convert its manufacturing processes. This could lead to legal disputes or settlement negotiations, which may be associated with significant costs. In addition, Volkswagen could be obliged to pay damages and/or redesign products infringing on industrial property rights. Volkswagen may also be exposed to temporary or permanent injunctions and additionally may also have to rely on acquiring licenses in order to use third-party technologies which would be associated with corresponding costs. There is, however, no guarantee that Volkswagen will be able to obtain the licenses necessary for its business success in the future to the extent necessary and on reasonable terms and conditions. There is also no certainty that the licenses granted will be in existence to the extent necessary. All of the specified factors can individually or collectively lead to delivery and production restrictions and/or interruptions to delivery and production, thereby having a material adverse effect on Volkswagen's general business activities and on its net assets, financial position and results of operations.

2.4.7 Volkswagen may not have validly acquired service inventions and possibly may not always acquire them validly in the future.

It is possible that, in isolated cases, service inventions by Volkswagen employees that had been properly notified by October 1, 2009 may not have been validly claimed by Volkswagen. Present or former employees who made service inventions could continue to hold rights to the inventions which they created and may demand the registration of intellectual-property rights in their name (vindication) and, under certain circumstances, may also claim damages. The use of the relevant invention by Volkswagen in such cases is not secure because the inventor could be able to obtain an injunction prohibiting use.

In accordance with the reformed German employee inventions legislation, the invention is deemed to have been effectively claimed after a period of four months if the employer is properly notified of the invention. This rule applies to all employment-related inventions that have been properly notified since October 1, 2009, so there should be fewer cases in the future in which effective claims are problematic.

It is also possible that current or former employees may still have claims to inventor remuneration that have not been completely fulfilled, even if Volkswagen has made an effective unrestricted claim in these individual cases. Finally, it is possible that, in cases of improper claims, claims for damages or other claims may be asserted by cooperation partners with which the industrial property rights were or will be jointly registered. The occurrence of the specified factors may have a material adverse effect on Volkswagen's general business activities and on its net assets, financial position and results of operations.

2.4.8 *Volkswagen is subject to risks arising from legal disputes and may become the subject of government investigations.*

In connection with its general business activities, the Company, as well as entities in which the Company holds a direct or indirect interest, is currently the subject of legal disputes and government investigations in Germany as well as abroad, and may continue to be so in the future. Such investigations may, in particular, arise from its relationship to authorities, suppliers, dealers, customers or investors. The entities concerned may be required to pay fines, take certain actions or refrain from others. To the extent customers, particularly in the USA assert claims for existing or alleged vehicle defects individually or in a class-action lawsuit, the Company and/or the entities in which the Company holds a direct or indirect interest may be compelled to initiate costly defense measures and pay significant amounts in damages, or even punitive damages. Complaints brought by suppliers, dealers, investors or other third parties (such as governmental authorities or patent exploitation companies) in the USA, may result in comparable costs, risks or damages. This particularly relates to current and future class-action lawsuits and actions relating to patent rights as well as to anti-trust disputes. It is also possible, that there may be investigations by governmental authorities into circumstances of which the Company cannot currently be aware, or which have already arisen or will arise in the future including possible supervisory and environmental law, competition law, state aid, or criminal proceedings.

To the extent this can be assessed and makes economic sense, Volkswagen has purchased a customary level of insurance coverage to protect against these risks or, as the case may be, has made provisions. However, as a number of risks cannot be estimated or can be estimated only with difficulty, it cannot be ruled out that damages will nevertheless occur that are not covered by the insured amounts or amounts set aside as provisions. The occurrence of the specified factors may have a material adverse effect on Volkswagen's reputation, general business activities and net assets, financial position and results of operations.

2.4.9 *Volkswagen is exposed to risks in connection with product-related guarantees and warranties as well as the provision of voluntary services, in particular in relation to recall campaigns.*

As a result of contractual and legal provisions, Volkswagen is obliged to provide an extensive warranty to its dealers, importers and national distributors (quality defect liability). Additionally, Volkswagen Aktiengesellschaft provides its customers in Germany a two-year guarantee for Volkswagen Group products placed into circulation in Germany. Furthermore, in multiple markets, importers and national distributors provide end-customers with warranties of their own which in some cases exceed the statutory warranty's time limit. Whether and to what extent Volkswagen Aktiengesellschaft is subject to additional liability risks in its relations *inter se* with the importers and national distributors due to their having given such warranties depends on the contractual agreements between the latter and Volkswagen Aktiengesellschaft, as well as, where relevant, the legal rules of the country that are applicable to the contract.

With respect to these statutory warranties and contractual guarantees, Volkswagen is exposed to the risk of their enforcement by the respective beneficiary on an ongoing basis. As a rule, Volkswagen forms provisions for these obligations continuously. Nevertheless, there is a risk that, relative to the guarantees and warranties granted, the calculated product prices and the provisions for Volkswagen's guarantee and warranty risks have been set or will be set too low in the future. Volkswagen's suppliers have also provided guarantees and warranties under the procurement contracts, such that it may be possible to pass on to suppliers, in whole or in part, the costs of fulfilling Volkswagen's customers' guarantee and warranty claims to the extent that the product defects were demonstrably caused by circumstances within the supplier's sphere. However, the scope of the guarantees and warranties provided by suppliers to Volkswagen may possibly be less than the guarantees and warranties granted by Volkswagen to its customers. There is also no guarantee that, when guarantee and warranty claims are made against them, suppliers will actually be able to fulfill these claims.

On the basis of statutory provisions in Germany or comparable provisions in other countries, Volkswagen may be obliged to perform recall campaigns and potentially even be compelled to perform a recall by responsible supervisory authorities (for example, the Kraftfahrt-Bundesamt (Federal Motor Transport Authority) in Germany. For example, there is currently a recall of approximately 200,000 vehicles being carried out in South and Central America – essentially in Mexico and Brazil – for an examination of potentially insufficient lubrication of the rear wheel bearings. Volkswagen may also recall vehicles and exchange parts and components based on voluntary service campaigns. In this context, there is a risk that Volkswagen may not have claims against third parties (for example suppliers) for expenses and costs associated with such vehicle recalls or part exchanges. There is also a risk that product defects arising from design or production errors arose at Volkswagen itself. Finally, there is a risk that Volkswagen will provide services as a courtesy or for reasons of reputation where it is not legally obligated to do so, for which it will generally not be able to assert claims in recourse against suppliers or insurers. The risks are increased by Volkswagen's use in vehicle production of individual components and modules, through the platform concept and, in the future, through the modular component concept, in a multitude of different models and even brands.

The occurrence of the specified factors may have a material adverse effect on Volkswagen's reputation, general business activities and net assets, financial position and results of operations.

2.4.10 Volkswagen's existing insurance coverage may not suffice to cover the costs caused by events of loss. Insurance premiums may increase following a number of claims or one major claim.

Volkswagen has taken out insurance policies in relation to a number of risks associated with its business activities that are subject to standard exclusions, such as intentional wrongdoing. In order to cover risks of Volkswagen which it considers material on reasonable terms, the Company decides on the nature and scope of its insurance coverage based on a commercial cost-benefit analysis. In doing so, maximum-damages scenarios and probabilities of occurrence are determined using actuarial methods. The results are then incorporated into the coverage designed. The Company, however, cannot guarantee that it will not incur losses or that no claims will be brought that exceed the type and scope of its existing insurance coverage.

Following multiple claims or after one major claim, the insurance premiums may be increased or the terms and conditions of the insurance coverage may otherwise change for the worse. This may also occur following a general change in the insurance markets. There is no guarantee that Volkswagen will continue to be able to obtain sufficient levels of insurance for the respective risks it incurs in connection with its business operations on terms and conditions that are economically justifiable from the point of view of the Company.

If Volkswagen sustains damages for which there is no, or only insufficient, insurance coverage, or if, particularly due to the aforementioned reasons, higher insurance premiums and/or restrictions on insurance coverage are required, this may have a material adverse effect on Volkswagen's general business operations and on its net assets, financial position and results of operations.

2.4.11 Volkswagen is exposed to risks from its pension obligations.

Volkswagen provides retirement benefits to its employees depending on the country-specific circumstances (so-called company pension plan). The level of the obligations reported in the relevant annual reports is determined on the assumption of continuity of the current legal situation and accounting principles, using certain actuarial assumptions such as discount factors, biometric probabilities (such as life expectancy), pension progression rates and future salary trends. If actual developments vary from these assumptions, this may lead to a substantial increase in balance-sheet and/or actual pension obligations, along with a need to increase pension provisions.

Since January 1, 2001, the annual remuneration-linked pension expenses of Volkswagen Aktiengesellschaft have been invested in a special securities fund that, as a matter of civil law, belongs to VW Pension Trust e.V. (the "**PT**"), which administers the fund as trustee. As the investment fund managed by the trust meets the criteria of IAS 19 for classification as plan assets, it may be offset against pension provisions. Existing pension obligations, however, are not fully covered by plan assets. If the market value of plan assets should fall (for example due to the negative effects of changes in the legal situation, economic conditions, financial markets etc.), this may also make a substantial increase of balance-sheet pension provisions necessary.

The special securities fund's investment strategy is determined based on an asset-liability study and is authorized by the Supervisory Board of the PT. Individual investments are based on investment guidelines customized for the respective fund manager and are centrally monitored and controlled by the Board of Management of the PT. Existing interest rate and price risks are calculated daily and are actively managed. Currency fluctuation risks are hedged by entering into the corresponding hedge transactions. In the event that currency, interest rate and price risks should materialize despite the countermeasures taken, and the special securities fund is unable to service the accumulated pension claims due to undercoverage, Volkswagen Aktiengesellschaft has agreed to meet this shortfall directly.

The occurrence of the specified factors may have a material adverse effect on Volkswagen's reputation and general business activities as well as on its net assets, financial position and results of operations.

2.4.12 The legal relationships between Volkswagen and its customers and dealers are based on standardized agreements and forms that have been designed for multiple transactions. Individual mistakes in the formation and drafting of these contracts, problems of individual application or errors in this documentation could therefore affect multiple customer and dealer relationships.

Volkswagen maintains contractual relationships with a multitude of customers and dealers. In all Volkswagen Group divisions, the administration of such a large number of legal relationships requires the use of general terms and conditions, standard contracts and forms. The resulting standardization of documents means that ambiguities or errors in the formulation or application thereof harbor a significant risk due to the large number of such documents executed.

In light of circumstances which are constantly changing due to new laws and judicial decisions, as well as the increasing influence of European law on national law, it is conceivable that not all of the Volkswagen Group's general terms and conditions, standard contracts and forms will at all times comply with currently applicable legislation in the European Union or in other countries. Should problems of application or errors occur, or should individual provisions or entire documents become invalid, then, because of standardization, this could affect numerous customer as well as dealer relationships and lead to significant damages claims or have other negative legal consequences for Volkswagen. The occurrence of the specified factors may have a material adverse effect on Volkswagen's reputation and general business activities as well as on its net assets, financial position and results of operations.

2.4.13 Volkswagen may be exposed to tax risks that could materialize, particularly on the occasion of tax audits or due to ongoing opposition proceedings against a demand for considerable back taxes.

The Company, like its subsidiaries based in Germany, are subject to regular tax audits. The most recent tax audit of the major Volkswagen companies based in Germany covered fiscal year 1996 up to and including fiscal year 2000. The tax notices regarding this audit are already available to the Company, but there is currently an appellate proceeding pending against significant demands for back taxes of over EUR 1 billion plus interest in connection with an internal Volkswagen Group restructuring that took place during this period. Based on various expert opinions, Volkswagen assumes that claims in this amount do not exist. To this extent, the enforcement of the tax notices regarding the audit have been deferred. It cannot be ruled out, however, that German tax authorities may prevail in enforcing in their favor the portion of the considerable amount of above-described audit still in dispute.

Foreign subsidiaries are subject to the audit requirements of their respective national tax authorities. It cannot be ruled out that ongoing or future tax audits of the Company or its foreign and domestic subsidiaries may lead to demands for back taxes, tax penalty payments and similar payments. Such demands for back taxes may arise, for example, from the non-recognition, or only partial recognition, of internal transfer prices. In countries where there are no limitation periods for tax payments (such as China), demands for back taxes relating to earlier periods cannot be ruled out.

The Company has formed provisions for certain tax risks. These provisions are continuously reviewed and adjusted. It is, however, possible that the actual claim will be higher than the risk forecast by Volkswagen and that the provisions will prove to be insufficient.

Risks may also arise due to changes in tax laws or accounting principles (which may under certain circumstances also apply retroactively). The occurrence of the specified factors may have a material adverse effect on Volkswagen's general business activities and on its net assets, financial position and results of operations.

2.5 Risks due to shareholder and corporate governance structures

2.5.1 Volkswagen maintains legal and business relationships with related parties, from which dependencies and conflicts of interest may result.

In its business operations, Volkswagen maintains numerous and significant business and/or legal relationships with companies which are related parties of the Company and/or the members of its governing bodies.

Conflicts between the interests of Volkswagen on the one hand, and the interests of related individuals or companies on the other hand, may be resolved to the detriment of Volkswagen's interests and may, for example, lead to contract terms and conditions that are disadvantageous for Volkswagen. There is a risk that agreements entered into between Volkswagen and the related parties may, under certain circumstances, depart from standard market terms, to Volkswagen's detriment. Each of the aforementioned circumstances may have a material adverse effect on Volkswagen's general business activities and reputation as well as on its net assets, financial position and results of operations.

Legal and business relationships with Porsche and the Porsche and Piëch families: Volkswagen maintains legal and business relationships with Porsche Automobil Holding SE, which holds approximately 51% of the voting share capital of Volkswagen Aktiengesellschaft.

There are various overlaps, in particular, in the membership of the Supervisory Boards and Boards of Management, of Volkswagen Aktiengesellschaft and Porsche Automobil Holding SE. The Chairman of the Board of Management of the Company, Prof. Dr. rer. nat. Martin Winterkorn and the CFO, Hans Dieter Pötsch, are both also members of the Board of Management of Porsche Automobil Holding SE, Prof. Dr. rer. nat. Winterkorn as Chairman of the Board of Management, and Hans Dieter Pötsch as Chief Financial Officer of Porsche Automobil Holding SE. Dr. jur. Hans Michel Piëch and Dr. jur. Ferdinand Oliver Porsche are both members of the Supervisory Board of Volkswagen Aktiengesellschaft and members of the Supervisory Board of Porsche Automobil Holding SE. Hon.-Prof. Dr. techn. h.c. Dipl.-Ing. ETH Ferdinand K. Piëch is both a member of the Supervisory Board of Porsche Automobil Holding SE and Chairman of the Supervisory Board of Volkswagen Aktiengesellschaft. Dr. rer. comm. Wolfgang Porsche, Chairman of the Supervisory Board of Porsche Automobil Holding SE, is also a member of the Supervisory Board of Volkswagen Aktiengesellschaft.

It should further be noted that Porsche Automobil Holding SE is indirectly controlled by the Porsche and Piëch families, so that the Porsche and Piëch families can also indirectly exercise a significant influence over the Company through Porsche Automobil Holding SE. Hon.-Prof. Dr. techn. h.c. Dipl.-Ing. ETH Ferdinand K. Piëch, Dr. jur. Hans Michel Piëch and Dr. jur. Ferdinand Oliver Porsche are also members of the Supervisory Board of Audi AG.

In the second half of 2009, the Company, Porsche Automobil Holding SE, Dr. Ing. h.c. F. Porsche Aktiengesellschaft, the ordinary shareholders of Porsche Automobil Holding SE excluding the Emirate of Qatar (that is, Porsche GmbH, Stuttgart, Familie Porsche Beteiligung GmbH, Grünwald, Familien Porsche-Daxer-Piëch Beteiligung GmbH, Grünwald, Ferdinand Piëch GmbH, Grünwald, and Hans-Michel Piëch GmbH, Grünwald, collectively the "**SE Ordinary Shareholders**") as well as certain other parties, entered into comprehensive agreements on the creation of an integrated automotive group with Porsche. For the resulting specific risks, reference is made to section 2.3.3 "*—Risks from joint ventures, acquisitions and equity interests in companies —There are specific risks associated with the creation of an integrated automotive group*".

Legal and business relationships with the State of Lower Saxony: The Volkswagen Group maintains legal and business relationships with the State of Lower Saxony which, via Hannoversche Beteiligungsgesellschaft mbH, directly and indirectly holds approximately 20% of the voting shares of the Company.

Furthermore, under a provision of the Articles of Association adopted by the Extraordinary General Meeting of the Company on December 3, 2009, the State of Lower Saxony is to have the right in the future to appoint two members to the Supervisory Board of the Company as long as the State of Lower Saxony directly or indirectly owns at least 15% of the ordinary shares of the Company. The Extraordinay General Meeting's resolution on the appointment rights of the State of Lower Saxony was challenged by shareholders of the Company. The appointment rights have therefore not yet been entered in the Commercial Register. It is anticipated that they will only come into effect following a court decision dismissing the legal challenges or a withdrawal thereof and the subsequent entry of the provision in the Commercial Register.

It cannot be ruled out that the State of Lower Saxony will utilize its influence at the General Meeting and on the Supervisory Board of the Company to pursue political, regional, social or other interests that may diverge from the interests of the Company.

2.5.2 Due to overlapping memberships at Board of Management and Supervisory Board level and common use of important group functions, conflicts of interest may arise between the Company and key subsidiaries, as well as with affiliated companies.

Volkswagen Aktiengesellschaft is the parent company of the Volkswagen Group. There are overlapping memberships at Board of Management and Supervisory Board level (dual mandates) between the Company and its key subsidiaries and majority shareholdings, as well as its affiliated companies.

Such dual mandates are held, for example, by the Chairman of the Board of Management of the Company, Prof. Dr. rer. nat. Martin Winterkorn, by the CFO of the Company, Hans Dieter Pötsch and by member of the Board of Management of the Company Dr. rer. pol. h.c. Francisco Javier Garcia Sanz, who are simultaneously members of the Board of Directors of Scania AB, with Prof. Dr. rer. nat. Martin Winterkorn holding the position of Chairman of the Board of Directors. Prof. Dr. rer. nat. Martin Winterkorn, Dr. rer. pol. h.c. Francisco Javier Garcia Sanz, Prof. Dr. rer. pol. Horst Neumann and Hans Dieter Pötsch are also members of the Supervisory Board of Audi AG, with Prof. Dr. rer. nat. Martin Winterkorn holding the position of Chairman of the Supervisory Board. Member of the Board of Management, Rupert Stadler, is simultaneously the Chairman of the Board of Management of Audi AG.

Hon.-Prof. Dr. techn. h.c. Dipl.-Ing. ETH Ferdinand K. Piëch, Chairman of the Supervisory Board, and Rupert Stadler, are also members of the Supervisory Board of MAN SE, which, although it is not a subsidiary of Volkswagen, is a company in which Volkswagen holds a substantial interest, with a 28.67% shareholding in its share capital (corresponding to a 29.9% share of voting rights). In this context, Hon.-Prof. Dr. techn. h.c. Dipl.-Ing. ETH Ferdinand K. Piëch acts as Chairman of the Supervisory Board; Rupert Stadler is an ordinary member of the Supervisory Board. There would be further overlaps in personnel between the Volkswagen Group and MAN SE if Ulf Berkenhagen, member of the Board of Management of Audi AG, were also elected as a further ordinary member of the Supervisory Board of MAN SE by its General Meeting on April 1, 2010.

Dual mandates also exist in relation to key shareholders of Volkswagen Aktiengesellschaft and the members of their governing bodies. The Chairman of the Board of Management of the Company, Prof. Dr. rer. nat. Martin Winterkorn, and the CFO, Hans Dieter Pötsch, are simultaneously members of the Board of Management of

Porsche Automobil Holding SE and members of the Shareholders Committee and the Supervisory Board of Porsche Holding Gesellschaft m.b.H., Salzburg and of the Supervisory Board of Porsche Gesellschaft m.b.H., Salzburg. Dr. jur. Hans Michel Piëch and Dr. jur. Ferdinand Oliver Porsche are simultaneously members of the Supervisory Board of Volkswagen Aktiengesellschaft and members of the Supervisory Board of Porsche Automobil Holding SE. Hon.-Prof. Dr. techn. h.c. Dipl.-Ing. ETH Ferdinand K. Piëch is simultaneously a member of the Supervisory Board of Porsche Automobil Holding SE and Chairman of the Supervisory Board of Volkswagen Aktiengesellschaft. Dr. rer. comm. Wolfgang Porsche, Chairman of the Supervisory Board of Porsche Automobil Holding SE, is simultaneously a member of the Supervisory Board of Volkswagen Aktiengesellschaft. Hon.-Prof. Dr. techn. h.c. Dipl.-Ing. ETH Ferdinand K. Piëch, Dr. jur. Hans Michel Piëch and Dr. jur. Ferdinand Oliver Porsche are also members of the Supervisory Board of Audi AG.

Furthermore, all material group functions, in particular, including Controlling, Accounting, Treasury and Legal Affairs, are used by both the Company and its key subsidiaries and majority shareholdings, so as to prevent duplication of staff functions. Therefore, on a case-by-case basis, employees in such staff functions may be acting both in the interests of the Company as well as in the interests of key subsidiaries and majority shareholdings.

Due to the aforementioned factors, a conflict of interest in the structuring of business relationships between Volkswagen companies, as well as with other companies outside Volkswagen, and a detrimental exercise of influence over Volkswagen's business, cannot be ruled out. This is particularly applicable against the background that, due to the membership overlaps and the Volkswagen Group's structure, decision-making cannot take place in the Board of Management and the Supervisory Board as independently as would be the case for subsidiaries which are not as interconnected with their parent company in the same manner.

Dual mandates may lead to conflicts of interest, which in some cases, may only be solved by an abstention from voting, a voting prohibition, non-participation in resolutions and/or consultations in the Supervisory Board, or even resignation from the Supervisory Board. It cannot be ruled out that conflicts of interest that emerge will be resolved to the disadvantage of the Company and/or its key subsidiaries and majority shareholdings. The occurrence of the specified factors may have a material adverse effect on Volkswagen's general business activity as well as on its net assets, financial position and results of operations.

2.5.3 Major shareholders could have a significant influence on the Company, which may adversely affect the Company and the quoted market price of its shares.

To the knowledge of the Company, Porsche Automobil Holding SE holds approximately 51%, the State of Lower Saxony indirectly holds approximately 20%, the Emirate of Qatar indirectly holds approximately 17% and Porsche Gesellschaft m.b.H., Salzburg, holds approximately 2.4% of the ordinary voting shares of the Company. As a rule, only the ordinary shareholders of the Company are eligible to vote at General Meetings, as the preferred shares do not, in general, convey voting rights. Irrespective of whether the ordinary shareholders exercise, transfer, or waive their subscription rights under the Subscription Offer, these major shareholders will therefore hold the same percentage share of the voting rights in the Company following implementation of the capital increase as only non-voting preferred shares are the subject of the Subscription Offer.

These major shareholders may exert a material influence on the development of the Company and, in particular, on the decisions to be made at the General Meeting of the Company. Furthermore, the Emirate of Qatar can exercise influence over decisions of the preferred shareholders of the Company as a result of its indirect interest in preferred shares. It cannot be ruled out that the remaining shareholders may not be able to assert their own interests against the interests of these major shareholders beyond the statutory protection of minority shareholders. This may adversely affect the quoted market price of the ordinary and/or preferred shares of the Company.

2.6 Risks related to the Offering

2.6.1 The quoted market prices for the ordinary and preferred shares of the Company may be subject to strong price fluctuations and may fall or perform differently from one another.

Much like the securities markets overall, the quoted market price of the ordinary shares of the Company as well as that of the preferred shares was highly volatile in the past. At times, particularly due to speculative investment decisions, the ordinary shares were subject to extreme price fluctuations. The quoted market prices of the ordinary shares and the preferred shares may also fluctuate strongly in the future and may decline. Such trends are determined by the relationship of supply and demand for the shares of the Company as well as by a variety of other factors. These factors include, among others: changes in the net assets of the Company, financial position and results of operations, deviation of the actual results from the expected results, changes in earnings projections, strategy and business prospects of the Company as well as the assessment of the associated risks, changes in general economic conditions, changes in the shareholder structure, changes to the legal environment, amendments of the Articles of Association of the Company, business performance and quoted market prices of the competitors of the Company and developments in industries that are important to the business of the Company, the general trend of stock-market prices as well as stock-market environment and capital-market sentiment, inclusion of the ordinary or preferred shares of the Company in the equity index, DAX®, of Deutsche Börse AG and the weighting of the relevant shares in the DAX®, which depends, among other things, on the extent of the free float, as well as the inclusion of such shares in other equity indices, derivative transactions on the shares of the Company, speculative investment decisions or forecasts by securities analysts and investors.

The aforementioned factors can cause significant volatility in the quoted market price of the ordinary and/or preferred shares of the Company, without there necessarily being a reason in Volkswagen's business operations or earnings prospects. Additionally, the significant increase in the share capital of the Company through the issuance of new shares may already lead to a significant volatility of the quoted market price of the ordinary and/or preferred shares of the Company.

2.6.2 It is possible that investors will acquire New Shares under this Offering at a price that is higher than the market price and/or the quoted market price after the Offering has ended.

It cannot be ruled out that investors may acquire the New Shares of the Company through the Subscription Offer at a price that is higher than what they would have paid by acquiring the shares through the market. It cannot be guaranteed that the subscription price for the New Shares and, where applicable, the price for the subscription rights, will correspond to the price at which the shares of the Company will trade on the stock exchange once the Offering has been implemented.

2.6.3 The sale of a significant number of the ordinary or preferred shares of the Company may negatively impact the quoted market price of the ordinary and/or preferred shares of the Company.

It is impossible to predict what effects future stock sales by shareholders may have on the quoted market price of the ordinary and/or preferred shares of the Company. If key shareholders were to sell, offer for sale or market ordinary and/or preferred shares of the Company to a significant extent, or if the market expects such actions, the share price of the ordinary and/or preferred shares of the Company could fall. The banks providing loans to Porsche Automobil Holding SE, and to whom Porsche Automobil Holding SE has pledged all of its shares in the Company, could also bring about a sale, i.e. in the event that the pledge was enforced. If the quoted market prices of the ordinary and/or preferred shares fall, additional selling pressure may arise from the sale of ordinary and/or preferred shares held by shareholders whose shareholdings are either partially or wholly financed by debt or who entered into derivative transactions on the shares of the Company. It should also be noted here that there is a lock-up agreement between Porsche Automobil Holding SE and the Emirate of Qatar in relation to the ordinary shares of the Company indirectly held by the Emirate of Qatar. The lock-up period expires in August 2010.

Furthermore, the Assigning Shareholders have entered into a lock-up agreement with the Global Coordinators with regard to all shares which they hold, directly or indirectly, in the Company (including the New Shares acquired by them in the context of the Pre-placement, if applicable) for the period from March 23, 2010 until 30 days (i) from the delivery of the New Shares subscribed in the Subscription Offer (ii) but at the latest from April 20, 2010. Lock-up agreements are merely contractual obligations which can be breached by the obligor. It can therefore not be ruled out that a sale of the shares of the Company might occur before the expiry of the time limit agreed in the relevant lock-up agreement.

2.6.4 The interests of shareholders in the share capital of the Company which do not participate, or participate only in part, in this Offering will be diluted.

Following implementation of the capital increase, the proportion of the existing ordinary and preferred shares in the increased share capital of the Company will decrease to a minimum of 86%. The interest in the share capital of those shareholders who do not exercise their subscription rights will also fall in the same proportion. If a shareholder exercises only some of its subscription rights, the dilution will be correspondingly lower. Subscription rights may only be exercised during the subscription period. Subscription rights that have not been exercised during the subscription period shall expire to the extent that they have not automatically been sold by custodian banks in accordance with terms and conditions of the custody account.

2.6.5 Future capital measures by the Company and/or the exercise of existing or future conversion rights and options for the acquisition of ordinary or preferred shares of the Company may negatively impact the quoted market price of the ordinary and preferred shares of the Company and lead to a significant dilution of shareholders' holdings.

To cover its capital requirements, the Company may issue shares and/or convertible bonds in the future. This could cause the quoted market price of the shares of the Company to fall. The future issuance of shares, or the exercise of convertible rights or warrants on the shares of the Company that are granted through the issuance of convertible bonds and/or bonds with warrants in the future, may further dilute the interest of the existing shares in the share capital of the Company and correspondingly dilute the voting rights, if the issuance takes place without granting subscription rights or other subscription rights or if such rights are not exercised.

In particular, it is expected that the planned merger of Porsche Automobil Holding SE into Volkswagen Aktiengesellschaft will be connected with a capital increase of the Company.

The Company has a stock-option plan encompassing eight tranches. The stock option plan entitles the optionees (the Board of Management, Volkswagen Group senior executives and management, as well as employees of Volkswagen Aktiengesellschaft covered by collective pay agreement) to purchase options on shares of Volkswagen Aktiengesellschaft by subscribing for convertible bonds. Six of the tranches have expired. The seventh tranche will expire on July 1, 2010 and the eighth on July 30, 2011. As of December 31, 2009, a total of 8,484 of these stock options, which would give an entitlement of (up to) 84,840 ordinary shares had not been exercised. The exercise of these rights may dilute the interest of the existing shares in the share capital of the Company and dilute their voting rights, and may lead to a fall in the quoted market price of the ordinary and/or preferred shares of the Company.

2.6.6 The Offering may expire, and the subscription rights may lapse or become worthless, if the Underwriting Agreement is terminated.

The New Shares are being acquired by the Underwriters with the obligation that they offer these to the shareholders of the Company for subscription. The underwriting is taking place on the basis of an Underwriting Agreement the effectiveness of which is dependent, among other things, on conditions precedent and which, under certain circumstances, may be terminated up to the delivery of the shares subscribed in the subscription offer, in particular through rescission. If the Underwriting Agreement is ineffective or becomes terminated, no Offering exists or the Offering lapses and the subscription rights will expire or become worthless. Investors who have acquired subscription rights in the secondary market will suffer a corresponding loss as transactions in subscription rights cannot be unwound when the Offering is terminated.

2.6.7 The subscription rights may become worthless if the quoted market price of the preferred shares of the Company falls sharply.

The value of the subscription rights is also dependent on the quoted market price of the preferred shares of the Company. If the quoted market price of the preferred shares falls, the value of the subscription rights will also fall. In the event of a significantly large drop in the quoted market price, the subscription rights may become worthless.

2.6.8 It is not certain that active trading in the subscription rights will develop and that the subscription rights will not be subject to greater price fluctuations than the shares of the Company.

It is the intention of the Company to have subscription rights trading on the regulated market of the Frankfurt Stock Exchange during the period from the start of the subscription period up to the third trading day prior to the end of the subscription period (both inclusive). There are no plans to submit an application for the subscription rights to trade on any other stock exchange. It is not certain that active trading in these subscription rights will develop on the Frankfurt Stock Exchange within this period and that sufficient liquidity will be available. The quoted market price of the subscription rights depends, among other things, on the performance of the quoted market price of the shares of the Company, but the exchange price for the subscription rights may also be subject to significantly higher price fluctuations.

3. GENERAL INFORMATION

3.1 Responsibility for the contents of the Prospectus

Volkswagen Aktiengesellschaft, Berliner Ring 2, 38440 Wolfsburg, Germany ("**Volkswagen Aktiengesellschaft**" or the "**Company**" and together with its consolidated subsidiaries, the "**Volkswagen Group**" or "**Volkswagen**") and Citigroup Global Markets Limited, London, United Kingdom, Deutsche Bank Aktiengesellschaft, Frankfurt am Main, Germany, HSBC Trinkaus & Burkhardt AG, Düsseldorf, Germany, J. P. Morgan Securities Ltd., London, United Kingdom and Merrill Lynch International, London, United Kingdom as Global Coordinators and Joint Lead Bookrunners (collectively the "**Global Coordinators**") as well as BNP PARIBAS, Paris, France, COMMERZBANK Aktiengesellschaft, Frankfurt am Main, Germany, Crédit Agricole Corporate & Investment Bank, Paris, France, Credit Suisse Securities (Europe) Limited, London, United Kingdom, Landesbank Baden-Württemberg, Stuttgart, Germany, Morgan Stanley Bank AG, Frankfurt am Main, Germany, Société Générale, Paris, France and UniCredit Bank AG, Munich, Germany (collectively the "**Co-Bookrunners**" and together with the Global Coordinators, the "**Underwriters**") hereby assume responsibility for the content of this Prospectus in accordance with section 5(4) of the Wertpapierprospektgesetz (WpPG – German Securities Prospectus Act) and declare that to their knowledge the information contained in this Prospectus is correct and that no material information has been omitted, and, having taken all reasonable care that such is the case, the information contained in the Prospectus is, to the best of their knowledge, in accordance with the facts and contains no omissions likely to affect its import. Notwithstanding section 16 of the WpPG, neither the Company nor the Underwriters are under any obligation by law to update the Prospectus.

3.2 Subject matter of the Prospectus

The subject matter of this Prospectus, for the purpose of a public offering by way of pre-placement and an indirect subscription offer and for the purpose of admission to trading to the regulated markets (*regulierter Markt*) of the stock exchanges in Frankfurt am Main, Hanover, Berlin, Düsseldorf, Hamburg, Munich and Stuttgart with simultaneous admission to the sub-segment of the regulated market of the Frankfurt Stock Exchange with additional post-admission obligations (Prime Standard) as well as admission to the regulated markets of the stock exchanges in London and Luxembourg are up to 65,000,000 new, no-par value preferred bearer shares (shares without nominal value) (the "**New Shares**") each conveying a notional interest of EUR 2.56 in the share capital and with full entitlement to dividends as of January 1, 2009 from the capital increase against cash contribution from authorized capital including subscription rights, expected to be resolved March 26, 2010 by the Board of Management with the approval of the Supervisory Board. The New Shares are subject to German law.

3.3 Forward-looking statements

This Prospectus contains certain forward-looking statements. Forward-looking statements are statements that do not refer to historical facts and events. Any statement containing the words "shall", "may", "will", "could", "expects", "predicts", "assumes", "supposes", "estimates", "believes", "plans", "intends", "is of the opinion", "to the knowledge of", "according to estimates" or similar phrases indicate such forward-looking statements. This applies, in particular, to statements in this Prospectus regarding the future financial returns, plans and expectations related to the business and management of the Company, growth and profitability as well as general economic and regulatory conditions and other factors affecting the Company.

Forward-looking statements are based on current estimates and assumptions made by the Company to the best of its knowledge. The occurrence or non-occurrence of an uncertain event could cause the actual results of the Company, including Volkswagen's net assets, financial position and results of operations, to differ materially from, or fail to meet expectations expressed or implied in the results assumed or described by such forward-looking statements. Volkswagen's business is subject to a number of risks and uncertainties that could also cause a forward-looking statement, estimate or prediction to become inaccurate. Therefore, investors are strongly advised to read the sections "*Summary of the Prospectus*", "*Risk Factors*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations*", "*Description of the Business Activities of the Volkswagen Group*" and "*Recent Developments and Outlook*", which include a more detailed description of factors that have an impact on Volkswagen's business and on the markets in which Volkswagen operates.

In light of these risks, uncertainties and assumptions, it is possible that the future events mentioned in this Prospectus may not occur. Moreover, the forward-looking estimates and forecasts derived from third-party studies reproduced in this Prospectus (see also "*– Unit sales, delivery and production information provided by Volkswagen*" and "*– Sources of market data and additional numerical information*") may prove to be inaccurate. Accordingly, neither the Company nor its Board of Management nor the Underwriters can assume responsibility for the future accuracy of the opinions expressed in this Prospectus or as to the actual occurrence of any predicted developments. In addition, it is emphasized that neither the Company nor the Underwriters assume any obligation beyond the legal requirements to update any such forward-looking statements or to adjust them to future events or developments.

3.4 Availability of the Prospectus

This Prospectus will be published on the website of the Company at www.volkswagenag.com/ir. Furthermore, the Prospectus is expected to be available free of charge as of March 24, 2010 during regular business hours at the offices of the Company and of the Underwriters as well as at the registration office of the Frankfurt Stock Exchange.

3.5 Inspection of documents

For the duration of the validity of this Prospectus, copies of the following documents may be inspected during regular business hours at the offices of Volkswagen Aktiengesellschaft, Berliner Ring 2, 38440 Wolfsburg, Germany:

- The Articles of Association of the Company
- The audited consolidated financial statements (IFRS) of Volkswagen Aktiengesellschaft as of December 31, 2009
- The audited consolidated financial statements (IFRS) of Volkswagen Aktiengesellschaft as of December 31, 2008
- The audited consolidated financial statements (IFRS) of Volkswagen Aktiengesellschaft as of December 31, 2007
- The audited annual financial statements (HGB) of Volkswagen Aktiengesellschaft as of December 31, 2009

Future annual reports and interim reports of the Company will be publicly available on the website of the Company (www.volkswagenag.com/ir) and on the website of the electronic company register (www.unternehmensregister.de) as well as at the Company and the paying agent referred to in this Prospectus (see *"General Information on the Company – Notifications and paying agent"*).

3.6 Presentation of currency and financial information

The consolidated financial statements of the Company for the fiscals years ended December 31, 2009, 2008 and 2007 were prepared by the Company in accordance with International Financial Reporting Standards as adopted by the European Union ("**IFRS**"). The annual financial statements of the Company as of December 31, 2009 were prepared in accordance with German generally accepted accounting principles and German principles of proper accounting (in this Prospectus collectively referred to as "**HGB**"). Unless stated otherwise, the financial data of the Company in this Prospectus is based on the consolidated financial statements of the Company. The financial data for fiscal years 2009 and 2008 contained in this Prospectus is based on the audited consolidated financial statements of Volkswagen Aktiengesellschaft for the fiscal year which ended on December 31, 2009 and the financial data for fiscal year 2007 contained in this Prospectus is based on the audited consolidated financial statements of Volkswagen Aktiengesellschaft for the fiscal year which ended on December 31, 2008. Any financial data taken from the annual financial statements of the Company prepared in accordance with HGB or other reports will be identified as such. Any financial data referred to as "unaudited" in this Prospectus has not been audited or reviewed within the meaning of item 20.6 of Annex I of the European Commission Regulation (EC) No 809/2004 of April 29, 2004.

The amounts in this Prospectus in "euro", "EUR" or "€" refer to the legal currency of the Federal Republic of Germany as of January 1, 1999. Figures quoted in another currency are expressly noted by indication of the appropriate currency or the respective currency symbol in accordance with ISO 4217.

The following table contains the average annual exchange rates and the year-end exchange rate of the euro on the balance sheet date against the respective national currency.

		Year-end exchange rate on balance sheet date (EUR 1 in unit of foreign currency)			Average annual exchange rate (EUR 1 in unit of foreign currency)		
Currencies	**ISO Code**	**December 31, 2009**	**December 31, 2008**	**December 31, 2007**	**December 31, 2009**	**December 31, 2008**	**December 31, 2007**
Argentina	ARS	5.46811	4.80624	4.63638	5.21069	4.63951	4.27103
Australia	AUD	1.60080	2.02740	1.67570	1.77270	1.74162	1.63557
Brazil	BRL	2.51130	3.24360	2.61445	2.76742	2.67428	2.66318
UK	GBP	0.88810	0.95250	0.73335	0.89094	0.79628	0.68455
India	INR	67.04000	67.39307	57.85353	67.34999	63.59206	56.39206
Japan	JPY	133.16000	126.14000	164.93000	130.33660	152.45406	161.24064
Canada	CAD	1.51280	1.69980	1.44490	1.58496	1.55942	1.46895
Mexico	MXN	18.92230	19.23330	16.07430	18.79886	16.29157	14.97495
Poland	PLN	4.10450	4.15350	3.59350	4.32762	3.51210	3.78314
Korean Republic	KRW	1,666.97000	1,839.13000	1,377.96000	1,772.90387	1,606.08719	1,273.33290
Russian Federation	RUB	43.15400	41.28300	35.98600	44.13764	36.42072	35.02037
Sweden	SEK	10.25200	10.87000	9.44150	10.61905	9.61524	9.25214
Slovak Republic	SKK	–[1]	30.12600	33.58300	–[1]	31.26167	33.77502
South Africa	ZAR	10.66600	13.06670	10.02980	11.67366	12.05899	9.66135
Czech Republic	CZK	26.47300	26.87500	26.62800	26.43491	24.94632	27.75824
USA	USD	1.44060	1.39170	1.47210	1.39482	1.47103	1.37064
People's Republic of China	CNY	9.83500	9.49560	10.75240	9.52771	10.22361	10.41860

1 Replaced by the euro as of January 1, 2009.

3.7 Unit sales, delivery and production information provided by Volkswagen

This Prospectus contains factual and numerical data of Volkswagen's unit sales, deliveries and production. This data has been prepared by Volkswagen and is not part of the annual audit or subject to review by the auditors. Market studies cited in this Prospectus also contain data on Volkswagen's unit sales, deliveries and production. Data contained in these market studies may deviate from data prepared by Volkswagen. Investors should also consider that market studies are often based on information or assumptions that may not be exact or appropriate and that are, by nature, forward-looking and speculative. Moreover, publicly available sources often contain divergent information. In some parts of the Prospectus which are explicitly marked, data provided by Volkswagen is compared to data from the market studies. This data is of limited value as it may be inaccurate due to varying market definitions. (See also "– *Sources of market data and additional numerical information*").

This Prospectus contains, among other things, definitions used by Volkswagen in respect of "deliveries" and "unit sales". According to these definitions, a vehicle is delivered once it has been handed over to the customer and the term "unit sales" describes those vehicles that have been sold to external wholesalers, or to independent authorized dealers. For further information on the use of the terms "deliveries" and "unit sales", see the section entitled *"Market Overview and Competition"*.

3.8 Sources of market data and additional numerical information

This Prospectus contains and refers to publicly available numerical data, market data, analyst reports and other publicly available information (partially subject to a fee) as well as internal estimates of the Company which, in turn, are also usually based on publicly available market data or on numerical data from publicly available sources.

When drafting this Prospectus, the following sources were used in particular:

- IHS Global Insight, "AutoInsight Data", as of March 1, 2010 with the exception of figures relating to the production of passenger cars and light commercial vehicles (as of February 11, 2010) and figures relating to trucks (as of March 10, 2010) ("**Global Insight**")
- Bundesamt für Wirtschaft und Ausfuhrkontrolle (Federal Office of Economics and Export Control, "**BAFA**"), scrapping premium – external evaluations, scrapping premiums granted until January 5, 2010 ("**BAFA evaluation**")
- Association Auxiliaire de l'Automobile (AAA)/Association des Constructeurs Européens d'Automobiles ("**ACEA**", European Automobile Manufacturers' Association), New Vehicle Registrations by Manufacturer for the year 2007 (as of February 2, 2009), New Vehicle Registrations by Manufacturer for the year 2008 (as of January 29, 2010), New Vehicle Registrations by Manufacturer for the year 2009 (as of March 9, 2010), AAA-ACEA spreadsheet ("**AAA/ACEA evaluations**")

- Dataforce Verlagsgesellschaft für Business Informationen mbH, "IRIS" database, as of March 11, 2010 ("**Dataforce**")

The Company believes that its estimates, which are not based on publicly available sources, have been prepared with reasonable care and reflect the underlying information in a non-biased way. The information contained in this Prospectus obtained from publicly available sources or otherwise adopted from third parties has been accurately reproduced indicating its source. As far as the Company is aware and is able to ascertain from publicly available sources or from information communicated by a third party, no facts have been omitted which would render the information reproduced in this Prospectus inaccurate or misleading. Third-party information in this Prospectus is market data and especially data regarding unit sales, deliveries and production pertaining to Scania AB as well as pertaining to companies in which the Company does not hold majority interests. This data has been taken from publications of the respective company and its source is indicated. However, investors should consider that market studies are often based on information and assumptions that may not be exact or appropriate and are, by nature, forward-looking and speculative. Also, publicly available sources often contain diverging information.

Information published by third parties has not been verified by the Company. Therefore, the Company cannot assume any responsibility for the accuracy of such data or estimates.

Individual figures and financial and market data (including percentages) stated in this Prospectus have been rounded using standard business rounding principles (*kaufmännische Rundung*). The totals or interim totals contained in the tables may possibly differ from the non-rounded figures contained elsewhere in this Prospectus due to this rounding. Furthermore, figures that have been rounded may not add up to the interim totals or totals contained in the tables or stated elsewhere in this Prospectus.

A glossary of the technical terms and abbreviations used can be found at the end of this Prospectus.

3.9 Information on the ordinary and preferred shares of the Company

The following table contains the stock market prices (XETRA) of the ordinary and preferred shares of the Company as of December 31, 2009, 2008 and 2007 as well as the annual high and annual low of the stock market price during these years.

	2009 (unaudited)	2008 (unaudited)	2007 (unaudited)
		in EUR per share	
Quoted market price of the preferred shares (XETRA)			
Closing	65.74	38.02	100.00
Annual high	81.72	108.30	131.00
Annual low	30.24	29.30	54.14
Quoted market price of the ordinary shares (XETRA)			
Closing	77.00	250.00	156.10
Annual high	298.85	945.00	197.90
Annual low	73.93	148.43	82.60

On March 19, 2010, the closing price (XETRA) of the ordinary and preferred shares on the Frankfurt Stock Exchange was EUR 75.11 or EUR 72.16 respectively.

3.10 Ratings

Each of Volkswagen Aktiengesellschaft, Volkswagen Financial Services AG and Volkswagen Bank GmbH was assessed and rated separately by Moody's Investors Services ("**Moody's**") and Standard & Poor's, a division of The McGraw-Hill Companies ("**S&P**").

The following table shows the ratings for the short-term and long-term liabilities of Volkswagen Aktiengesellschaft, Volkswagen Financial Services AG and Volkswagen Bank GmbH by the rating agencies Moody's and S&P.

	VOLKSWAGEN AKTIENGESELLSCHAFT			VOLKSWAGEN FINANCIAL SERVICES AG			VOLKSWAGEN BANK GMBH		
	2009	2008	2007	2009	2008	2007	2009	2008	2007
Moody's									
current	P-2	P-2	P-2	P-2	P-2	P-2	P-1	P-1	P-1
long-term	A3	A3	A3	A3	A3	A3	A2	A2	A2
outlook	stable	positive	stable	stable	positive	stable	RfD[1]	stable	stable
Standard & Poor's									
short-term	A-2	A-2	A-2	A-2	A-2	A-2	A-2	A-1	A-1
long-term	A-	A-	A-	A-	A-	A-	A-	A	A
outlook	negative	stable	stable	negative	stable	stable	negative	negative	stable

Source: Standard & Poors: Volkswagen Aktiengesellschaft as of September 2009, Volkswagen Financial Services AG and Volkswagen Bank GmbH as of August 2009; Moody's Investors Service: as of August 2009.

1 RfD means "review for possible downgrade". This means that the rating is currently under review for possible downgrade pending final details regarding a corporate merger with Porsche.

Volkswagen has entered into rating agreements with S&P and Moody's. In December 2009, Fitch Inc. published for Volkswagen Aktiengesellschaft a so-called unsolicited issuer default risk rating for long-term liabilities of BBB+ and for short-term liabilities of F2. The long-term rating for the senior unsecured liabilities is also BBB+. The rating by Fitch Inc. is based solely on publicly available information.

For the purposes of the ratings by Moody's the following definitions apply:

- the short-term rating "**P-1**" describes the superior ability to repay short-term debt obligations;
- the short-term rating "**P-2**" describes the strong ability to repay short-term debt obligations;
- the long-term rating "**A**" means that obligations are considered upper-medium grade and are subject to low credit risk.

A Moody's rating outlook provides an assessment regarding the probable development of the issuer's rating over a medium-term time frame, which includes among others the categories "positive" and "stable".

Moody's appends numerical modifiers "**1**", "**2**" and "**3**" to "**A**", to show the relative standing within the major rating categories.

For the purposes of the ratings by S&P the following definitions apply:

- the short-term rating "**A-1**" means strong capacity of the obligor to meet financial commitments;
- the short-term rating "**A-2**" means satisfactory capacity of the obligor to meet financial commitments, but the obligor is somewhat more susceptible to the adverse effects of changes in circumstances and the economic conditions than an obligor in a higher rating category;
- the long-term rating "**A**" means strong capacity of the obligor to meet financial commitments, but somewhat more susceptible to substantial changes in circumstances and to adverse economic conditions, than financial commitments of a higher rating category.

The rating "**A**" may be modified by the addition of a plus (+) or minus (−) sign to show the relative standing within the major rating categories.

The rating outlook "negative" means that the rating may be downgraded. The rating outlook "stable" means that the rating will presumably not change.

For the purposes of the ratings by Fitch Inc. the following definitions apply:

The long-term rating "**BBB**" indicates that expectations regarding the occurrence of a default risk are currently low, and that the capacity for payment of financial commitments is considered adequate but adverse business or economic conditions are more likely to impair this capacity.

The modifiers "+" or "−" are appended to ratings to show the relative standing within the major rating categories.

The short-term rating "**F2**" means the intrinsic capacity for timely payment of financial commitments.

The rating definitions vary depending on the respective rating agency and can be found at www.moodys.com, www.standardandpoors.com and www.fitchratings.com.

Each rating by a rating agency reflects the assessment of such rating agency only on the date of the assignment. Investors should consider each rating independently and should obtain further information from the respective rating agency for further explanation and closer details of a particular rating. Rating agencies may change any rating at any time if they believe that the circumstances require such change. A long-term rating is not a recommendation to investors to buy, sell or hold securities.

4. THE OFFERING

4.1 Subject matter of the Offering

The Offering relates to up to 65,000,000 new no-par value, non-voting preferred bearer shares (shares without nominal value) of the Company, each with a notional interest of EUR 2.56 in the share capital and carrying full dividend rights from January 1, 2009 (the "**New Shares**"). The New Shares will originate from the capital increase against cash contribution from authorized capital with subscription rights of the shareholders in accordance with Article 4(4) of the Articles of Association of the Company and registered with the commercial register of the Local Court of Braunschweig (*Amtsgericht Braunschweig*) on March 12, 2010. In accordance with Article 4(4) of the Articles of Association of Volkswagen Aktiengesellschaft, the Board of Management of Volkswagen Aktiengesellschaft is authorized, until December 2, 2014, to increase the share capital, with the approval of the Supervisory Board, by issuing new non-voting preferred bearer shares against cash contribution on one or more occasions up to a total of EUR 345,600,000 (corresponding to 135,000,000 non-voting shares). Such shares will carry the same rights under the Articles of Association as the preferred shares described in Articles 23 and 27(2) of Volkswagen Aktiengesellschaft's Articles of Association. Shareholders are to be granted subscription rights in such issuance. The Board of Management shall decide, with the consent of the Supervisory Board, on the further details of the rights attaching to the shares and the conditions applicable to the issuance of the shares. The Board of Management of the Company resolved on March 23, 2010, when utilizing this authorization, with the approval of the same day of the presidium of the Supervisory Board of the Company (the "**Presidium**"), authorized by resolution of the Supervisory Board of the Company on February 26, 2010 (see also the section "*Information on the Governing Bodies of the Company – Supervisory Board – Legal position in the organizational structure of the Company – Internal organization and committees*"), to increase the share capital of the Company from authorized capital by up to EUR 166,400,000 by issuing up to 65,000,000 new preferred shares against cash contribution (the "**Utilization Resolution**"). Furthermore, the Board of Management of the Company will determine by way of resolution the exact number of New Shares to be issued, the Subscription Ratio and the Offer Price (as defined below) and the Subscription Price (as defined below) for the New Shares; such resolution is expected to be adopted on March 26, 2010, with the approval of the Presidium expected on the same day (the "**Determination Resolution**").

The implementation of the capital increase is expected to be registered in the commercial register of the Local Court of Braunschweig (*Amtsgericht Braunschweig*) (the "**Commercial Register**") on March 29, 2010. After registration of the capital increase in the Commercial Register, the share capital of the Company will be increased by the amount determined in the Determination Resolution. If the Determination Resolution provides for the issuance of 65,000,000 New Shares and accordingly a capital increase of EUR 166,400,000, the share capital of the Company registered with the Commercial Register upon registration of the implementation of the capital increase will amount to EUR 1,191,023,813.12. Taking into account the new ordinary shares which were created under the stock option program since January 1, 2010, if the capital increase is fully implemented to the maximum volume of EUR 166,400,000, the share capital of the Company will amount to EUR 1,191,025,681.92 and be divided into 295,006,127 ordinary bearer shares and 170,238,280 non-voting preferred bearer shares (see also the section entitled "*Description of the Share Capital of the Company – Share capital and shares – Share capital*").

The New Shares will be offered in a public offering in Germany, the United Kingdom, Luxembourg and Switzerland and, if and to the extent the New Shares are not subscribed under the subscription offer, by way of a Pre-placement which will include both a public offering in Germany and a private placement with institutional investors in Germany and in certain other countries.

A syndicate of banks lead by the global coordinators and joint lead bookrunners, Citigroup Global Markets Limited, Deutsche Bank Aktiengesellschaft, HSBC Trinkaus & Burkhardt AG, J.P. Morgan Securities Ltd. and Merrill Lynch International (collectively the "**Global Coordinators**" and the "**Joint Lead Bookrunners**") as well as BNP PARIBAS, COMMERZBANK Aktiengesellschaft, Crédit Agricole Corporate & Investment Bank, Credit Suisse Securities (Europe) Limited, Landesbank Baden-Württemberg, Morgan Stanley Bank AG, Société Générale and UniCredit Bank AG (collectively the "**Co-Bookrunners**" and together with the Global Coordinators, the "**Underwriters**") have agreed on the basis of an underwriting agreement (the "**Underwriting Agreement**"), which was entered into on March 23, 2010 between the Company and the Underwriters, to offer the New Shares to the shareholders by way of indirect subscription rights during the subscription period, in accordance with the subscription ratio and at the subscription price per New Share (the "**Subscription Offer**"), with the subscription ratio and the subscription price per New Share (the "**Subscription Price**") to be established in the Determination Resolution. Deutsche Bank Aktiengesellschaft, HSBC Trinkaus & Burkhardt AG and J.P. Morgan Securities Ltd. will subscribe the New Shares.

The Subscription Price and the final issue volume will be determined based on the results of the bookbuilding procedure for the Pre-placement (as defined below). The Subscription Price will be a maximum of EUR 80. The subscription period is expected to run from and including March 31, 2010 to and including April 13, 2010.

The Underwriters also agreed, on the basis of the Underwriting Agreement, to offer, prior to the commencement of the Subscription Offer, the New Shares for purchase in a public offering to retail investors in Germany (the "**Public Pre-placement**") and under a private placement exclusively to institutional investors in Germany and in other countries (including qualified institutional buyers in the USA in reliance on Rule 144A under the US Securities Act of 1933 (as amended) (the "**Securities Act**") as well as, among other countries, in Japan, Canada and Australia) (the "**Institutional Pre-placement**" and together with the Public Pre-placement, the "**Pre-placement**"). The Pre-placement will take the form of a bookbuilding procedure. The offer period for the Public Pre-placement is expected to run from March 24, 2010 to March 25, 2010 (3.00 CET). The offer period for the Institutional Pre-placement is expected to run from March 23, 2010 to March 26, 2010 12.00 noon CET. The offer period for the Institutional Pre-placement may be shortened by one day and in that case would be expected to end on March 25, 2010. The offer price per share (the "**Offer Price**") for the Pre-placement will be determined based on the outcome of the bookbuilding procedure for the Pre-placement and will correspond to the Subscription Price.

The shareholders of Volkswagen Aktiengesellschaft, Qatar Holding Germany GmbH, Porsche Automobil Holding SE, Porsche Gesellschaft m.b.H., Salzburg and Hannoversche Beteiligungsgesellschaft mit beschränkter Haftung (jointly referred to as the "**Assigning Shareholders**") have entered into an agreement (the "**Assignment Agreement**") with the Global Coordinators concerning the assignment and transfer of all their future subscription rights to the New Shares (the "**Assigned Subscription Rights**"). A total of up to 47,469,364 New Shares are attributable to subscription rights which are assigned to the Global Coordinator designated as the assignee in the Assignment Agreement, Deutsche Bank Aktiengesellschaft. The assignment is subject to the condition subsequent that the implementation of the capital increase is registered with the Commercial Register and is also conditional on the Offer Price corresponding to the Subscription Price.

The Global Coordinators have granted Qatar Holding Germany GmbH the right, under the Pre-placement, to purchase a number of New Shares, amounting to all of its Assigned Subscription Rights, i.e. up to 12,424,565 New Shares. The Global Coordinators are obliged to consider any purchase order of Qatar Holding Germany GmbH on a preferential basis in the allocation under the Pre-placement and to preferentially allocate New Shares to this order. The preferential allocation to Qatar Holding Germany GmbH is not subject to claw-back.

Only New Shares attributable to the Assigned Subscription Rights will be placed in the Public Pre-placement, up to a maximum of 5%, i.e. a maximum of up to 3,250,000 of the New Shares. It will be pointed out to investors who wish to purchase New Shares under the Institutional Pre-placement that the purchase of New Shares under the Institutional Pre-placement will, in some cases, take place subject to claw-back, and to this extent, such purchase is also subject to deferred settlement. The portion of the New Shares placed under the Institutional Pre-placement subject to claw-back (the "**Claw-Back Shares**") will be determined by the claw-back ratio.

The claw-back ratio corresponds to the ratio of the New Shares which are not attributable to the Assigned Subscription Rights (the "**Freefloat Subscription Shares**") to the total number of New Shares available for the Institutional Pre-placement (the "**Institutional Placement Shares**").

The number of Institutional Placement Shares corresponds to the number of New Shares, less the New Shares placed through the Public Pre-placement to retail investors and less the New Shares purchased by Qatar Holding German GmbH in the Pre-placement, if applicable. Qatar Holding Germany GmbH may, under the Pre-placement, purchase a number of New Shares amounting to all of its Assigned Subscription Rights, i.e up to 12,424,565 Shares. The number of Institutional Placement Shares will be reduced to the extent that Qatar Holding Germany GmbH exercises this right, which will lead to a corresponding increase in the claw-back ratio.

All New Shares acquired in the Public Pre-placement, as well as the New Shares attributable to the Assigned Subscription Rights that are acquired in the Institutional Pre-placement, will be delivered at the beginning of the subscription period, which is expected to be on March 31, 2010. The Claw-Back Shares acquired in the Institutional Pre-placement, which are subject to deferred settlement, will only be delivered to the extent that no claw-back is exercised. If no claw-back occurs, the Claw-Back Shares will be delivered from the Freefloat Subscription Shares which were not acquired in the Subscription Offer, and such delivery will be made after the end of the subscription period for the Subscription Offer and at the same time as the delivery of the New Shares acquired in the Subscription Offer. To the extent the subscription period is not extended, such delivery is expected to occur on April 16, 2010. To the extent that the number of Freefloat Subscription Shares which are not subscribed in the Subscription Offer remains lower than the number of Claw-Back Shares, the claw-back will be exercised with respect to each purchaser of Claw-Back Shares on a *pro rata* basis in accordance with the ratio of the total number of Freefloat Subscription Shares subscribed in the Subscription Offer to the total number of Claw-Back Shares.

The Subscription Offer and the Pre-placement are subject, among other things, to the registration of the implementation of the capital increase with the Commercial Register, which is expected to take place on March 29, 2010. Moreover, the Subscription Offer and the Pre-placement may be canceled under certain circumstances (see also "*– Subscription Offer – Important notices*" and "*– Underwriters, Underwriting Agreement*").

4.2 Timetable for the Offering

The Offering is based on the following prospective timetable:

March 23, 2010 . . .	Resolution of the Board of Management that the share capital of the Company is to be increased, subject to the adoption of a further Determination Resolution, and the New Shares are to be offered by way of the Subscription Offer and the Pre-placement; approving resolution of the Supervisory Board; announcement of the decisions
March 23, 2010 . . .	Approval of the Prospectus by the *Bundesanstalt für Finanzdienstleistungsaufsicht* (Federal Financial Supervisory Authority) (the "**BaFin**"); publication of the Prospectus on the Internet page of the Company (www.volkswagenag.com/ir); notification of the approved Prospectus to the competent supervisory authorities in the UK and Luxembourg; publication of a prospectus in Switzerland
March 23, 2010 . . .	Start of the Institutional Pre-placement
March 23, 2010 . . .	Application for admission of the New Shares to trading on the regulated market of the Frankfurt Stock Exchange, and on the regulated markets of the securities exchanges in Hanover, Berlin, Düsseldorf, Hamburg, Munich and Stuttgart and application for inclusion in the existing listing of the preferred shares of the Company; application for admission of the New Shares to the regulated market on the securities exchanges in London (*London Stock Exchange*) and Luxembourg (*Bourse de Luxembourg*) as well as to the SIX Swiss Exchange
March 24, 2010 . . .	Start of the Public Pre-placement
March 25, 2010 . . .	End of the Public Pre-placement (3.00 p.m. CET)
March 26, 2010 . . .	End of the Institutional Pre-placement (12.00 noon CET) (subject to rescheduling to March 25, 2010); end of bookbuilding; determination of the Subscription Price and Offer Price
March 26, 2010 . . .	Determination Resolution of the Board of Management and approval of the Supervisory Board; publication of the resolutions; allocation under the Pre-placement; announcement of the results of the Pre-placement and of the Offer Price
March 29, 2010 . . .	Registration of the implementation of the capital increase with the Commercial Register
March 30, 2010 . . .	Decision of the Frankfurt Stock Exchange concerning the admission of the New Shares
March 30, 2010 . . .	Publication of the Subscription Offer in the electronic version of the Bundesanzeiger (German Federal Gazette), further publication in accordance with the relevant publication rules of the securities exchanges in London and Luxembourg as well as the SIX Swiss Exchange which are applicable to the Company
March 30, 2010 . . .	Booking of the subscription rights of the shareholders of the Company to the securities deposit accounts reflecting the status as of the evening of March 30, 2010
March 31, 2010 . . .	Publication of the Subscription Offer in the Börsen-Zeitung, the Frankfurter Allgemeine Zeitung and in the Handelsblatt
March 31, 2010 . . .	Commencement of subscription period and of the subscription rights trading
March 31, 2010 . . .	Inclusion of the New Shares in the existing listing of preferred shares of the Company on the Frankfurt Stock Exchange and on the securities exchanges in Hanover, Berlin, Düsseldorf, Hamburg, Munich and Stuttgart and, as soon as possible thereafter, on the securities exchanges in London and Luxembourg as well as on the SIX Swiss Exchange
March 31, 2010 . . .	Delivery of the New Shares acquired in the Pre-placement which are attributable to the Assigned Subscription Rights in the collective safe custody system
April 9, 2010	End of subscription rights trading
April 13, 2010	End of subscription period
April 13, 2010	Latest point in time for payment of the Subscription Price
April 14, 2010	Announcement of the results of the Subscription Offer

April 16, 2010	Delivery of the New Shares subscribed in the Subscription Offer and the Claw-Back Shares acquired in the Institutional Pre-placement, with respect to which no claw-back has occurred, in the collective safe custody system

4.3 Subscription Offer

The Subscription Offer is described below on the assumption that it will be carried out in accordance with the prospective dates and periods set out in the timetable above. Dates which are in the future at the date of this Prospectus, but which will have passed by the time the Subscription Offer is published in the electronic version of the Bundesanzeiger (German Federal Gazette), are therefore described in the past tense. The Subscription Offer, which is expected to be published on March 30, 2010 in the electronic version of the Bundesanzeiger (German Federal Gazette) and on March 31, 2010 in the Börsen-Zeitung, the Frankfurter Allgemeine Zeitung and in the Handelsblatt, will contain the final capital increase amount, the final issue volume, the Subscription Ratio and the Subscription Price. The relevant sections of text are indicated in the Subscription Offer set out below. It is expected that the information set out below will also be published on March 26, 2010 as an ad hoc announcement over an electronic information system as well as on the website of the Company (www.volkswagenag.com/ir).

To the extent that there are deviations from the dates set out in the timetable, these will be contained in the Subscription Offer which is expected to be published on March 30, 2010.

"**Volkswagen Aktiengesellschaft**
Wolfsburg, Germany
(ISIN DE0007664039 / WKN 766403 and ISIN DE0007664005 / WKN 766400)
Subscription Offer

By resolution of the General Meeting of Volkswagen Aktiengesellschaft (the "**Company**") of December 3, 2009, amending the Articles of Association and registered in the commercial register of the Local Court of Braunschweig (*Amtsgericht Braunschweig*) on March 12, 2010, the Board of Management of the Company is authorized, with the approval of the Supervisory Board, to increase the share capital of the Company on one or more occasions until December 2, 2014, by issuing new non-voting preferred bearer shares carrying the same rights as the preferred shares described in Articles 23 and 27(2) of the Articles of Association of the Company, against cash contribution, by up to a total of EUR 345,600,000 (corresponding to 135,000,000 preferred shares). The shareholders are to be granted subscription rights in such issuance (Article 4(4) of the Articles of Association of the Company).

The Board of Management of the Company resolved on March 23, 2010, when utilizing this authorization, with the approval of the same day of the Supervisory Board through the Presidium of the Supervisory Board, to increase the share capital of the Company from authorized capital by up to EUR 166,400,000 by issuing up to 65,000,000 new no-par value, non-voting preferred bearer shares (shares without nominal value), each with a notional interest of EUR 2.56 in the share capital (the "**New Shares**"), against cash contribution. The New Shares carry full dividend rights from January 1, 2009.

Furthermore, the Board of Management of the Company determined on March 26, 2010, with the approval of the Supervisory Board through the Presidium of the Supervisory Board on the same day, the number of shares to be issued, the Subscription Price and the Subscription Ratio (*these details will be specified in the final Subscription Offer which is expected to be published on March 30, 2010*).

The implementation of the capital increase was registered in the commercial register of the Local Court of Braunschweig (*Amtsgericht Braunschweig*) on March 29, 2010.

A syndicate of several syndicate banks (the "**Underwriters**") led by Citigroup Global Markets Limited, Deutsche Bank Aktiengesellschaft, HSBC Trinkaus & Burkhardt AG, J.P. Morgan Securities Ltd. and Merrill Lynch International (collectively the "**Global Coordinators**") agreed in an underwriting agreement dated March 23, 2010 (the "**Underwriting Agreement**"), subject to certain conditions, including but not limited to the conditions mentioned below under the section *"Important notices"*, to underwrite the New Shares and to offer them to the shareholders of the Company for subscription. The New Shares will be offered to the shareholders at the subscription ratio (*the Subscription Ratio will be contained in the Subscription Offer which is expected to be published on March 30, 2010*) (the "**Subscription Ratio**") at the subscription price (*the Subscription Price will be contained in the Subscription Offer which is expected to be published on March 30, 2010*) (the "**Subscription Price**").

The shareholders of Volkswagen Aktiengesellschaft, Qatar Holding Germany GmbH, Porsche Automobil Holding SE, Porsche Gesellschaft m.b.H., Salzburg, and Hannoversche Beteiligungsgesellschaft mit beschränkter Haftung (jointly referred to as the "**Assigning Shareholders**") have assigned to Deutsche Bank Aktiengesellschaft all their subscription rights associated with their shares of the Company to New Shares.

Prior to the start of the Subscription Offer, the New Shares were offered for purchase in a public offering in Germany (the "**Public Pre-placement**") and in a private placement exclusively to institutional investors in Germany and in other countries (including qualified institutional buyers in the USA in reliance on Rule 144A under the US Securities Act of 1933 (the "**Securities Act**") as well as in Japan, Canada and Australia) (the "**Institutional Pre-placement**", together with the Public Pre-placement, the "**Pre-placement**"). In the Pre-placement, the Global Coordinators ensured by providing for claw-back rights in the allocation, that the New Shares attributable to Subscription Rights which were not assigned to the Global Coordinators are available for subscription by the shareholders of the Company under this Subscription Offer.

It is expected that the Subscription Rights (ISIN DE000A1DAKV5 / WKN A1D AKV) which are attributable to the ordinary shares of the Company (ISIN DE0007664005 / WKN 766400) and to the preferred shares of the Company (ISIN DE0007664039 / WKN 766403) will automatically be booked on the evening of March 30, 2010, to the custodial banks through Clearstream Banking AG, Neue Börsenstrasse 1, 60487 Frankfurt am Main, Germany.

We request that our shareholders, in order to avoid exclusion from participation in the capital increase, exercise their subscription rights to the New Shares during the period from and including

March 31, 2010, up to and including April 13, 2010

through their custodial banks at one of the subscription agents mentioned below during ordinary business hours. Subscription rights which are not exercised within the relevant time limit will expire.

Subscription agents are the German branches of Deutsche Bank Aktiengesellschaft.

In accordance with the Subscription Ratio (*the Subscription Ratio will be contained in the Subscription Offer which is expected to be published on March 30, 2010*) a certain number of existing shares of the Company (*the exact number of existing shares will be contained in the Subscription Offer which is expected to be published on March 30, 2010*) can be used to subscribe a certain number of New Shares (*the exact number of New Shares will be contained in the Subscription Offer which is expected to be published on March 30, 2010*) at the Subscription Price per New Share.

Subscription Price

The Subscription Price was determined by the Board of Management with the approval of the Supervisory Board on March 26, 2010 on the basis of the results of the bookbuilding procedure for the Pre-placement. The Offer Price for the Pre-placement and the Subscription Price are identical. The Subscription Price must be paid by April 13, 2010 at the latest.

Subscription rights trading

The Subscription Rights (ISIN DE000A1DAKV5 / WKN A1D AKV) for the New Shares will be traded in the period from March 31, 2010 up to and including April 9, 2010 in the regulated market (floor trading) on the Frankfurt Stock Exchange. The subscription agents are prepared to act as brokers in the buying and selling of Subscription Rights on the stock exchange, if possible. No compensation will be awarded for Subscription Rights which are not exercised. After expiration of the subscription period, Subscription Rights which are not exercised will expire worthless. As of March 31, 2010, the existing shares of the Company will be listed "ex subscription rights".

Deutsche Bank Aktiengesellschaft may take measures in order to provide liquidity for orderly subscription rights trading or to perform other activities customary for a subscription rights coordinator, in particular the buying and selling of subscription rights for New Shares. In this respect, Deutsche Bank Aktiengesellschaft reserves the right to conduct hedging transactions in preferred shares of the Company or corresponding derivatives.

Important notices

Shareholders and investors are advised to read the Prospectus of March 23, 2010 carefully prior to making a decision concerning the exercise, acquisition or sale of subscription rights and, in particular, to consider the risks described in the section "*Risk Factors*" of the Prospectus in their decision.

The Underwriters are entitled to withdraw from the Underwriting Agreement under certain circumstances. These circumstances include a material adverse change in the general business affairs, the management structure, the financial position, the equity capital, the results of operations or prospects of the Volkswagen Group, a suspension or material limitation of trading on the securities exchanges in Frankfurt, London or New York, the suspension of trading of securities of the Company on any securities exchange, the declaration of a general moratorium on commercial banking activities by the Federal Republic of Germany, the United Kingdom, the USA, or New York authorities or the occurrence of a material disruption in securities settlement, payment or clearing systems in Germany, the United Kingdom or the USA, a change in national or international economic, political, industrial, legal or financial conditions or in the conditions of the capital markets or in the foreign currency exchange rates or the outbreak or escalation of hostilities or terrorist activities or the likelihood of such a change, outbreak or escalation, and a downgrading of the ratings or notice of a planned or potential downgrading of the ratings of the securities of the Company by Standard & Poor's, Moody's Investor Services, or Fitch Ratings since the date of the Underwriting Agreement or a public declaration by Standard & Poor's, Moody's Investor Services, or Fitch Ratings since the date of the Underwriting Agreement that their rating of the securities of the Company is under surveillance or is being reviewed with a view to a downgrading of the ratings at the time of the Underwriting Agreement.

The Underwriters' obligation will also end if the implementation of the capital increase has not been registered with the commercial register of the Local Court of Braunschweig (*Amtsgericht Braunschweig*) by close of business on March 29, 2010, and the Company and the Underwriters cannot agree upon a later date. There will also be a right of withdrawal if the New Shares have not been admitted to trading on the stock exchange by 9.00 a.m. on March 31, 2010, or a later time agreed between the Company and the Underwriters.

In the event of a withdrawal from the Underwriting Agreement prior to registration of the implementation of the capital increase with the Commercial Register, the subscription rights of the shareholders will expire. In such a case, subscription rights trading transactions will not be reversed by the brokers. Investors who acquired the subscription rights through a securities exchange would, in such cases, suffer a total loss of their investment. To the extent the Underwriters withdraw from the Underwriting Agreement following the registration of the implementation of the capital increase with the Commercial Register, the shareholders who exercised their subscription rights may acquire the New Shares at the Subscription Price.

In view of the current high volatility of share prices and the market environment, shareholders should consider information on the current share price of the Company before they exercise their subscription rights at the Subscription Price.

Certification and delivery of New Shares

The New Shares (ISIN DE0007664039 / WKN 766403) will be represented by one global share certificate, which will be deposited with Clearstream Banking AG, Neue Börsenstrasse 1, 60487 Frankfurt am Main, Germany. Shareholders are not entitled to individual share certificates to the extent that issuance of such share certificates is not required under the rules of the stock exchange on which the share is admitted. It is expected that the New Shares acquired in connection with the Subscription Offer will be made available from April 16, 2010, through collective safe custody deposit unless the subscription period is extended.

Commission

The depositary banks will charge customary commissions for the subscription of the New Shares.

Trading of New Shares on stock exchanges

The New Shares will be admitted to the regulated markets of the stock exchanges in Frankfurt am Main, Hanover, Berlin, Düsseldorf, Hamburg, Munich and Stuttgart with simultaneous admission to the sub-segment of the regulated market of the Frankfurt Stock Exchange with additional post-admission obligations (Prime Standard) on March 30, 2010. All New Shares will be included in the existing listing for the preferred shares of the Company (ISIN DE0007664039, WKN 766403) on March 31, 2010. As soon as possible thereafter, the New Shares are to be included in the existing listing for the preferred shares of the Company on the securities exchanges in London and Luxembourg as well as on the SIX Swiss Exchange.

Publication of the Prospectus

Following a review of the completeness, including the coherence and comprehensibility, of the information provided, the Prospectus was approved by the *Bundesanstalt für Finanzdienstleistungsaufsicht* (Federal Financial Supervisory Authority) (the "**BaFin**") on March 23, 2010, and was published by the Company on its Internet page (www.volkswagenag.com/ir). Printed copies of the Prospectus are available free of charge during ordinary business hours, among other places, at Volkswagen Aktiengesellschaft, Berliner Ring 2, 38440 Wolfsburg and Citigroup Global Markets Limited c/o Citigroup Global Markets Deutschland AG & Co. KGaA, Reuterweg 16, 60323 Frankfurt am Main, Deutsche Bank Aktiengesellschaft, Große Gallusstr. 10-14, 60311 Frankfurt am Main, HSBC Trinkaus & Burkhardt AG, Königsallee 21/23, 40212 Düsseldorf, J.P. Morgan Securities Ltd., Junghofstraße 14, 60311 Frankfurt am Main and Merrill Lynch International Bank Limited, Frankfurt/Main Branch, Neue Mainzer Str. 52, 60311 Frankfurt am Main.

Selling restrictions

The New Shares and the subscription rights are not and will not be registered under the Securities Act, or with the securities supervisory authorities in any of the individual states of the USA. The New Shares and

Subscription Rights may not be offered, exercised or sold in or delivered directly or indirectly to the USA, other than in reliance on an exemption from the registration requirements of the Securities Act and the securities laws of the relevant individual states of the USA.

In this regard, subject to such exceptions as expressly approved by the Company from time to time, it will be assumed with respect to each person who acquires the New Shares and/or subscription rights that, in accepting the Prospectus, the New Shares and/or subscription rights, such person has represented and agreed that it is acquiring the New Shares and/or subscription rights in a transaction outside the USA (offshore transaction), as defined in Regulation S under the Securities Act.

In order to fall within the application of the exemption from the registration requirements of the Securities Act under section 4(2) thereof, envelopes containing subscription forms may not be postmarked in or otherwise dispatched from the USA.

Stabilization

In connection with the offer of the New Shares, Deutsche Bank Aktiengesellschaft is acting as stabilization manager and may undertake measures, including through companies affiliated with it, with a view to supporting the quoted market or market price of the preferred shares of the Company in order to offset any existing pressure to sell (stabilization measures).

In connection with the Subscription Offer and the Pre-placement, Deutsche Bank Aktiengesellschaft may undertake measures outside of the stock exchanges or by other means for the purpose of supporting the market price of the existing preferred shares of the New Shares of the Company at a level higher than that which would otherwise prevail. Deutsche Bank Aktiengesellschaft may take appropriate measures to provide liquidity for orderly subscription rights trading, or engage in other activities customary for a subscription rights coordinator, in particular the buying and selling of subscription rights for New Shares. In this respect, Deutsche Bank Aktiengesellschaft has reserved the right to conduct hedging transactions with regard to the shares of the Company or corresponding derivatives.

The stabilization manager is not obliged to undertake stabilization measures. There is therefore no assurance that stabilization measures will be undertaken at all. If stabilization measures are undertaken, they may be discontinued at any time without prior announcement.

Such stabilization measures may be undertaken from the time of publication of the Subscription Price and must end no later than the 30th calendar day after expiration of the subscription period, i.e. expected to be on May 13, 2010 at the latest (stabilization period).

Stabilization measures can result in a quoted market or market price of the shares of the Company or of the subscription rights that is higher than would otherwise prevail in the absence of such measures. Furthermore, the quoted market or market price may temporarily reach a level that is not maintained permanently.

Within one week after the end of the stabilization period, an announcement will be made stating whether or not a stabilization measure was undertaken, the date on which such stabilization began, the date on which the last stabilization measure was undertaken and the price range within which such stabilization was conducted, specifically for each date on which a stabilization measure was undertaken.

Wolfsburg, in March 2010
Volkswagen Aktiengesellschaft
The Board of Management"

4.4 Determination of the final issue volume, subscription ratio and subscription and offer price; currency of the issue

The Determination Resolution of the Board of Management of the Company with the final determination of the capital increase amount, issue volume, subscription ratio and Subscription Price and the approval resolution of the Supervisory Board are expected to be passed on March 26, 2010. The determinations will be based on the results of the bookbuilding procedure for the Pre-placement. The Offer Price for the Pre-placement will correspond to the Subscription Price. The final capital increase amount, issue volume, Subscription Ratio and Subscription Price will be included in the Subscription Offer, which is expected to be published on March 30, 2010, in the electronic version of the Bundesanzeiger (German Federal Gazette) and on March 31, 2010, in the Börsen-Zeitung, the Frankfurter Allgemeine Zeitung and in the Handelsblatt. The final amount of the capital increase, final issue volume, the Offer Price and Subscription Price and the results of the Institutional Offer are expected to be published on March 26, 2010, as an ad-hoc announcement through an electronic information system and on the website of the Company (www.volkswagenag.com/ir).

The Subscription Price and the Offer Price will be determined in euros.

4.5 Lock-up agreements

The Company has agreed with the Underwriters that, for the period from March 23, 2010 until 180 days following delivery of the Freefloat Subscription Shares acquired in the Subscription Offer and without the prior written consent of the Global Coordinators, (A) it will not offer or sell or enter into any obligations in this respect for the sale or disposal of (i) bonds which are convertible into shares of the Company or which can be exchanged for such, (ii) shares of the Company or (iii) other securities convertible into or exchangeable for shares of the Company or with a right to subscribe or receive such shares and (B) it will not enter into any swaps or other agreements under which the economic consequences of ownership of shares of the Company are transferred in whole or in part to another party, regardless of whether the transaction is settled through delivery of securities, in cash or in any other manner. This obligation does not apply for (i) the issuance of the New Shares and (ii) the issuance of shares in connection with the exercise of share options that have already been issued under an existing share option plan.

The Assigning Shareholders have agreed with the Global Coordinators that for the period from March 23, 2010 up to 30 days (i) from the delivery of the New Shares subscribed in the Subscription Offer, (ii) but at the latest from April 20, 2010, they will not, either themselves or, with certain exceptions, through one of their dependent companies, without the prior written consent of the Global Coordinators, (x) offer or sell or enter into any obligations in this respect for the sale or transfer of shares of the Company (including New Shares acquired by them in the Pre-placement, if applicable) or other securities convertible into or exchangeable for shares of the Company (including New Shares) or with a right to subscribe or receive such shares (including New Shares) or (y) enter into any swaps or other agreements under which the economic consequences of ownership of shares of the Company (including New Shares) are transferred in whole or in part to another party, regardless of whether the transaction is settled through delivery of securities, in cash or in any other manner.

This lock-up agreement is without prejudice to the following: (i) the rights of the pledgees to whom Porsche Automobil Holding SE has pledged its ordinary and preferred shares of the Company and (ii) the further holding, roll-over, the dissolution or other termination of the cash-settled options and swap portfolios of Porsche Automobil Holding SE in respect of the ordinary shares in the Company which it holds as of March 23, 2010 or acquired thereafter by way of rollover.

4.6 Selling restrictions

The New Shares and the subscription rights are not and will not be registered under the Securities Act, or with securities supervisory authorities in any of the individual states of the USA. Except in reliance on an exemption from the registration and notification requirement of the US securities and stock exchange laws or to the extent that any other applicable US regulations are complied with, the New Shares and Subscription Rights may not be offered, exercised or sold in or directly or indirectly delivered to the USA. The Underwriters are therefore obliged under the Underwriting Agreement (i) to offer or sell the New Shares and subscription rights of the Company within the USA only to persons which they reasonably consider to be qualified institutional buyers within the meaning of Rule 144A of the Securities Act or in reliance on Rule 903 of Regulation S of the Securities Act and (ii) with respect to the New Shares and subscription rights in the USA, not to engage in or to cause engagement in, either directly or through a third party acting on its behalf, (x) Directed Selling Efforts in the meaning of Regulation S of the Securities Act or (y) in General Advertising or General Solicitation, each within the meaning of Regulation D of the Securities Act.

The Company does not intend to register the Subscription Offer or a part thereof in the USA or to conduct a public offering of shares or subscription rights in the USA.

There are also selling restrictions in the United Kingdom. Each of the Underwriters has represented, warranted and undertaken to the Company

(i) It only communicated and caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (FSMA)) received by it in connection with the issue or sale of any New Shares in circumstances in which Section 21(1) of the FSMA does not apply to the Company

(ii) that it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the New Shares in, from, or otherwise involving the United Kingdom.

The Underwriters have further warranted and undertaken in the Underwriting Agreement that they have not and will not publicly offer the New Shares in any of the Member States of the European Economic Area (EEA) which have implemented the Prospectus Directive (Directive 2003/71/EC) from the date of the implementation of the Prospectus Directive, unless (i) a prospectus for the New Shares has been previously published which was approved by the competent authority in such Member State or was approved in another Member State of the EEA which has implemented the Prospectus Directive and the responsible authority in the Member State in which the offer takes place has been informed thereof in compliance with the Prospectus Directive; (ii) the

Subscription Offer is extended to legal entities which with respect to their activity are admitted to the financial markets or are supervised or, in the event they are not admitted or supervised, whose sole corporate purpose is to invest in securities; (iii) the Subscription Offer is extended to companies that fulfill at least two of the following three criteria according to their latest annual financial statements or consolidated financial statements: (x) an average number of employees in the last fiscal year of 250 or more, (y) total assets of more than EUR 43,000,000 and (z) total net sales revenue of more than EUR 50,000,000; or (iv) the Subscription Offer takes place under other circumstances in which the publication of a prospectus by the Company is not required under Section 3 of the Wertpapierprospektgesetz (WpPG – German Securities Prospectus Act) in connection with Article 3 of the Prospectus Directive.

4.7 Underwriters, Underwriting Agreement

The Underwriters coordinating the Offering are Citigroup Global Markets Limited, Citigroup Centre, Canada Square, London E14 5LB, United Kingdom, Deutsche Bank Aktiengesellschaft, Grosse Gallusstrasse 10-14, 60311 Frankfurt am Main, Germany, HSBC Trinkaus & Burkhardt AG, Königsallee 21-23, 40212 Düsseldorf, Germany, J.P. Morgan Securities Ltd., 10 Aldermanbury, London EC2V 7RF, United Kingdom, and Merrill Lynch International, 2 King Edward Street, London EC1A 1HQ, United Kingdom as Global Coordinators and Joint Lead Bookrunners as well as BNP PARIBAS, 16, boulevard des Italiens, 75009 Paris, France, COMMERZBANK Aktiengesellschaft, Kaiserstrasse 16 (Kaiserplatz), 60311 Frankfurt am Main, Germany, Crédit Agricole Corporate & Investment Bank, 9, quai du Président Paul Doumer, 92920 Paris-La Défense Cedex, France, Credit Suisse Securities (Europe) Limited, One Cabot Square, London E14 4QJ, United Kingdom, Landesbank Baden-Württemberg, Am Hauptbahnhof 2, 70173 Stuttgart, Germany, Morgan Stanley Bank AG, Junghofstr. 13-15, 60311 Frankfurt am Main, Germany, Société Générale, 17, cours Valmy, 92987 Paris-La Défense Cedex, France and UniCredit Bank AG, Kardinal-Faulhaber-Str. 1, Munich, Germany as Co-Bookrunners. On March 23, 2010, the Company and the Underwriters entered into an Underwriting Agreement. In this Underwriting Agreement, the Underwriters agreed to underwrite all New Shares and to offer them for subscription to the shareholders of the Company.

The following table lists the proportion of New Shares which the relevant Underwriter has agreed to underwrite in the Underwriting Agreement:

Underwriter	Underwriting commitment
Citigroup Global Markets Limited	15%
Deutsche Bank Aktiengesellschaft	15%
HSBC Trinkaus & Burkhardt AG	15%
J.P. Morgan Securities Ltd.	15%
Merrill Lynch International	15%
BNP PARIBAS	3.125%
COMMERZBANK Aktiengesellschaft	3.125%
Crédit Agricole Corporate & Investment Bank	3.125%
Credit Suisse Securities (Europe) Limited	3.125%
Landesbank Baden-Württemberg	3.125%
Morgan Stanley Bank AG	3.125%
Société Générale	3.125%
UniCredit Bank AG	3.125%

New Shares that are not subscribed in the Subscription Offer will be offered for purchase in a public offering to retail investors in Germany and in a private placement exclusively to institutional investors in Germany and in other countries.

In accordance with the Underwriting Agreement, the Company is required to pay the Underwriters commissions of in total EUR 143 million based on the maximum number of New Shares and the maximum subscription price. The commissions to be paid will be lower to the extent that, on the one hand, the Subscription Price is less than the maximum Subscription Price and, on the other hand, the actual number of New Shares is less than the maximum number of New Shares.

For more information regarding the possibility of the withdrawal of the Underwriters from the Underwriting Agreement see the section "– *Subscription Offer – Important notices*" above.

4.8 Information on the New Shares offered

4.8.1 Form, voting rights

The New Shares are no-par value non-voting preferred bearer shares (shares without nominal value) of the Company. Each New Share conveys a notional interest of EUR 2.56 in the share capital of the Company.

The Articles of Association of the Company provide that holders of preferred shares generally have no voting rights. If, however, the annual minimum preferred dividend of EUR 0.11 per preferred share under Article 27 of the Articles of Association of the Company is not paid, or not fully paid, in any year and the deficit is not paid in the next year along with the full preferred dividend for such subsequent year, the preferred shareholders will have voting rights until the arrears have been fully paid.

Resolutions to abolish or restrict the preference rights require the consent of the preferred shareholders. Such consent is also required for a resolution to issue preferred shares which have priority over or are treated equally to the existing preferred shares in relation to the distribution of the profit or assets of the Company if subscription rights are excluded. The same applies if the Board of Management is to be authorized to issue such new preferred shares or convertible bonds or bonds with warrants which entitle the bearers to subscribe such new preferred shares or if it is to be authorized to exclude the Subscription Right. The Company has therefore invited preferred shareholders to a special meeting of preferred shareholders in connection with the Annual General Meeting in 2010 on April 22, 2010, in order to resolve the authorization to issue convertible bonds and bonds with warrants which will entitle the bearers to subscribe preferred shares and the related creation of contingent capital. The authorization provides that the Board of Management may, with the approval of the Supervisory Board, exclude the shareholders' Subscription Rights in certain circumstances. In accordance with the invitation to the special meeting published on March 11, 2010 in the electronic version of the Bundesanzeiger (German Federal Gazette), only preferred shareholders who registered by close of business on April 15, 2010 and who provided evidence of their shareholding, such evidence relating to the beginning of April 1, 2010, are entitled to participate and vote. The New Shares which are only delivered to investors after March 31, 2010 (which will be the case for all New Shares delivered after the expiry of the subscription period), will therefore not entitle the holders to participate in the separate meeting.

See the sections entitled *"Description of the Share Capital of the Company – Share capital and shares"* for a detailed description of the share capital and of the shares of the Company.

4.8.2 Dividend rights, and participation in liquidation proceeds

The New Shares carry full dividend rights from January 1, 2009, i.e. for the entire 2009 fiscal year and for all subsequent fiscal years. The Company has proposed a dividend of EUR 1.60 per ordinary share and EUR 1.66 per preferred share for fiscal year 2009, which ended on December 31, 2009, in the invitation to the Annual General Meeting which will take place on April 22, 2010. In accordance with the Articles of Association of the Company, dividend rights of shares that are issued in a capital increase may also diverge from the provisions of the Aktiengesetz (AktG – German Stock Corporation Act).

The non-voting preferred shares receive a dividend which is EUR 0.06 higher per preferred share than the dividend attributable to the ordinary shares from the net retained profit (*Bilanzgewinn*) available for distribution, but amounting to a dividend of at least EUR 0.11 per preferred share. The minimum dividend of EUR 0.11 per preferred share has priority over the distribution of a dividend on the ordinary shares. If the net retained profit available for distribution is insufficient to pay the preferred dividend of EUR 0.11 per preferred share, the deficit is to be paid without interest out of the net retained profit available for distribution in the subsequent fiscal years prior to the distribution of any dividend to the ordinary shareholders such that the earlier arrears are to be paid out prior to the more recent ones and the preferred dividend of EUR 0.11 per preferred share to be paid out of the net retained profit of a fiscal year in respect of said fiscal year is not to be distributed until all arrears have been paid. The dividend rights are regulated in Article 27 of the Articles of Association of Volkswagen.

The New Shares participate in any liquidation proceeds in accordance with their notional share in share capital.

4.8.3 Stock exchange admission, certification, delivery

It is expected that application will be made on March 23, 2010 for the admission of the New Shares to trading on the regulated market of the Frankfurt Stock Exchange with simultaneous admission to the sub-segment of the regulated market with additional post-admission obligations (Prime Standard) as well as on the stock markets in Hanover, Berlin, Düsseldorf, Hamburg, Munich and Stuttgart. The admission is expected to take place on March 30, 2010. It is expected that application will be made for the inclusion of the New Shares in the existing listing of the preferred shares of the Company on March 23, 2010, and that such inclusion will take place on March 31, 2010. The management of the respective stock markets will decide on the admission and the inclusion of the New Shares. Furthermore, the New Shares are also to be admitted and included in the existing listing of the preferred shares of the Company on the securities exchanges in London and Luxembourg as well as on the SIX Swiss Exchange.

The New Shares will be made available to the purchasers as co-ownership interests in one global share certificate, which will be deposited with Clearstream Banking AG, Neue Börsenstrasse 1, 60487 Frankfurt am Main, Germany, in the collective safe custody system. The shareholders have no entitlement to demand the issuance of individual share certificates for their New Shares.

The delivery of the New Shares will take place through collective safe custody deposit. The purchasers will become aware of the allocation through the booking of the New Shares in their securities deposit. The beginning of trading is not dependent hereon. It is expected that the New Shares acquired in the Public Pre-placement as well as those acquired in the Institutional Pre-placement which are attributable to Assigned Subscription Rights will be made available on March 31, 2010. The New Shares acquired in the Subscription Offer are, to the extent the subscription period is not extended, expected to be delivered on April 16, 2010. The New Shares acquired in the Institutional Pre-placement which are subject to a claw-back and deferred settlement are, to the extent the subscription period is not extended, also expected to be delivered on April 16, 2010, if and to the extent the claw-back is not exercised (for additional details concerning the claw-back and deferred settlement, see also "*– Subject matter of the Offering*").

4.8.4 ISIN, WKN, stock market symbol

International Securities Identification Number (ISIN)

- For the New Shares: DE0007664039
- For the subscription rights to the New Shares: DE000A1DAKV5

Wertpapier-Kenn-Nummer (WKN – Securities Identification Number)

- For the New Shares: 766403
- For the subscription rights to the New Shares: A1D AKV

Stock market symbol of the preferred shares: VOW3

4.8.5 Transferability, selling restrictions

The New Shares are freely transferable. There are no legal restrictions to trading in them other than those mentioned under "*– Selling restrictions*" and "*– Lock-up agreements*".

4.8.6 Announcements

The Articles of Association provide that announcements of the Company will be made in the electronic version of the Bundesanzeiger (German Federal Gazette). The announcements relating to shares of the Company will also be made in the electronic version of the Bundesanzeiger (German Federal Gazette) and in a pan-regional official journal of the stock exchanges in Frankfurt am Main, Hanover, Berlin, Düsseldorf, Hamburg, Munich and Stuttgart as well as in accordance with the relevant publication rules of the securities exchanges in London and Luxembourg as well as the SIX Swiss Exchange which are applicable to the Company.

The publications required under stock exchange regulations will be made in a pan-regional official journal of the stock exchanges in Frankfurt am Main, Hanover, Berlin, Düsseldorf, Hamburg, Munich and Stuttgart and, to the extent necessary, in the printed version of the Bundesanzeiger (German Federal Gazette), as well as in accordance with the relevant publication requirements applicable to the Company of the London, Luxembourg and SIX Swiss Exchange.

4.8.7 Paying and deposit agents

The paying and deposit agent for the shares of the Company is: Commerzbank Aktiengesellschaft, Kaiserplatz, 60311 Frankfurt am Main.

4.9 Interests of persons involved in the Offering

The Underwriters have a contractual relationship with the Company in relation to the Offering and the admission of the New Shares of the Company to the stock exchanges. Citigroup Global Markets Limited, Deutsche Bank Aktiengesellschaft, HSBC Trinkaus & Burkhardt AG, J.P. Morgan Securities Ltd. and Merrill Lynch International been mandated by the Company as Global Coordinators and Joint Lead Bookrunners for the Offering. BNP PARIBAS, COMMERZBANK Aktiengesellschaft, Crédit Agricole Corporate & Investment Bank, Credit Suisse Securities (Europe) Limited, Landesbank Baden-Württemberg, Morgan Stanley Bank AG, Société Générale and UniCredit Bank AG have been mandated by the Company as Co-Bookrunners for the Offering. The Underwriters will receive a commission if the transaction is completed successfully. Some of the Underwriters or their respective affiliated companies may, from time to time, enter into business relations with Volkswagen or may render services to it in the ordinary course of its business. The Underwriters, or their respective affiliated companies, are currently engaged in various business relationships with Volkswagen; among other things, some of the Underwriters have granted loans to companies of the Volkswagen Group as well as to companies of the Porsche Automobil Holding SE Group. Citi is providing advisory services to Volkswagen in connection with the creation of an integrated automotive group with Porsche (for a description of the agreements to create an integrated automotive group see *"Description of the Business Activities of the Volkswagen Group – Material agreements"*).

As the reasons for the Offering and the use of the net proceeds from the issuance of the New Shares are designed to improve the Company's capitalization in connection with the creation of an integrated automotive group (see "*Reasons for the Offering and Use of Proceeds – Reasons for the Offering and use of proceeds*") Porsche Automobil Holding SE and its shareholders (see section "*Risk Factors – Risks due to shareholder and corporate governance structures – Volkswagen maintains legal and business relationships with related parties, from which dependencies and conflicts of interest may result*") have an interest in the implementation of the capital increase.

Several of the Underwriters are providing advisory or other services – including in connection with the capital increase of Volkswagen Aktiengesellschaft which is the subject of this Prospectus – to shareholders of Volkswagen Aktiengesellschaft.

Several of the Underwriters are currently acting as advisors or in other capacities – also in connection with the capital increase of Volkswagen Aktiengesellschaft, which forms the subject of this Prospectus – on behalf of the shareholders of Volkswagen Aktiengesellschaft. Morgan Stanley, for example, advises the Porsche and Piëch families as well as Porsche Automobil Holding SE in the context of the capital increase of the Company. In connection with the creation of an integrated automotive group with Porsche, Deutsche Bank is providing advisory services to Porsche Automobil SE and Credit Suisse for Qatar Holding LLC.

5. REASONS FOR THE OFFERING AND USE OF PROCEEDS

5.1 Proceeds and costs of the issue

In connection with the Offering, the Company receives the net amount of the proceeds that correspond to the gross proceeds from the sale of the New Shares less the total issue-related expenses to be borne by the Company. The amount of gross proceeds from the sale of the New Shares depends on the number of New Shares actually sold and the specified Subscription Price. Assuming the sale of the maximum number of New Shares at the maximum subscription price, the gross proceeds before deduction of expenses and commissions will amount to EUR 5,200,000,000.

The total costs to be borne by the Company consist of the Underwriters' commissions or fees and other expenses associated with the issue of the New Shares, e.g. fees for legal services, printing and translation of the Prospectus, marketing activities and fees for the Prospectus approval and admission of the New Shares to trading on the stock exchange. On the assumption of the placement of the maximum number of New Shares at the maximum subscription price, the Company estimates the expenses associated with the public offering and admission to trading of the New Shares (including commissions and fees of the banks) to be approximately EUR 150 million. The expected net proceeds for the Company – on the assumption of the placement of the maximum number of New Shares (up to 65,000,000 shares) at the maximum subscription price of EUR 80 – will amount to approximately EUR 5,050,000,000. In this event, the commissions of the banks would amount to up to EUR 143 million, up to EUR 70 million attributable to underwriting and placement commissions.

If the final subscription price is lower than the maximum subscription price of EUR 80 per New Share or the number of New Shares actually sold is lower than the maximum number of up to 65,000,000 New Shares, the gross proceeds, the underwriting commissions and other issue-related expenses and the net proceeds have to be calculated on the basis of the lower final subscription price or lower issue volume, respectively. For illustrative purposes: If all New Shares are placed, on the assumption of a final subscription price of EUR 72.16 (corresponding to the (XETRA) closing price of preferential shares on March 19, 2010), the gross proceeds are expected to amount to EUR 4,690,400,000, the total issue-related expenses are expected to amount to approximately EUR 135,000,000 and the net proceeds are expected to amount to EUR 4,555,400,000. In this event, the commissions of the banks would amount to up to EUR 129 million, up to EUR 63 million of which attributable to underwriting and placement commissions.

5.2 Reasons for the Offering and use of proceeds

The net proceeds from the offer of the New Shares are intended to be used for the purposes of improvement of the Company's capitalization in connection with the creation of an integrated automotive group and the related acquisition of the indirect equity interests in Dr. Ing. h.c. F. Porsche Aktiengesellschaft (see "*Description of the Business Activities of the Volkswagen Group – Material agreements – Agreement related to the creation of an integrated automotive group with Porsche*") and the outflow of liquidity resulting from such acquisition. In addition, the net proceeds are intended to provide the Company with additional financial stability and flexibility and to enable the Company to maintain the rating assigned to it at the date of this Prospectus (see "*General Information – Ratings*"). This measure is intended to enable the Company to continue its strategic initiatives to form an integrated automotive group.

6. EARNINGS PER SHARE AND DIVIDEND POLICY

The New Shares carry full dividend rights for the fiscal year beginning on January 1, 2009 and for all subsequent fiscal years of the Company.

The dividend for the previous fiscal year is proposed jointly by the Board of Management and Supervisory Board of the Company, and its payment is resolved by the shareholders at the Annual General Meeting in the subsequent fiscal year. Dividends resolved by the Annual General Meeting are payable on the first business day after the Annual General Meeting unless otherwise provided for in the dividend resolution. The claim for payment of dividends lapses after three years. If the dividend entitlement lapses, the claim to payment of the dividend expires and the dividend remains with the Company. The paying agent for the dividends of the Company is Commerzbank Aktiengesellschaft, Frankfurt am Main, Germany.

In accordance with Article 27(2) of the Articles of Association of the Company, the dividends attributable to the shareholders are distributed in proportion to their interest in the share capital and in proportion to the period that has elapsed since the date stipulated for the payment, provided that (a) the preferred shareholders are granted a preferred dividend of EUR 0.11 per preferred share carrying dividend rights. If the net retained profits are insufficient to pay the preferred dividend, the shortfalls are payable without interest in arrears from the net retained profits of the following fiscal years before distribution of a dividend to the ordinary shareholders in such a way that the older outstanding preferred dividend payments must be settled before the more recent outstanding payments, and the preferred dividend of EUR 0.11 per preferred share payable from the profit of a fiscal year for that year may only be paid after settlement of all outstanding preferred dividend payments; (b) dividends of up to EUR 0.11 per ordinary share carrying dividend rights are paid to the ordinary shareholders; (c) additional dividends are paid to the preferred and ordinary shareholders proportionate to their interest in the share capital carrying dividend rights in such a way that the dividend attributable to the preferred shares is EUR 0.06 higher per preferred share than the dividend attributable to the ordinary shares.

Details concerning the dividends are published in the electronic version of the Bundesanzeiger (German Federal Gazette) and in at least one national stock exchange journal of record. Dividends may only be distributed from the net retained profits of the Company reported in its annual financial statements. In contrast to the consolidated financial statements of the Company prepared in accordance with IFRS, the annual financial statements are prepared in accordance with the Handelsgesetzbuch (HGB – German Commercial Code). There are differences between financial reporting under the HGB and under IFRS. Because of the function of the Company as a holding company, the net retained profits are additionally determined by distributions by subsidiaries. To determine the distributable net retained profits, the net income/loss for the period is adjusted for retained profits/accumulated losses brought forward from the previous year and for withdrawals from or appropriations to the reserves. Certain reserves must be established by law and must be deducted when determining the distributable net retained profits. Dividends are generally paid net of 25% withholding tax and the 5.5% solidarity surcharge payable on the withholding tax (see also "*Taxation in the Federal Republic of Germany – Taxation of shareholders*" and "*Taxation in the Federal Republic of Germany – Taxation of dividends*").

The following table presents the consolidated profit of the Volkswagen Group in accordance with IFRS and the net income reported in Volkswagen Aktiengesellschaft's annual financial statements prepared in accordance with HGB, as well as the earnings per share in each case as of December 31, 2009, 2008 and 2007. The table also contains information about the dividend per share distributed by the Company.

	January 1 until December 31		
	2009 audited	**2008 audited**	**2007 audited**
Consolidated profit after tax of the Volkswagen Group in accordance with IFRS (in EUR million)	911	4,688	4,122
Profit attributable to shareholders of Volkswagen Aktiengesellschaft (in EUR million)	960	4,753	4,120
Earnings per ordinary share (basic)(in EUR)[1]	2.38	11.92	10.43
Earnings per ordinary share (diluted)(in EUR)[1]	2.38	11.88	10.34
Earnings per preferred share (basic)(in EUR)[1]	2.44	11.98	10.49
Earnings per preferred share (diluted)(in EUR)[1]	2.44	11.94	10.40
Earnings per ordinary share after capital increase (unaudited)(in EUR)	2.04[2]	n/a	n/a
Earnings per preferred share after capital increase (unaudited)(in EUR)	2.10[2]	n/a	n/a
Net income of Volkswagen Aktiengesellschaft for the period in accordance with HGB (in EUR million)	1,082	827	1,455
Number of no-par value shares (thousands) as of Dec. 31			
Ordinary shares	295,005	294,920	291,337
Preferred shares	105,238	105,238	105,238
Dividend distributed (in EUR)			
per ordinary share[3]	1.60	1.93	1.80
per preferred share[3]	1.66	1.99	1.86

1 Basic earnings per share are calculated by dividing profit attributable to shareholders of Volkswagen Aktiengesellschaft by the weighted average number of ordinary and preferred shares outstanding during the fiscal year. Earnings are diluted by potential shares. These include stock options, although these are only dilutive if they result in the issuance of shares at a value below the average market price of the shares. Such a dilutive effect arose from the sixth, seventh and eighth tranches of the stock option plan (see *"Description of the Share Capital of the Company – Stock option plan"*).

2 This calculation is only provided for comparison purposes. It is based on the issue of 65,000,000 preferred shares in connection with the transaction that this Prospectus is based on.

3 The figures for the years 2007 and 2008 relate to dividends paid in the following year. For 2009, the figures relate to the proposed dividend.

The ability of the Company to pay a dividend in future years depends generally on the amount of distributable net retained profits. The Company cannot make any statements about the extent of future net retained profits or about whether any net retained profits will be generated in future years. Consequently, no assurance can be given that dividends will be paid in future years. In addition, dividends paid in previous years are no indication of the extent of future dividends.

7. CAPITALIZATION AND INDEBTEDNESS

*The following tables provide information on the Volkswagen Group's capitalization, net financial debt and contingent liabilities, based in each case on its consolidated financial information as of December 31, 2009. The Volkswagen Group's capitalization will change following the Offering, depending on the volume of the implemented capital increase. See "Reasons for the Offering and Use of Proceeds" for details regarding the proceeds of the Offering. The information contained in the following tables is based on the audited consolidated financial statements of Volkswagen Aktiengesellschaft for the year ended December 31, 2009 prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("**IFRS**") and reproduced in the "Financial Section" of this Prospectus. This information should be read in conjunction with those audited consolidated financial statements and the explanatory notes thereto.*

Capitalization

The following table presents the capitalization of the Volkswagen Group, based on its consolidated financial information as of December 31, 2009. The information shown in the middle column is based on the assumption that the maximum number of New Shares in an amount of 65,000,000 New Shares will be placed in full at the maximum subscription price of EUR 80, generating net issue proceeds of EUR 5,050 million. For illustrative purposes, the information in the right-hand column shows the hypothetical calculation of the placement of the maximum number of New Shares in full at the (XETRA) closing price of EUR 72.16 on March 19, 2010.

	As of December 31, 2009 prior to implementation of the Offering (audited)[1]	As of December 31, 2009 following implementation of the Offering (based on the maximum number of New Shares and the maximum subscription price of EUR 80) (unaudited)	As of December 31, 2009 following implementation of the Offering (based on the maximum number of New Shares and the (XETRA) closing price of EUR 72.16 on March 19, 2010) (unaudited)
		in EUR million	
Current financial liabilities	**40,606**	**40,606**	**40,606**
of which guaranteed by third parties	51	51	51
of which secured by third parties	–	–	–
of which secured by own assets	19	19	19
of which unsecured/unguaranteed	40,536	40,536	40,536
Other current liabilities (unaudited)[2]	**18,535**	**18,535**	**18,535**
of which guaranteed by third parties	–	–	–
of which secured by third parties	–	–	–
of which secured by own assets	–	–	–
of which unsecured/unguaranteed	18,535	18,535	18,535
Noncurrent financial liabilities	**36,993**	**36,993**	**36,993**
of which guaranteed by third parties	217	217	217
of which secured by third parties	–	–	–
of which secured by own assets	132	132	132
of which unsecured/unguaranteed	36,644	36,644	36,644
Other noncurrent liabilities (unaudited)[3]	**5,252**	**5,252**	**5,252**
of which guaranteed by third parties	–	–	–

	As of December 31, 2009 prior to implementation of the Offering (audited)[1]	As of December 31, 2009 following implementation of the Offering (based on the maximum number of New Shares and the maximum subscription price of EUR 80) (unaudited)	As of December 31, 2009 following implementation of the Offering (based on the maximum number of New Shares and the (XETRA) closing price of EUR 72.16 on March 19, 2010) (unaudited)
		in EUR million	
of which secured by third parties	–	–	–
of which secured by own assets	–	–	–
of which unguaranteed/unsecured	5,252	5,252	5,252
Equity	**37,430**	**42,524**	**42,025**
Subscribed capital	1,025	1,191	1,191
Capital reserves	5,356	10,284[4]	9,784[4]
Retained earnings	28,901	28,901	28,901
Minority interests	2,149	2,149	2,149
Total (unaudited)	**138,816**	**143,910[4]**	**143,411[4]**

[1] Information on secured and guaranteed liabilities is unaudited.
[2] Consists of: trade payables, current tax payables and other current liabilities.
[3] Consists of: other noncurrent liabilities and deferred tax liabilities.
[4] The calculation of the adjusted capital reserves is based on tax effects in an amount of, in each case, 29.5% on the assumed total expenses in an amount of EUR 150 million based on a subscription price of EUR 80 or EUR 135 million based on a subscription price of EUR 72.16.

Net financial debt

The following table presents the net financial debt of the Volkswagen Group, based on its consolidated financial information as of December 31, 2009. The information shown in the right-hand column is based on the assumption that the maximum number of New Shares will be placed in full at the maximum subscription price, generating net issue proceeds of EUR 5,050 million. For illustrative purposes, the information in the right-hand column shows the hypothetical calculation of the placement of the maximum number of New Shares in full at the (XETRA) closing price of EUR 72.16 on March 19, 2010.

	As of December 31, 2009 prior to implementation of the Offering (audited)	As of December 31, 2009 following implementation of the Offering (based on the maximum number of New Shares and the maximum subscription price of EUR 80) (unaudited)	As of December 31, 2009 following implementation of the Offering (based on the maximum number of New Shares and the (XETRA) closing price of EUR 72.16 on March 19, 2010) (unaudited)
		in EUR million	
Checks, cash-in-hand and call deposits	33	33	33
Bank balances	20,506	25,556	25,061
Marketable securities	3,330	3,330	3,330
Liquidity (unaudited)	**23,869**	**28,919**	**28,424**
Current financial assets[1]	**21,785**	**21,785**	**21,785**
Current liabilities to banks	5,878	5,878	5,878
Bonds	10,817	10,817	10,817
Other current financial liabilities	23,911	23,911	23,911
Current financial liabilities	**40,606**	**40,606**	**40,606**
Net current financial liabilities (unaudited)	**−5,048**	**−10,098**	**−9,603**
Noncurrent financial assets[1]	**24,173**	**24,173**	**24,173**
Noncurrent liabilities to banks	6,864	6,864	6,864
Bonds	21,405	21,405	21,405
Other noncurrent financial liabilities	8,724	8,724	8,724
Noncurrent financial liabilities	**36,993**	**36,993**	**36,993**
Total net financial debt (unaudited)	**7,772**	**2,722**	**3,217**

1 Includes receivables from financing business and loans.

Contingent liabilities

The following table presents the contingent liabilities of the Volkswagen Group, based on its consolidated financial information as of December 31, 2009.

	2009 (audited)
	in EUR million
Liabilities from guarantees	162
Liabilities from warranty contracts	48
Pledges on company assets as security for third-party liabilities	12
Other contingent liabilities	905
Total	**1,126**

No material adverse change

There were no material changes relating to the net assets, financial position, trading position or results of operations of the Volkswagen Group in the period between December 31, 2009 and the date of this Prospectus.

Working capital statement

The Company is of the opinion that, from today's perspective, the Volkswagen Group has sufficient working capital to meet its payment obligations within the next twelve months.

8. DILUTION

The carrying amount of the Volkswagen Group's recognized equity in accordance with IFRS amounted to EUR 37,430 million as of December 31, 2009 and thus to EUR 93.52 per ordinary and preferred share. 400,243,677 ordinary and preferred shares (as of December 31, 2009) were used for this calculation.

If the maximum number of shares that are the subject matter of this Prospectus had already been issued as of December 31, 2009 at an issue price of EUR 80 per New Share (maximum subscription price), the carrying amount of the Volkswagen Group's recognized equity in accordance with IFRS at that date would have amounted to a total of EUR 42,524 million, or EUR 91.40 per ordinary and preferred share, after deduction of the underwriting fee and other expenses in connection with the Offering amounting to EUR 150 million that will be incurred by the Company in connection with the implementation of the capital increase (computed on the basis of the maximum number of 465,244,407 ordinary and preferred shares of the Company outstanding after completion of the capital increase).

The difference between the share capital as of December 31, 2009 and the share capital as of March 23, 2010 after the exercise of corresponding share options is 730 shares, the effect of which on the aforementioned dilution is marginal.

Upon assumption of a subscription price of EUR 80 per New Share (maximum subscription price), this implies a direct increase of the value of EUR 11.40 or 14.25% per ordinary and preferred share for investors acquiring New Shares who were not previously shareholders of the Company, because the carrying amount of the Volkswagen Group's recognized equity in accordance with the IFRS exceeds the assumed subscription price per New Share by this amount. This corresponds to a decrease of the carrying amount of the recognized equity of the Company by EUR 2.12 or 2.26% per ordinary and preferred share for the current shareholders.

If the final subscription price is lower than the maximum subscription price, the carrying amount of the equity of the Volkswagen Group attributable to the shareholders and its dilution would have to be computed on the basis of the final subscription price. For illustrative purposes: If the final subscription price is EUR 72.16 (corresponding to the (XETRA) closing price for preferred shares on March 19, 2010), the carrying amount of the Volkswagen Group's recognized equity in accordance with IFRS would amount to EUR 42,025 million, or be EUR 90.33 per ordinary and preferred share, and accordingly would result in a decrease of the carrying amount of the Volkswagen Group's recognized equity of EUR 3.19 or 3.41% per ordinary and preferred share for the current shareholders and an indirect value increase of EUR 18.17 or 25.18% for the new shareholders.

The 400,243,677 ordinary and preferred shares which were outstanding as of December 31, 2009 will only represent 86% of the share capital following implementation of the capital increase in a maximum amount of EUR 166,400,000 in the case of 65,000,000 New Shares. Existing shareholders of the Company who do not participate in the capital increase (either by exercising their subscription rights or by participation in the Pre-placement) will experience a 14% dilution in their interest in the share capital and in the dividends paid by the Company. Because only non-voting preferred shares will be issued in the course of the capital increase, ordinary shareholders of the Company who do not exercise their subscription rights will not experience any dilution of their proportionate voting rights.

9. SELECTED CONSOLIDATED FINANCIAL AND OPERATING INFORMATION

*The summarized financial information for fiscal years 2009 and 2008 presented in the following is based on the audited consolidated financial statements of Volkswagen Aktiengesellschaft for fiscal year ended December 31, 2009, and, unless otherwise indicated, the summarized financial information for fiscal year 2007 presented in the following is based on the audited consolidated financial statements of Volkswagen Aktiengesellschaft for the fiscal year ended December 31, 2008, both of which are reproduced in the "Financial Section" of this Prospectus (the "**IFRS consolidated financial statements**"). The IFRS consolidated financial statements were prepared in accordance with International Financial Reporting Standards, as adopted by the European Union ("**IFRS**"), and were audited by PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft ("**PwC**"), who issued an unqualified auditors' report in each case.*

The summarized financial information presented in the following should be read in conjunction with the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations", the audited consolidated financial statements contained in this Prospectus and the accompanying notes and other financial information contained elsewhere in this Prospectus.

Selected information from the consolidated income statement of Volkswagen Aktiengesellschaft

	January 1 to December 31		
	2009 (audited)	**2008 (audited)**	**2007 (audited)**
		in EUR million	
Sales revenue	**105,187**	**113,808**	**108,897**
Cost of sales	−91,608	−96,612	−92,603
Gross profit	**13,579**	**17,196**	**16,294**
Distribution expenses	−10,537	−10,552	−9,274
Administrative expenses	−2,739	−2,742	−2,453
Net other operating expense/income[1]	1,553	2,431	1,584
Operating profit	**1,855**	**6,333**	**6,151**
Share of profits and losses of equity-accounted investments	701	910	734
Other financial result[2]	−1,296	−635	−342
Financial result	**−595**	**275**	**392**
Profit before tax	**1,261**	**6,608**	**6,543**
Income tax income/expense	−349	−1,920	−2,421
Profit after tax	**911**	**4,688**	**4,122**
Minority interests	−49	−65	2
Profit attributable to shareholders of Volkswagen Aktiengesellschaft	**960**	**4,753**	**4,120**

1 Total of: other operating income and other operating expenses.
2 Total of: finance costs and other financial result.

Selected financial information from the consolidated balance sheet of Volkswagen Aktiengesellschaft

	December 31		
	2009 (audited)	**2008 (audited)**	**2007 (audited)**
		in EUR million	
Assets			
Noncurrent assets	**99,402**	**91,756**	**76,841**
Intangible assets	12,907	12,291	6,830
Property, plant and equipment	24,444	23,121	19,338
Leasing and rental assets	10,288	9,889	8,179
Financial services receivables	33,174	31,855	27,522
Noncurrent receivables and other financial assets[1]	18,589	14,600	14,972
Current assets	**77,776**	**76,163**	**68,516**
Inventories	14,124	17,816	14,031
Financial services receivables	27,403	27,035	24,914
Current receivables and other financial assets[2]	12,381	17,061	12,844
Marketable securities	3,330	3,770	6,615
Cash and cash equivalents	20,539	9,474	10,112
Assets held for sale	–	1,007	–
Total assets	**177,178**	**167,919**	**145,357**
Equity and Liabilities			
Equity	**37,430**	**37,388**	**31,938**
Equity attributable to shareholders of Volkswagen Aktiengesellschaft	35,281	35,011	31,875
Minority interests	2,149	2,377	63
Noncurrent liabilities	**70,215**	**65,729**	**57,351**
Noncurrent financial liabilities	36,993	33,257	29,315
Provisions for pensions	13,936	12,955	12,603
Other noncurrent liabilities[3]	19,286	19,517	15,433
Current liabilities	**69,534**	**64,802**	**56,068**
Current financial liabilities	40,606	36,123	28,677
Trade payables	10,225	9,676	9,099
Other current liabilities[4]	18,703	18,237	18,292
Liabilities associated with assets held for sale	–	766	–
Total equity and liabilities	**177,178**	**167,919**	**145,357**

1 Total of: investment property, equity-accounted investments, other equity investments, noncurrent other receivables and financial assets, noncurrent tax receivables, deferred tax assets.
2 Total of: trade receivables, current other receivables and financial assets, current tax receivables.
3 Total of: other noncurrent liabilities, deferred tax liabilities, noncurrent provisions for taxes, other noncurrent provisions.
4 Total of: current tax payables, other current liabilities, current provisions for taxes, other current provisions.

Selected information from the consolidated cash flow statement of Volkswagen Aktiengesellschaft

In accordance with the amended IAS 7, cash flows from the acquisition or manufacture of assets that are exclusively held for rental to others and subsequently held for sale, as well as cash flows from their rental and sale, must be classified as cash flows from operating activities. As from fiscal year 2009 (with comparative figures for fiscal year 2008), Volkswagen therefore reports liquidity movements resulting from changes in leasing and rental assets in cash flows from operating activities (previously reported in cash flows from investing activities). Accordingly, changes in financial services receivables are also allocated to cash flows from operating activities. This leads to a uniform presentation of finance and leasing transactions in the consolidated cash flow statement.

In addition, transactions involving investment property are grouped with those relating to property, plant and equipment and intangible assets. Figures for the period from January 1 to December 31 for 2008 and 2007 have been adjusted accordingly and are shown in the following table.

	Period from January 1 to December 31			
	2009 (audited)	2008[1] (audited)	2007[1] (unaudited)	2007[2] (audited)
	in EUR million			
Cash and cash equivalents at beginning of period (excluding time deposit investments)	**9,443**	**9,914**	**9,367**	**9,367**
Profit before tax	1,261	6,608	6,543	6,543
Income taxes paid	−529	−2,075	−1,172	−1,172
Depreciation and amortization of property, plant and equipment, intangible assets and investment property[1]	5,028	5,198	5,442	5,435
Amortization of capitalized development costs	1,586	1,392	1,843	1,843
Impairment losses on equity investments[1]	16	32	180	180
Depreciation of leasing and rental assets	2,247	1,816	1,773	1,780
Gain/loss on disposal of noncurrent assets	−547	37	18	32
Share of profit or loss of equity-accounted investments	−298	−219	−71	−71
Other noncash expense/income	727	765	−11	−11
Change in inventories	4,155	−3,056	−1,856	−1,856
Change in receivables (excluding financial services)	465	−1,333	−942	−942
Change in liabilities (excluding financial services)	260	815	2,244	2,244
Change in provisions	1,660	509	1,657	1,657
Change in leasing and rental assets	−2,571	−2,734	−2,751	–
Change in financial services receivables	−719	−5,053	−3,588	–
Cash flows from operating activities	**12,741**	**2,702**	**9,311**	**15,662**
Investments in property, plant and equipment, intangible assets and investment property	−5,963	−6,896	−4,649	−4,638
Additions to capitalized development costs	−1,948	−2,216	−1,446	−1,446
Acquisition of equity investments	−3,989	−2,597	−1,238	−1,238
Change in leasing and rental assets	–	–	–	−2,763
Change in financial services receivables	–	–	–	−3,588
Disposal of equity investments	1,320	1	–	14
Proceeds from disposal of property, plant and equipments, intangible assets and investment property	153	95	212	185
Change in investments in securities	989	2,041	−1,742	−1,742
Change in loans and time deposit investments	−236	−1,611	−596	−596
Cash flows from investing activities	**−9,675**	**−11,183**	**−9,459**	**−15,812**
Capital contributions	4	218	211	211
Dividends paid	−874	−722	−497	−497
Capital transactions with minority interests	−392	−362	–	–
Other changes	23	−3	−12	−12
Proceeds from issue of bonds	15,593	7,671	9,516	9,516
Repayment of bonds	−10,202	−8,470	−8,484	−8,484
Change in other financial liabilities	1,405	9,806	93	93
Finance lease payments	−23	−15	−40	−40

	Period from January 1 to December 31			
	2009 (audited)	**2008[1] (audited)**	**2007[1] (unaudited)**	**2007[2] (audited)**
	in EUR million			
Cash flows from financing activities	**5,536**	**8,123**	**787**	**787**
Effect of exchange rate changes on cash and cash equivalents	190	−113	−90	−90
Net change in cash and cash equivalents	**8,792**	**−471**	**547**	**547**
Cash and cash equivalents at end of period (excluding time deposit investments)	**18,235**	**9,443**	**9,914**	**9,914**
Cash and cash equivalents at end of period (excluding time deposit investments)	18,235	9,443	9,914	9,914
Securities and loans (including time deposit investments)	7,312	7,875	9,178	9,178
Gross liquidity	**25,547**	**17,318**	**19,092**	**19,092**
Total third-party borrowings	−77,599	−69,555	−57,992	−57,992
Net liquidity	**−52,052**	**−52,237**	**−38,900**	**−38,900**

1 Adjusted to reflect that, for the first time in fiscal year 2009, cash flows from the acquisition or manufacture of assets that are exclusively held for rental to others and subsequently held for sale to others, as well as cash flows from their rental and sale, are classified (in accordance with amended IAS 7) as cash flows from operating activities. In addition, transactions involving investment property are grouped with those relating to property, plant and equipment and intangible assets.

2 Audited disclosure prior to adjustment in accordance with amended IAS 7 as contained as comparative figures in the audited financial statements of Volkswagen Aktiengesellschaft for the fiscal year ended December 31, 2008.

Earnings per share

	January 1 to December 31		
	2009 (audited)	**2008 (audited)**	**2007 (audited)**
Earnings per ordinary share (basic) (in EUR)[1]	2.38	11.92	10.43
Earnings per ordinary share (diluted) (in EUR)[1]	2.38	11.88	10.34
Earnings per preferred share (basic) (in EUR)[1]	2.44	11.98	10.49
Earnings per preferred share (diluted) (in EUR)[1]	2.44	11.94	10.40
Number of no-par value shares (thousands) as of December 31			
Ordinary shares	295,005	294,920	291,337
Preferred shares	105,238	105,238	105,238
Dividend paid (in EUR)			
Per ordinary share[2]	1.60	1.93	1.80
Per preferred share[2]	1.66	1.99	1.86

1 Basic earnings per share are calculated by dividing profit attributable to shareholders of Volkswagen Aktiengesellschaft by the weighted average number of ordinary and preferred shares outstanding during the fiscal year. Earnings per share are diluted by potential shares. These include stock options, although these are only dilutive if they result in the issuance of shares at a value below the average market price of the shares. Such a dilutive effect arose from the sixth, seventh and eighth tranches of the stock option plan (see also *"Description of the Share Capital of the Company – Stock option plan"*).

2 Figures for the years 2007 and 2008 relate to dividends paid in the following year. For 2009, the figures relate to a proposed dividend.

Employee breakdown

	Number of employees on average per year		
	2009 (audited)	**2008 (audited)**	**2007 (audited)**
Performance-related wage-earners	162,636	169,764	162,013
Salaried staff	166,787	153,742	137,095
	329,423	**323,506**	**299,108**
Vocational trainees	9,076	8,686	8,481
	338,499	**332,192**	**307,589**
Unconsolidated vehicle-producing investments	28,270	25,015	21,005
Total	**366,769**	**357,207**	**328,594**

10. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*Investors should read the following discussion of Volkswagen's financial condition and results of operations in particular in conjunction with the sections "Description of the Business Activities of the Volkswagen Group", "Risk Factors", the relevant consolidated financial statements and notes to the financial statements, and the other financial information contained in this Prospectus. Unless otherwise indicated, the financial information in the tables for fiscal years 2009 and 2008 contained in this section and in this Prospectus has been derived from the audited consolidated financial statements of Volkswagen Aktiengesellschaft for the fiscal year ended December 31, 2009, and, unless otherwise indicated, the financial information in the tables for fiscal year 2007 contained in this section and in this Prospectus has been derived from the audited consolidated financial statements of Volkswagen Aktiengesellschaft for the fiscal year ended December 31, 2008, which are reproduced in the "Financial Section" of this Prospectus (together with the audited consolidated financial statements of Volkswagen Aktiengesellschaft for the fiscal year ended December 31, 2007, which are also reproduced in the "Financial Section" of this Prospectus, the "**IFRS consolidated financial statements**"). The IFRS consolidated financial statements were prepared in accordance with International Financial Reporting Standards, as adopted by the European Union ("**IFRS**"). IFRS differ in certain material respects from German generally accepted accounting principles. The audited annual financial statements of Volkswagen Aktiengesellschaft for the fiscal year ended December 31, 2009 were prepared in accordance with German Generally Accepted Accounting Principles ("**German GAAP**") and German principles of proper accounting (together "**HGB**"). The audited IFRS consolidated financial statements and the audited annual financial statements are reproduced in the "Financial Section" of this Prospectus. See also the section entitled "Selected Consolidated Financial and Operating Information" for an overview of selected key financial information.*

This Prospectus contains, among other things, definitions used by Volkswagen in respect of "deliveries" and "unit sales". According to these definitions, a vehicle is delivered once it has been handed over to the customer and the term "unit sales" describes those vehicles that have been sold to external wholesalers, or to independent authorized dealers. For further information on the use of the terms "deliveries" and "unit sales", see the section entitled "Market Overview and Competition".

The following discussion contains forward-looking statements and forecasts. These are subject to risks, uncertainties and other factors that could cause actual results to differ materially from the results contained or implied in the forward-looking statements and forecasts. For further information, see the sections entitled "General Information" and "Risk Factors". Due to the presentation of figures in millions of EUR (EUR million) and billions of EUR (EUR billion) and the application of standard commercial rounding principles resulting in whole numbers, the figures presented may not add up to the totals shown in all cases.

As a general principle, investing in shares entails risks. This also applies to the shares of Volkswagen Aktiengesellschaft. Certain risks are presented in the section entitled "Risk Factors".

10.1 Overview of business activities

Volkswagen believes that it is one of the world's leading multibrand groups in the automotive industry. The business operations of the various companies comprising the Volkswagen Group focus on the development, production and sale of passenger cars, light commercial vehicles, trucks and buses.

In terms of sales volume (i.e. the number of vehicles delivered to dealers), Volkswagen is one of the world's leading automobile manufacturers and is the largest automobile manufacturer in Europe (source: Volkswagen Group data and Global Insight). With the products of its group brands Volkswagen Passenger Cars, Audi, Škoda, SEAT and Volkswagen Commercial Vehicles, Volkswagen, in the so-called high-volume business (i.e. production and unit sales of vehicles with a large number of units per model), addresses business and private customers from a wide range of customer segments and in multiple regional markets. In the luxury class, Volkswagen is represented by group brands Lamborghini, Bentley and Bugatti. In the heavy commercial vehicle sector (trucks with a gross vehicle weight in excess of 16 tonnes, buses and special vehicles), Volkswagen conducts business under the Scania brand. Volkswagen also indirectly holds 49.9% of the share capital of Dr. Ing. h.c. F. Porsche Aktiengesellschaft, 28.67% of the share capital and 29.9% of the voting rights of MAN SE ("**MAN**") and 19.89% of the share capital of Suzuki Motor Corporation ("**Suzuki**").

The Volkswagen Group's business operations encompass the Automotive and Financial Services Divisions. In the Automotive Division, Volkswagen develops vehicles and engines, produces and sells passenger cars, light commercial vehicles, trucks and buses and carries out the genuine parts business. Worldwide, during fiscal year 2009, Volkswagen delivered a total of approximately 6.336 million vehicles (passenger cars, light commercial vehicles, trucks and buses) to its customers. Volkswagen's range of products comprises approximately 200 passenger car and commercial vehicle models including models developed from these base models, referred to as derivatives. With this range of automotive products, Volkswagen covers all major product classes and vehicle types, ranging from small cars to super sports cars in the passenger car sector and from pick-ups to heavy trucks in the commercial vehicles sector.

The Financial Services Division includes customer and dealer financing, leasing, direct banking and insurance activities and fleet management. The primary purpose of the Financial Services Division is to promote Volkswagen's sales and customer retention.

The Volkswagen Group operates 60 locations (including the two Chinese joint ventures) in 15 European countries, six North and South American countries and in Asia and Africa; vehicles are manufactured at 40 of these locations. The Volkswagen Group has close to 370 thousand employees worldwide (including both Chinese joint ventures) and sells its vehicles in more than 150 countries. Volkswagen's Financial Services Division has approximately 8 thousand employees in 37 countries.

The regional markets for Volkswagen's products and services consist of Germany with 28.4% of Volkswagen Group sales revenue from sales to third parties in fiscal year 2009 (2008: 24.3%; 2007: 24.7%), Europe and Other Regions (not including Germany) with 43.1% (2008: 48.5%; 2007: 48.6%), North America with 10.8% (2008: 11.2%; 2007: 12.1%), South America with 9.1% (2008: 8.6%, 2007: 7.7%) and Asia-Pacific with 8.5% (2008: 7.4%; 2007: 6.9%) (in all cases not including the two Chinese joint ventures).

10.2 Material factors affecting results of operations

The following section discusses the external factors and factors resulting from the operating activities of the Company that the Company believes materially affect its sales revenue and costs, and that had a material effect on Volkswagen's business development in fiscal years 2009, 2008 and 2007, as well up to the date of this Prospectus, and that may continue to have such an effect in the future.

General economic conditions and trends in the markets for automobiles – The development of the general economic situation and the global markets for automobiles, especially for passenger cars and light commercial vehicles, in Germany and Western Europe, where Volkswagen delivered a substantial portion of the vehicles it produced in fiscal year 2009, at 46.1% (2008: 48.2%; 2007: 50.7%), is a material factor that affects Volkswagen's sales revenue and results, as well as its net assets, financial position and results of operations.

The vehicles that are produced by Volkswagen and distributed worldwide, and the financial services offered in this context, are predominantly purchased and used by private individuals, transportation and logistics companies, and business entities. In turn, their willingness to invest in Volkswagen products depends on the general state of the economy. The relevant factors include disposable private household income and consumer confidence, the financial situation of business customers and their willingness to invest, the availability and terms of vehicle financing, the price of oil and fuel, and, more recently, government support programs (for example government incentives to support vehicle sales in European, South American and Asian countries, as well as in the USA).

In the wake of the global economic and financial crisis, for example, the market for the passenger cars and light commercial vehicles produced by Volkswagen collapsed in many regions starting in the second half of 2008. Despite the government incentive programs, the global market for passenger cars and light commercial vehicles declined to 63.2 million units in 2009 (2008: 65.7 million; 2007: 69.2 million). The markets in North America and Central and Eastern Europe were hit particularly hard (especially the growth market in Russia that is important for Volkswagen), and sales of passenger cars and light commercial vehicles there fell to 12.7 million and 2.8 million units respectively (2008: 15.9 million and 5.3 million, respectively; 2007: 18.9 million and 4.8 million, respectively). The overall market for passenger cars and light commercial vehicles in Western Europe (including Germany), which is Volkswagen's most important market, also recorded a decline in 2009 to 15.0 million units sold (2008: 15.4 million; 2007: 16.9 million). In South America (including the Brazilian growth market that is important for Volkswagen), the number of units sold remained constant at 4.1 million in 2009 (2008: 4.1 million; 2007: 4.0 million). Contrary to the trend in the rest of the world, sales of passenger cars and light commercial vehicles in Asia/Oceania, which includes the growth markets of China and India that are important for Volkswagen, recorded positive growth to 24.1 million units sold in 2009 (2008: 20.0 million; 2007: 19.7 million) (source: Global Insight; for explanations of market information, see also the section entitled *"Market Overview and Competition"*).

Despite the downward trend in the global market for passenger cars and light commercial vehicles in 2009, 2008 and 2007, Volkswagen's worldwide delivery volume recorded positive growth over the same period (2009: 6.3 million; 2008: 6.2 million; 2007: 6.1 million). Contrary to the trend in the global market for passenger cars and light commercial vehicles, the increase in Volkswagen's delivery volume in the regional market of Asia/Oceania more than offset the decline in deliveries by Volkswagen in the other regions. The following table shows Volkswagen's global deliveries in fiscal years 2009, 2008 and 2007, with and without the Asia/Oceania region:

	Deliveries (passenger cars and light commercial vehicles)			Change	Change
	2009 (unaudited)	**2008 (unaudited)**	**2007 (unaudited)**	**2009/2008 (unaudited)**	**2008/2007 (unaudited)**
Worldwide	6,286,043	6,171,295	6,142,849	+1.9%	+0.5%
Worldwide excl. Asia/Oceania	4,739,922	5,000,937	5,090,272	–5.2%	–1.8%

However, the slightly positive trend in Volkswagen's worldwide deliveries was unable to offset the negative effects of the shift in the product and market mix on Volkswagen's sales revenue (see also the section entitled "*– Results of operations – Sales revenue*").

Overall, these developments resulted in a decline in sales revenue by EUR 8,621 million or 7.6% in fiscal year 2009, from EUR 113,808 million in fiscal year 2008 to EUR 105,187 million, following an increase in sales revenue by EUR 4,911 million or 4.5% in fiscal year 2008, from EUR 108,897 million in fiscal year 2007 to EUR 113,808 million in fiscal year 2008.

The market for trucks and buses, in which Volkswagen is active through its Scania brand and its equity-accounted investment in MAN, was also adversely affected by the global financial and economic crisis. In addition to the general reluctance to buy on the part of construction, logistics and travel companies, which are the main customers for trucks and buses, the reason for this development was to a large extent the lack of government incentives to promote vehicle sales that could have mitigated the market slump, as they did in the case of passenger cars and, in part, of light commercial vehicles as well. One of the consequences of the general financial and economic crisis in a large number of economies worldwide was, for example, a reduction in the flows of goods and the associated freight volumes. This adversely affected demand for transportation services using trucks, which in turn led to lower fleet capacity utilization and fewer kilometers being traveled by vehicles in the fleets belonging to transportation and logistics companies. This reduced the need to buy replacement vehicles, expand fleets and repair vehicles. Investments were also postponed in many cases. In addition, financing opportunities for replacements were restricted, which also contributed to the decline in demand.

Government incentives to support the automotive industry – The current automotive industry environment is marked by a range of different factors. The general financial and economic crisis in particular has had a significant impact on customer demand. Starting in the second half of 2008, for example, a dramatic downturn in many markets has emerged, especially in North America and Central and Eastern Europe, but also in Western Europe and South America. To counter this development, many countries in which Volkswagen is active have launched incentive programs to support motor vehicle sales, such as the scrapping premium in Germany. Many of these government incentive programs have already been exhausted or have expired. For more information on government incentive programs to support vehicle sales, see also the section entitled *"Market Overview and Competition – Automotive Division – Global markets for passenger cars and light commercial vehicles*".

These incentive programs, which are mainly aimed at private customers and require old vehicles to be replaced by new, more environmentally friendly models, led to increased demand for vehicles, and especially for vehicles in the small vehicle class, particularly in the second half of 2009 and predominantly in Western Europe, China and the USA. Volkswagen profited from these government incentive programs to support vehicle sales, especially with its relatively lower-priced models, such as the VW Polo, the VW Golf/Jetta and the Škoda Fabia. As a result, the Volkswagen Passenger Cars and Škoda brands recorded a year-on-year increase in their deliveries in fiscal year 2009, and with 4.0 million and 684 thousand units respectively surpassed its deliveries in 2008 (3.7 million and 675 thousand) because of the effects of these government incentive programs.

The temporary increase in demand generated by these incentive programs will diminish once the programs expire. This decline in demand will be attributable in particular to "pull-forward effects", because many customers have bought a vehicle due to the government incentive programs although they had originally planned to make this purchase at a later date. In the future, this will lead to a loss in demand by these customers at the originally planned date. Additionally, it can be assumed that, because of the continued after-effects of the government incentive programs, the picture of the current demand situation for Volkswagen Group vehicles that are not affected by government vehicle purchase incentive programs will be distorted at least into the first quarter of 2010, especially because vehicles ordered as a consequence of these programs are still being produced and delivered.

The markets for trucks and buses, which were largely unaffected by the government incentive programs, have consequently not benefited from such programs. This also holds true for the market for light commercial vehicles. Although certain government incentive programs also supported purchases of light commercial vehicles by individual business customers, and although certain vehicle types in this segment are also bought by private customers (for example the VW Caddy), the resulting effects were comparatively minor.

Growing demand in emerging economies – Emerging economies such as China, Brazil, Russia and India, as well as other Asian and Eastern European countries, had a positive effect on Volkswagen's results in recent years because of the very high rates of economic growth in those areas and the growing motorization of large sections of the population.

The economic upturn and the consequent growth in the GDP of these countries, coupled with the growing motorization, led to a significant increase in demand for automobiles and – where offered by Volkswagen in the countries concerned – for the related financial services.

The following table shows Volkswagen's deliveries in the BRIC countries in fiscal years 2009, 2008 and 2007:

	Deliveries (passenger cars and light commercial vehicles)			Change	Change
	2009 (unaudited)	**2008 (unaudited)**	**2007 (unaudited)**	**2009/2008 (unaudited)**	**2008/2007 (unaudited)**
China[1]	1,400,013	1,024,007	910,494	+36.7%	+12.5%
Brazil	682,520	586,317	545,144	+16.4%	+7.6%
Russia.	94,131	131,275	80,917	−28.3%	+62.2%
India	19,002	18,756	12,744	+1.3%	+47.2%

1 The delivery figures in China also include the delivery figures of the Chinese joint ventures, although these are accounted for using the equity method and their sales revenue and profits and losses are therefore not consolidated. In the consolidated financial statements, the Volkswagen Group's share of the profits and losses of the Chinese joint ventures is included in the financial result and reported as the "Share of profits and losses of equity-accounted investments".

Volkswagen thus delivered approximately 34.9% (2008: 28.5%; 2007: 25.2%) of its vehicles in the BRIC countries in 2009.

Despite the slower and, in some cases, declining economic growth in certain emerging economies (especially Russia, for example) in the wake of the global financial and economic crisis, the Company believes that future growth will depend, to a significant extent, on demand in Brazil, Russia, India and China, as well as the ASEAN region, and that both delivery volumes in these countries and the share of the earnings contributions (measured by consolidated profit) generated in these countries will continue to grow in the future. Accordingly, Volkswagen increased its capital spending in these regions in fiscal year 2009 compared with the previous years and also plans to invest considerable amounts there in the future. This also applies to the Financial Services Division.

Volkswagen's competitors, including manufacturers from Asia and Eastern Europe, have considerably expanded their production capacity in these regions, primarily to serve the relevant regional markets. If demand growth levels fall below expectations, this could further exacerbate price competition in these regions, which in turn could adversely affect Volkswagen's unit sales and sales revenue.

Price competition and sales promotion measures – Volkswagen is exposed to intense competition that has increased in recent years because of the globalization and concentration of the automotive industry, as well as greater market transparency. Additionally, the automotive industry has been suffering from surplus capacity for a number of years, a situation that has increased because of the entry into the market of new automobile manufacturers, in particular from China and India. The vehicles produced by Volkswagen also compete with other means of transportation, such as trains, aircraft and ships, and it cannot be ruled out that private and business travelers will increasingly use means of transportation other than automobiles in the future. The reasons for this may include rising costs for automotive passenger and freight transportation, the growing density of traffic in urban areas and environmental protection considerations.

In recent years, these factors have led to declining unit sales for certain automobile manufacturers in some cases and to growing price competition with, in some cases, aggressive sales promotion measures, causing prices of both new and, consequently, used vehicles to fall and thus putting pressure on the margins of the automobile manufacturers for new vehicles and the residual values of leased and other used vehicles.

In the wake of the general financial and economic crisis, demand for vehicles had to be supported primarily by additional government incentive programs to encourage vehicle sales in a range of key markets for Volkswagen. These programs and additional, in some cases aggressive, sales promotion measures by automobile manufacturers have further diluted price levels for automobiles.

The existing price pressure could be further reinforced as a consequence of the exhaustion or expiration of government incentive programs, especially if customer expectations of lower prices for new vehicles have become firmly established. As a result, automobile manufacturers could be prompted to engage in aggressive sales promotion by means of continued discounts, which would expose Volkswagen to increased competition and affect the Company to a significant extent because it offers volume models in the compact and midsize classes.

Although Volkswagen does not intend to participate in aggressive price competition, sales promotion measures, such as discounts, special models, cheaper or no-cost equipment packages, and lower-cost financing and leasing terms, are becoming increasingly important in the current environment. Such measures would put pressure on the price of new vehicles produced by Volkswagen and increase the pressure on Volkswagen to offer sales promotion measures to a larger extent. This would adversely affect the margins in the Automotive Division. The residual values of leased and other used vehicles would also be impaired, which would be reflected in increased residual value risk and associated increased impairment losses and risk provisions in the Financial Services Division. In the case of lower-cost financing and leasing terms, the costs of these measures would also affect the margins obtainable by the Automotive Division and by dealers, because the dealers assume the cost of lower interest rates charged by the Financial Services Division.

Despite the decline in unit sales (excluding the Chinese joint ventures) and sales revenue, distribution expenses, which also include sales promotion costs, remained constant in fiscal year 2009. The ratio of Volkswagen's distribution expenses to sales revenue rose by 0.7%, from 9.3% in fiscal year 2008 to 10.0% in fiscal year 2009, after previously rising by 0.8%, from 8.5% in fiscal year 2007 to 9.3% in fiscal year 2008.

Product and market mix – Sales revenue from vehicles in the luxury and premium classes, which are better equipped and feature more powerful engines, is higher per unit than sales revenue from the other vehicle classes, which have comparatively more simple equipment levels and less powerful engines. As a rule, the former also generate higher margins. The general trend in many markets is towards smaller vehicles or vehicles with combustion engines that use less fuel and produce fewer harmful emissions through newly-developed technologies with a smaller engine capacity, while performance is at least maintained (downsizing). The government incentive programs also strengthened demand for smaller vehicles in particular.

The prices for identical vehicle models may differ from market to market for a number of reasons, such as the local competitive situation, the taxation of the vehicles in the markets concerned, or Volkswagen's strategic considerations. The same applies to the material and production costs incurred to produce a certain vehicle model in various markets. As a result, different margins and earnings contributions are generated for the same vehicle model in different geographic markets. The product mix also differs from geographic market to market. As a result, shifts in the product and market mix, including the geographic distribution of the vehicles sold have a considerable impact on Volkswagen's results of operations. Another material factor is the scope and value of the equipment level demanded by customers. Here, too, demand varies by geographic market and vehicle type.

Because of the higher proportion of smaller vehicles in the total number of vehicles sold (excluding the Chinese joint ventures), Volkswagen's sales revenue experienced a disproportionate decrease in fiscal year 2009 compared with the change in the number of vehicles sold. The shift in the product mix in fiscal year 2009 towards smaller vehicles, frequently accompanied by more simple equipment levels – especially in Volkswagen's main German market – in the wake of the general financial and economic crisis and the government incentive programs, also led to a significant decrease in the operating margin.

Research and development costs – Volkswagen's economic success and competitiveness depend on its ability to adapt its existing product range to technical progress, legal requirements and changing customer requirements in a timely manner, and to set new technical trends.

Especially in developed markets, the global automotive market has been marked in recent years by growing demand for environmentally responsible and more environmentally friendly technologies. This is linked in particular to the public debate about global warming and climate protection, as well as very high, and very volatile, oil and fuel prices. Through its ongoing technical developments, Volkswagen strives to meet climate protection concerns and the increasingly strict rules and regulations expected to arise from such concerns. In addition to continuing the development of the current generation of combustion engines, Volkswagen is therefore focusing on the research, development and production of new drive technologies such as natural gas engines, hybrid and electric drives. Moreover, Volkswagen plans to systematically reduce the complexity of the individual products and the costs incurred to develop and manufacture them by further developing the cross-brand modular strategy and by successively introducing and expanding the modular component concept. The development and deployment of modular platforms will be systematically extended in order to exploit potential for sustained efficiency gains by reducing development times and unit costs per vehicle. In addition, the modular component concept allows faster model changes and new products that are tailored to meet local customer preferences to be launched in the relevant markets.

The following table shows the research and development costs reported in the income statement, their share of capitalized development costs and the amortization of capitalized development costs in the Automotive Division in fiscal years 2009, 2008 and 2007:

	2009 (unaudited)	2008 (unaudited)	2007 (unaudited)	Change 2009/2008 (unaudited)	Change 2008/2007 (unaudited)
		in EUR million			
Total research and development costs	5,790	5,926	4,923	−2.3%	+20.4%
of which capitalized development costs	1,947	2,216	1,446	−12.1%	+53.3%
Capitalization ratio (%)	33.6%	37.4%	29.4%		
Amortization of capitalized development costs	1,586	1,392	1,843	+13.9%	−24.5%
Research and development costs recognized in the income statement	**5,429**	**5,102**	**5,320**	**+6.4%**	**−4.1%**
as % of sales revenue	5.2%	4.5%	4.9%		

The capitalization ratio of development costs depends on the production cycle that the brands' individual model series pass through in different periods. Because of the large number of new products that Volkswagen launched in fiscal years 2009 and 2008 or will launch in the future, as well as work in connection with the modular platforms, research and development costs in fiscal years 2009 and 2008 were significantly higher than in fiscal year 2007 (capitalized and uncapitalized).

Share of profits and losses of equity-accounted investments – Volkswagen holds interests in the following significant companies that are accounted for as equity-accounted investments and contribute to the share of profits and losses of equity-accounted investments:

- 49.9% in Porsche Zwischenholding GmbH as the sole shareholder of Dr. Ing. h.c. F. Porsche Aktiengesellschaft, Stuttgart;
- 28.67% of the share capital and 29.9% of the voting rights of MAN SE, Munich;
- 19.89% in Suzuki Motor Corporation, Hamamatsu/Japan;
- 50% in Shanghai Volkswagen Automotive Company Ltd., Shanghai/China;
- 40% in FAW-Volkswagen Automotive Company, Ltd., Changchun/China; and
- 50% of Global Mobility Holding B.V., Amsterdam/the Netherlands, as the sole shareholder of LeasePlan Corporation N.V.

For further information on the equity-accounted investments, see the section entitled *"Description of the Business Activities of the Volkswagen Group – Group divisions and their products and services – Automotive Division – Significant equity interests"*.

The carrying amount of Volkswagen's equity-accounted investments rose by EUR 4,012 million or 63.0%, from EUR 6,373 million in fiscal year 2008 to EUR 10,385 million in fiscal year 2009, after declining by EUR 1,422 million or 18.2%, from EUR 7,795 million in fiscal year 2007 to EUR 6,373 million in fiscal year 2008. The main reason for the increase in 2009 was the acquisition of the indirect 49.9% interest in Dr. Ing. h. c. F. Porsche Aktiengesellschaft in December 2009. By contrast, the decrease in 2008 was primarily a result of the increase in Volkswagen's share of the voting rights in Scania AB, Södertälje/Sweden, ("**Scania**") from 38.0% to 68.6%, with the result that Scania has been consolidated as the Volkswagen Group's ninth brand since July 22, 2008 and is no longer accounted for using the equity method. On December 9, 2009, the Company and Suzuki entered into a long-term strategic partnership with the signing of a corresponding framework agreement. On January 15, 2010, Volkswagen purchased 19.89% of Suzuki's shares at a purchase price of EUR 1.7 billion.

In the equity method of accounting, the income and expenses, as well as the assets and liabilities, of the relevant equity-accounted investment are not included in the consolidated income statement and the consolidated balance sheet. Rather, the carrying amount of the investment is increased or decreased by the share of the equity-accounted investment's profit or loss attributable to the Volkswagen Group. The share of the profits and losses of equity-accounted investments determined in this way is not included in the Volkswagen Group's operating result, but is allocated to the financial result. For this reason, neither the positive business development of the Chinese joint ventures nor the declining business performance of MAN as a consequence of the general financial and economic crisis, for example, are included in Volkswagen's operating result.

In addition, the equity-accounted investments must be tested for impairment if there are indications of impairment, and the carrying amounts must be written down if impairment is established. The investment in MAN was tested for impairment in light of the significant decline in its quoted market price. There was no requirement to recognize an impairment loss in this respect in fiscal year 2009. Volkswagen has started the process of allocating the purchase price to the assets and liabilities of its interest in Porsche Zwischenholding GmbH acquired by way of a capital increase in December 2009. Purchase price allocation had not been completed at the preparation date of the 2009 consolidated financial statements. Adjustment of the carrying amount of the investment in 2009 is based on preliminary estimates, which may have to be modified before final purchase price allocation, which is expected to occur on December 31, 2010.

The share of profits and losses of equity-accounted investments decreased by EUR 209 million or 29.8%, from EUR 910 million in fiscal year 2008 to EUR 701 million in fiscal year 2009, after rising by EUR 176 million or 24.0%, from EUR 734 million in fiscal year 2007 to EUR 910 million in fiscal year 2008. In the case of the companies included in the consolidated financial statements using the equity method, the positive earnings effect of the Chinese joint ventures (the Volkswagen Group's EUR 774 million share of the operating profit) was offset by the negative result of the MAN Group in fiscal year 2009.

Realization of potential synergies – Volkswagen's future results of operations will also be affected by the expected positive potential synergies resulting from the planned merger of Volkswagen Aktiengesellschaft with Porsche Automobil Holding SE. The expected potential synergies have been identified and subjected to reasonableness tests on the basis of selected financial data of Volkswagen and Dr. Ing. h.c. F. Porsche Aktiengesellschaft. However, the expectations are also based on certain assumptions by the Company whose materialization is uncertain. These include the following significant assumptions: positive market growth (including increased unit sales by Porsche), a certain interest rate assumed for discounting purposes, acceptance of the planned merger and the integration of the Porsche brand into the Volkswagen Group by customers and employees of Dr. Ing. h.c. F. Porsche Aktiengesellschaft, as well as by customers and employees of Volkswagen, and the assumption of certain behavior by various market participants, for instance in the areas of purchasing, procurement and distribution. The Company expects that Volkswagen could achieve a long-term improvement in its operating profit by approximately EUR 700 million per year for the integrated automotive group with Porsche, provided that the potential synergy effects are achieved, whereby more than half of this improvement could already be achieved in the medium term. Approximately two-thirds of the long term annually expected synergies would be attributable to cost synergies (for example in purchasing, in research and development, in common components and platforms, in administration and in the area of financial services) and one-third to growth synergies. The short- and medium-term costs of the planned merger expected by the Company include costs for harmonizing the accounting system and financial controlling, the integration of the IT systems, the consolidation of development projects, the harmonization of purchasing and procurement, and the costs of external consultants. Achieving the synergy effects depends on a range of future events, not all of which can be influenced by the Company. One critical factor, for example, will be whether the merger with Porsche Automobil Holding SE that is not planned before 2011 actually occurs. However, the Company believes that a not insignificant portion of these potential synergies can also be achieved from an indirect 49.9% interest in Dr. Ing. h.c. F. Porsche Aktiengesellschaft.

Procurement costs – The cost of materials, and in particular the cost of raw materials and energy, as well as vehicle parts and components, accounts for a large portion of the cost of sales. Volkswagen's cost of materials declined by EUR 8,029 million or 10.6%, from EUR 75,954 million in fiscal year 2008 to EUR 67,925 million in fiscal year 2009, after rising by EUR 3,614 million or 5.0%, from EUR 72,340 million in fiscal year 2007 to EUR 75,954 million in fiscal year 2008. The ratio of cost of materials to the Volkswagen Group's sales revenue was 64.6% in fiscal year 2009 (2008: 66.7%; 2007: 66.4%). In addition to the decline in vehicle production compared with fiscal year 2008, the main reason for this was overall lower commodity and energy prices.

The main raw materials required for vehicle production by Volkswagen's Automotive Division are steel, followed by aluminum, copper, platinum, rhodium and palladium. In addition, Volkswagen needs energy, primarily in the form of electricity, some of which Volkswagen produces itself by burning coal. The commodity and energy prices are subject to fluctuations, which can be considerable (and also sudden), and were exposed to constant and at times significant changes in the recent past. For example, the prices of certain raw materials that are used by Volkswagen and Volkswagen's suppliers to manufacture their products or components, such as steel, aluminum, copper, oil-based products and various precious metals, recorded significant increases until the first half of 2008, reaching all-time highs in some cases. At the end of 2008, the prices of certain raw materials traded on commodity and derivatives exchanges, such as copper, aluminum and lead, as well as of other raw materials such as steel, fell significantly in the wake of the growing global financial and economic crisis and its impact on manufacturing industry, and thus on global industrial demand for these raw materials; but have risen again since that time. For further information on changes in global market prices of the main raw materials required by Volkswagen and its suppliers, see the section entitled *"Description of the Business Activities of the Volkswagen Group – Group divisions and their products and services – Automotive Division – Procurement and production – Procurement – Procurement of production materials"*.

Because Volkswagen is dependent on the raw materials listed above, as well as on energy, whose prices and availability in turn affect the prices of vehicle parts and components, changes in raw materials and energy prices materially affect Volkswagen's overall cost of materials. Due to the intense competition in the automotive market, Volkswagen can generally not pass on price increases for raw materials, energy, parts and components to its customers in full. To reduce these price and purchasing risks on the procurement side, Volkswagen relies in particular on globally coordinated purchasing activities, long-term supply contracts and the continuous optimization of its supplier portfolio. Among other things, the business model that is adapted by Volkswagen to reflect the demand situation in specific regions encompasses, among other things, alliances with local suppliers and local purchasing agreements, which are designed to ensure the lowest possible cost rate per vehicle (localized production and procurement).

Additionally, Volkswagen tries to limit certain availability and pricing risks arising from the purchase of raw materials by entering into forward and swap transactions. Volkswagen has, by virtue of appropriate contracts, hedged some of its requirements for raw materials over a period of up to seven years. Similar transactions have been entered into for the purpose of supplementing and optimizing allocations of CO_2 emission certificates, in particular for burning coal to generate electricity. See also the section entitled "*– Basis of presentation – Significant accounting policies – Derivatives and hedge accounting*".

Exchange rate movements – Volkswagen is active in a large number of countries worldwide and generates a substantial proportion of its sales revenue in currencies other than the euro, in particular the US dollar, sterling, Russian ruble, Japanese yen, Swedish krona, Czech koruna, Swiss franc, Chinese renminbi yuan, Mexican peso, Brazilian real, Australian dollar, Canadian dollar, South African rand and Polish zloty. Equally, a significant proportion of Volkswagen's expenses are incurred in a variety of currencies, in particular those listed above.

Because income and expenses in the relevant currencies rarely match in a certain reporting period, an adverse development in the exchange rates for these currencies may result in a difference between the value of the service provided calculated in euros and the value of the consideration received ("transaction effects").

Gains and losses from exchange rate movements are reported in Volkswagen's other operating result. These items mainly comprise gains or losses from changes in exchange rates between the dates of initial recognition and payment of receivables and liabilities denominated in foreign currencies, as well as exchange rate gains or losses resulting from measurement at the closing rate. Income from foreign exchange gains in 2009 amounted to EUR 1,624 million, while foreign exchange losses amounted to EUR 1,834 million (2008: EUR 2,254 million and EUR 2,555 million; 2007: EUR 1,093 million and EUR 1,410 million).

Significant exchange rate movements, especially of the US dollar, sterling, the Russian ruble and the Swedish krona as compared to the euro, were observable in the past three fiscal years and thus had a corresponding effect on Volkswagen's results of operations. In accordance with studies by the Company, for example, a weakening of the following currencies against the euro by 10% in fiscal year 2009 would have resulted in a deterioration in the operating result of the companies in the euro zone (mainly Volkswagen AG, Audi AG and SEAT S.A.) in approximately the following amounts:

Currency	Effect on earnings (unaudited) in EUR million
US dollar	−400
Sterling	−370
Russian ruble	−110
Swedish krona	−75
Swiss Franc	−65
Australian dollar	−65

This assumes that changes in relevant parity were not actively offset by appropriate hedging transactions or by countermeasures at an operational level.

Volkswagen reduces its foreign currency risk primarily through "natural hedging", i.e. by flexibly adapting its production capacity at its locations around the world and by establishing new production facilities in the most important currency areas, currently India, Russia and the USA, as well as by purchasing materials in the same currency areas in which the sales are generated. The residual foreign currency risk is hedged for a period of up to six years using financial hedging instruments. These include currency forwards, currency options, currency swaps and cross-currency swaps.

Finally, various subsidiaries and equity investments of the Volkswagen Group prepare their financial statements in currencies other than the euro. These financial statements must be translated into euros to enable preparation of the Volkswagen Group's consolidated financial statements. This translation may result in corresponding effects in the Volkswagen Group's consolidated financial statements ("translation effects").

Financial services – Volkswagen has bundled together its financial services activities in its Financial Services Division. The vehicle-related activities are essentially classified into the following areas: financing (customer and dealer financing), leasing and fleet management, insurance and services. Volkswagen is also active in the direct banking business, which through the deposit business represents an important pillar of the Financial Services Division's refinancing strategy. The objective of Volkswagen's financial services activities is to support the sale of vehicles produced by Volkswagen and to strengthen customer loyalty to the Group's brands. In addition, the financing activities are designed to optimize the Automotive Division's liquidity position.

The Financial Services Division's income from financing, leasing and insurance activities is correlated with vehicle sales, the selling price that can be obtained for the vehicles, the term of financing and leasing products, the amount of prepayments and the penetration rate, i.e. the number of vehicles delivered by Volkswagen that are financed by the Financial Services Division. For further information on the penetration rate in the Financial Services Division's eight most important markets, see the section entitled "*Market Overview and Competition – Financial Services Division – Market*".

In the case of financing and leasing products, the Financial Services Division's margin is determined by the interest rate underlying the contract (less refinancing costs) and a surcharge for administrative expenses and risk provisions. If refinancing costs rise, for example because of higher interest rates on the money and capital markets, or for deposits in the direct banking business, the Financial Services Division's margin is reduced correspondingly if such an increase cannot be offset in the short term by modifying the interest rate underlying a contract or being passed on to new customers. If low interest rates or more attractive terms are offered as part of special financing deals to the Automotive Division's customers to promote sales, the Automotive Division assumes the difference between the standard market rate of interest and the lower interest rate, in part together with the dealer organization.

In addition, the result from the financing and leasing business is affected by the default rates. If the default rates rise, this results in additional impairment losses and expenses for risk provisions, which adversely affect the Volkswagen Group's results of operations. For further information on impairment losses and risk provisions, see also the sections entitled "*Description of the Business Activities of the Volkswagen Group – Group divisions and their products and services – Financial Services Division – Risk management*" and "*– Results of operations – Other operating expenses*".

Volkswagen also has plans to develop new markets, especially in the expanding Eastern European and Asian growth markets, by expanding the geographic reach of the activities of the Financial Services Division to support its vehicle sales there, increase customer loyalty and, in part, to tap new refinancing sources through the direct banking business. For example, the Baltic states (via an alliance with a local full-service provider), Norway (via Volkswagen Møller Bilfinans AS, a joint venture with the importer MøllerGruppen AS) and Russia (via two wholly owned subsidiaries) have been developed as new markets or expanded in fiscal year 2009. Moreover, Volkswagen Finance PTE. Ltd. was established in Mumbai/India in January 2009. Additionally, Volkswagen was granted a banking license in Mexico in fiscal year 2009, on the basis of which the deposit business is currently being developed in Mexico. Since 1998, Volkswagen has also been active in the Polish deposit business via Volkswagen Bank Polska S.A., a joint venture with its local importer. In Asia, the Korean financial services market is currently being analyzed in order to reach a decision about a possible entry into this market. In addition to the potential for vehicle sales support, Volkswagen's profitability targets are a major consideration in the decision.

Other factors that affect the results of the Financial Services Division are linked to the development of innovative new products.

Financing and refinancing costs – The Automotive Division obtains most of its financing from retained earnings and debt in the form of bonds and bank loans. The Financial Services Division mainly uses established money and capital market programs, the securitization of loan and leasing receivables (asset-backed securities programs), Volkswagen Bank's direct banking deposits and bank loans for refinancing purposes.

The terms at which Volkswagen is able to raise debt finance depend not only on the general market conditions, especially interest rate developments in the financial markets, but also on the assessment of Volkswagen's credit quality by market participants and ratings agencies. For information on Volkswagen's ratings, see also the section entitled *"General Information – Ratings"*.

Volkswagen's financing and refinancing costs rose considerably in the early stages of the global economic and financial crisis. In the period from mid 2007 until early 2009, the risk premiums payable by Volkswagen on five-year financing facilities rose from approximately 0.3% to up to approximately 3.75%. However, because general long-term interest rate levels have dropped sharply since fall 2008, overall refinancing costs experienced a less pronounced increase. However, because of the broad diversification of the (re)financing structure, both in relation to the sources of finance and the utilization of the money and capital markets in various countries or currency areas, Volkswagen continued to be able to secure sufficient liquidity at acceptable terms in the various markets. Based on the issuance of bonds in fiscal year 2009 in an amount of EUR

15.6 billion approximately, future interest rate changes by one percentage point would affect earnings by EUR 156 million per year.

Amount of income taxes – Volkswagen's results of operations are also affected by the amount of income taxes. The income tax rate (the ratio of reported income tax expense to profit before tax) was 27.7% in fiscal year 2009 (2008: 29.1%; 2007: 37.0%). The amount of income taxes depends primarily on the development of profit, as well as special factors such as the reduction in income tax rates and the largely tax-free income from the sale of Volkswagen Caminhões e Ônibus Indústria e Comércio de Veículos Comerciais Ltda., Resende/Brazil ("**Volkswagen Caminhões**") in fiscal year 2009.

10.3 Basis of presentation

10.3.1 Significant accounting policies

Preparation of the consolidated financial statements requires management to make certain estimates and assumptions. The recognition and measurement of assets and liabilities, as well as of the income and expenses recognized in the income statement, are affected by these estimates and assumptions. Actual carrying amounts may differ from the amounts estimated by management.

The following section presents accounting policies whose application required management to exercise judgment and make assumptions, as the underlying facts are by their nature uncertain. As a result, any change in these facts may materially affect the results presented in the consolidated financial statements.

Revenue recognition – Sales revenue (including interest and commission income from financial services) and other operating income are recognized only when the relevant service has been rendered or the goods delivered, that is, when the risk has passed to the customer in accordance with the contractual arrangements. If a contract comprises several separately identifiable components ("multiple-element arrangements"), these components are classified in proportion to their fair values and recognized separately in accordance with the principles outlined above.

Buy-back agreements with take-back guarantees entered into by Volkswagen and certain car rental companies do not result in revenue recognition because the risks are not transferred to the customer. Based on the principle of substance over form, these agreements represent the temporary transfer of the vehicles for use, and are therefore accounted for as operating leases in accordance with IAS 17. If a fixed repurchase price was agreed when the contract was entered into, the difference between the selling and repurchase price is recognized as income ratably over the term of the contract. In the case of these transactions, the vehicles are reported in Group inventories until the date of any later sale and are depreciated by the straight-line method over the period in which they are used. Revenue is recognized ratably in the amount of the difference between the selling price to the rental company and the repurchase price. The measurement basis for calculating the depreciation rate is production cost plus direct costs incurred.

Research and development costs – In accordance with IAS 38, research costs are recognized as expenses when incurred.

Development costs for future series products and other internally generated intangible assets are capitalized at cost in the consolidated financial statements, provided that manufacture of the products is likely to bring Volkswagen an economic benefit. If the criteria for recognition as assets are not met, the expenses are recognized in the income statement in the year in which they are incurred.

Capitalized development costs include all direct and indirect costs that are directly attributable to the development process. The development costs incurred after the product decision/series use decision is taken are recognized in the cost of development projects. The development projects are broken down in detail into platforms, modules, body structures, significant product upgrades, and powertrains (engines/transmissions). The economic benefits that are a criteria for capitalizing development costs are demonstrated by means of profitability calculations.

Capitalized development costs are amortized using the straight-line method from the start of production over the expected life cycle of the models or powertrains developed – generally between five and ten years. Amortization recognized during a fiscal year is allocated to the relevant functions in the income statement.

Impairment tests – Goodwill, intangible assets with indefinite useful lives and intangible assets that are not yet available for use are tested for impairment at least once a year. Assets in use and other intangible assets with finite useful lives are tested for impairment only if there are specific indications that they may be impaired. The Volkswagen Group's intangible assets amounted to EUR 12,907 million as of December 31, 2009 (December 31, 2008: EUR 12,291 million; December 31, 2007: EUR 6,830 million). Of this total, EUR 949 million was attributable to the Scania brand name (December 31, 2008: EUR 895 million), EUR 2,929 million to goodwill (December 31, 2008: EUR 2,771 million; December 31, 2007: EUR 201 million), EUR 3,077 million to capitalized development costs for products under development (December 31, 2008: EUR 2,426 million; December 31, 2007: EUR 1,709 million) and EUR 5,027 million to capitalized development costs for products in use

(December 31, 2008: EUR 5,191 million; December 31, 2007: EUR 4,373 million). EUR 2,729 million of the goodwill reported as of December 31, 2009 related to Scania and EUR 153 million to Škoda. The recoverability of reported goodwill was regularly tested for impairment in the course of preparing the annual financial statements, which did not result in any need to recognize impairment losses.

Goodwill from consolidation is not amortized. The recoverable amount of goodwill and of the individual affiliated companies and other equity investments is tested for impairment once a year or if there are indications that a triggering event has occurred. To do this, fair value is determined by an enterprise valuation using the discounted cash flow method. The cash flow projections used for this are based on management's current planning or on publicly available capital market expectations. For the perpetual annuity phase (2015 and thereafter), a growth discount of up to 2.0% is applied to the cost of capital in individual cases. Country-specific pre-tax discount rates of at least 9.1% (2008: 9.9%) are applied when determining value in use for the purpose of impairment testing of goodwill at Scania and Škoda, of indefinite-lived intangible assets at Scania and of other intangible assets.

Volkswagen generally applies the value in use of the relevant cash-generating unit (brands or products) to determine the recoverable amount of goodwill and indefinite-lived intangible assets. This is based on management's current planning. The planning period is generally five years. Plausible assumptions of future development are made for the subsequent years. The planning assumptions are adapted to reflect the current state of knowledge. They include reasonable assumptions on macroeconomic trends and historical developments. Cash flow estimates are generally based on the expected growth trends for the automobile markets concerned.

Volkswagen has decided to credit or debit differences that result from successive share purchases against reserves directly in equity following acquisition of a majority interest and first-time consolidation.

The judgment applied in the consolidated financial statements in respect of the recoverability of upfront expenditures and model-specific assets for certain vehicle models reflects future market assessments. Capitalized assets are tested regularly for impairment. The current situation on the automobile markets was an indication of impairment. For this reason, the Company applied the annual impairment test to all model-specific assets, resulting in impairment losses on other intangible assets and property, plant and equipment of a total of EUR 0.3 billion in fiscal year 2009 (2008: EUR 0.2 billion; 2007: EUR 0.9 billion).

Equity-accounted investments – The cost of equity-accounted investments is adjusted to reflect the share of increases or reductions in equity at the associates and joint ventures that is attributable to Volkswagen after the acquisition. Additionally, the investment is tested for impairment if there are indications of impairment and written down to the lower recoverable amount if necessary. Recoverable amount is determined using the principles described for other intangible assets. If the reason for impairment ceases to apply at a later date, the impairment loss is reversed to the carrying amount that would have been determined had no impairment loss been recognized.

The Volkswagen Group applies equity-method accounting, as permitted by IAS 31, to account for joint ventures. As a result, income and expenses, and assets and liabilities, of these companies are not included in the group's share in the consolidated financial statements. See also the section entitled *"– Material factors affecting results of operations – Share of profits and losses of equity-accounted investments"*.

Property, plant and equipment – Property, plant and equipment is carried at cost less depreciation and – where necessary – write-downs for impairment. Investment grants are generally deducted from cost. Cost is determined on the basis of the direct and indirect costs that are directly attributable. Special tools are reported under other equipment, operating and office equipment. Property, plant and equipment is depreciated ratably using the straight-line method over its estimated useful life. The useful lives of items of property, plant and equipment are reviewed at each balance sheet date and adjusted if required.

Depreciation was based mainly on the following useful lives:

	Useful life
Buildings	25 to 50 years
Site improvements	10 to 18 years
Technical equipment and machinery	6 to 12 years
Other equipment, operating and office equipment, including special tools	3 to 15 years

Impairment losses on property, plant and equipment are recognized in accordance with IAS 36 where the recoverable amount of the asset concerned has fallen below the carrying amount. Recoverable amount is the higher of value in use and fair value less costs to sell. Value in use is determined using the principles described for intangible assets. If the reasons for impairments recognized in previous years no longer apply, the impairment losses are reversed accordingly.

Where leased items of property, plant and equipment are used, the criteria for classification as a finance lease as set out in IAS 17 are met if all material risks and rewards incidental to ownership have been transferred to the group company concerned. In such cases, the assets concerned are recognized at cost or at the present value of the minimum lease payments (if lower) and depreciated using the straight-line method over the asset's useful life, or over the term of the lease if this is shorter. The payment obligations arising from the future lease payments are discounted and recorded as a liability in the balance sheet.

In accordance with the principle of substance over form, assets that have been formally transferred to third parties under a sale and leaseback transaction including a repurchase option also continue to be accounted for as the entity's own assets.

Where group companies are the lessees of assets under operating leases, i.e. if not all material risks and rewards incidental to ownership are transferred, lease and rental payments are recorded directly as expenses in the income statement.

Leasing and rental assets – Assets leased out under operating leases, primarily comprising vehicles, are recognized at cost and depreciated to their estimated residual value using the straight-line method over the term of the lease. Impairment losses identified as a result of an impairment test in accordance with IAS 36 are recognized and the depreciation rate is adjusted. The forecast residual values are adjusted to include constantly updated internal and external information on residual values, depending on specific local factors and the experiences gained in the marketing of used cars. Impairment losses in fiscal year 2009 amounted to EUR 262 million (2008: EUR 92 million; 2007: EUR 73 million).

Financial instruments – Financial instruments are contracts that give rise to a financial asset of one company and a financial liability or an equity instrument of another. Regular way purchases or sales of financial instruments are accounted for at the settlement date – that is, at the date on which the asset is delivered.

IAS 39 classifies financial assets into the following categories:

- Financial assets at fair value through profit or loss;
- Held-to-maturity financial assets;
- Loans and receivables; and
- Available-for-sale financial assets.

Financial liabilities are classified into the following categories:

- Financial liabilities at fair value through profit or loss; and
- Financial liabilities carried at amortized cost.

Volkswagen recognizes financial instruments at amortized cost or at fair value.

The amortized cost of a financial asset or financial liability is the amount (i) at which a financial asset or financial liability is measured at initial recognition, (ii) minus any principal repayments and (iii) minus any write-downs for impairment or uncollectibility, (iv) plus or minus the cumulative amortization of any difference between the original amount and the amount repayable at maturity (premium), amortized using the effective interest method over the term of the financial asset or liability.

In the case of current receivables and liabilities, amortized cost generally corresponds to the principal or repayment amount.

Fair value generally corresponds 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.

Volkswagen does not use the fair value option.

Loans and receivables and financial liabilities – Loans, receivables and liabilities, as well as held-to-maturity investments, are measured at amortized cost, unless hedged. Specifically, these relate to:

- Receivables from financing business;
- Trade receivables and payables;
- Other receivables and financial assets and liabilities; and
- Financial liabilities.

Asset-backed securities transactions are used to refinance the financial services business via consolidated special purpose entities. Receivables from the customer financing and the leasing business serve as collateral.

Derivatives and hedge accounting – Volkswagen Group companies use derivatives such as forward transactions, swaps and options to hedge balance sheet items and future cash flows ("hedged items"). The criteria for the application of hedge accounting are that the hedging relationship between the hedged item and the hedging instrument is clearly documented and that the hedge is demonstrated to be highly effective, both prospectively and retrospectively.

The accounting treatment of changes in the fair value of hedging instruments depends on the nature of the hedging relationship. In the case of hedges against the risk of change in the carrying amount of balance sheet items (fair value hedges), both the hedging instrument and the hedged risk portion of the hedged item are measured at fair value. Several risk portions of hedged items are grouped into a portfolio if appropriate. In the case of a fair value portfolio hedge, the changes in fair value are accounted for in the same way as for a fair value hedge of an individual underlying. Gains or losses from remeasurement are recognized in profit or loss. In the case of hedges of future cash flows (cash flow hedges), the hedging instruments are also measured at fair value. Gains or losses from remeasurement of the effective portion of the derivative are initially recognized in the reserve for cash flow hedges directly in equity, and are only recognized in the income statement when the hedged item is recognized in profit or loss; the ineffective portion of a cash flow hedge is recognized immediately in profit or loss.

Derivatives used by Volkswagen for financial management purposes to hedge against interest rate, foreign currency, commodity, or price risks, but that do not meet the strict criteria of IAS 39, are classified as financial assets or liabilities at fair value through profit or loss. This also applies to options on shares. External hedges of intra-Group hedged items that are subsequently eliminated in the consolidated financial statements are also assigned to this category.

Impairment losses on financial instruments – Default risk on loans and receivables in the financial services business is accounted for by recognizing specific valuation allowances and portfolio-based valuation allowances.

More specifically, in the case of significant individual receivables (e.g. dealer finance receivables and receivables from fleet customers), specific valuation allowances are recognized in accordance with group-wide standards in the amount of the incurred loss. A potential impairment is assumed in the case of a number of situations such as delayed payment over a certain period, the institution of enforcement measures, the threat of insolvency or overindebtedness, application for or the opening of bankruptcy proceedings, or the failure of reorganization measures.

In the case of individual non-significant receivables (e.g. customer finance receivables), specific valuation allowances are recognized using a generalized procedure once a default has been identified.

Portfolio-based valuation allowances are recognized by grouping together non-significant receivables and significant individual receivables for which there is no indication of impairment into homogeneous portfolios on the basis of comparable credit risk features and allocating them by risk class. As long as no definite information is available as to which receivables are in default, average historical default probabilities for the portfolio concerned are used to calculate the amount of the valuation allowances.

As a matter of principle, specific valuation allowances are recognized on receivables in the Automotive Division.

Valuation allowances on receivables are regularly recognized in separate allowance accounts.

An impairment loss is recognized on financial assets held for sale if there is objective evidence of permanent impairment. In the case of equity instruments, evidence of impairment is taken to exist, among other things, if there is a significant (by more than 20%) or prolonged (by more than 10% of the average market prices over one year) decline in the fair value below their cost. If impairment is identified, the cumulative loss is withdrawn from the reserve and recognized in profit and loss. In the case of equity instruments, reversals of impairment losses are taken directly to equity. Impairment losses are recognized on debt instruments if a decrease in the future cash flows of the financial asset is expected. An increase in the risk-free interest rate or an increase in credit risk premiums is not in itself evidence of impairment.

Deferred taxes – Deferred tax assets are generally recognized for tax-deductible temporary differences between the tax base of assets and their carrying amounts in the consolidated balance sheet, as well as on tax loss carryforwards and tax credits, provided it is probable that they can be used in future periods. Deferred tax liabilities are generally recognized for all taxable temporary differences between the tax base of liabilities and their carrying amounts in the consolidated balance sheet (so-called "temporary concept").

Deferred tax liabilities and assets are recognized in the amount of the expected tax liability or tax benefit, as appropriate, in subsequent fiscal years, based on the expected enacted tax rate at the time of realization. The tax consequences of dividend payments are not taken into account until the resolution on appropriation of earnings available for distribution has been adopted.

Deferred tax assets that are unlikely to be realized within a clearly predictable period are reduced by valuation allowances.

Deferred tax assets and deferred tax liabilities are offset where taxes are levied by the same taxation authority and relate to the same tax period.

Pension provisions – The actuarial valuation of pension provisions is based on the projected unit credit method in respect of defined benefit plans in accordance with IAS 19. The valuation is based not only on pension payments and vested entitlements known at the balance sheet date, but also reflects future salary and pension trends. Actuarial gains and losses are recognized directly in equity, net of deferred taxes, in accordance with the option allowed under IAS 19.

Other provisions – In accordance with IAS 37, provisions are recognized where a present obligation exists to third parties as a result of a past event, where a future outflow of resources is probable and where a reliable estimate of that outflow can be made.

In addition to amounts resulting from general statutory or contractual obligations based on estimates or experience, provisions for warranties and ex gratia payments recognized at the balance sheet date reflect specific loss events already identified. In addition, a flat-rate provision is recognized to take account of cases that experience shows are likely to occur, but for which insufficient concrete data is available at the balance sheet date.

10.3.2 Comparability of prior-year figures

Changes in the basis of consolidation – In addition to Volkswagen Aktiengesellschaft, the consolidated financial statements comprise all significant companies at which the Company is able, directly or indirectly, to govern the financial and operating policies in such a way that it can obtain benefits from the activities of these companies (subsidiaries). The subsidiaries also comprise investment funds and other special purpose entities whose net assets are attributable to Volkswagen under the principle of substance over form. Subsidiaries are included in the consolidated financial statements from the date on which control is obtained and are deconsolidated when control is lost.

In December 2009, Volkswagen Aktiengesellschaft acquired 49.9% of the shares in Porsche Zwischenholding GmbH, Stuttgart. Porsche Zwischenholding GmbH holds 100% of the shares in Dr. Ing. h.c. F. Porsche Aktiengesellschaft, Stuttgart. On the basis of a corporate law agreement, Volkswagen and Porsche Automobil Holding SE have entered into arrangements governing the management of Porsche Zwischenholding GmbH and its subsidiaries. The shares of Porsche Zwischenholding GmbH are accounted for using the equity method.

In March 2009, Volkswagen completed the transfer of all shares in Volkswagen Caminhões to the MAN Group upon obtaining necessary official approvals. Volkswagen Caminhões has therefore been deconsolidated. The disposal proceeds amounted to EUR 1,323 million, and the book gain recorded in other operating result amounted to EUR 556 million. The following main groups of assets and liabilities were sold:

	2009[1] (audited)
	in EUR million
Noncurrent assets	321
Current assets	633
of which: cash and cash equivalents	12
Noncurrent liabilities	310
Current liabilities	370

[1] Until deconsolidation.

In addition, one company that was not consolidated in fiscal year 2008 and one newly formed company in Germany were initially consolidated in fiscal year 2009, as were three unconsolidated and 22 newly formed foreign companies. The initial inclusion of these subsidiaries, either individually or collectively, did not have a significant effect on the presentation of the situation of the Company. The number of consolidated German subsidiaries was also reduced by the merger of three companies. In the case of the consolidated foreign companies, there were five disposals due to sale, liquidation and merger, as well as one deconsolidation.

Volkswagen included Scania in the consolidated financial statements as of July 22, 2008. Purchase price allocation was completed in fiscal year 2009. The figures calculated correspond to the amounts disclosed in the *"Fully consolidated subsidiaries"* section of the notes to the consolidated financial statements for fiscal year 2008. The adjustment of the purchase price allocation figures led to a loss after tax of EUR 209 million (2008: EUR 398 million), which is due primarily to the depreciation and amortization of noncurrent assets amounting to EUR 201 million in fiscal year 2009 (2008: EUR 55 million).

Changes in accounting policies and changes in presentation – In fiscal year 2009, there were the following changes in presentation as a result of amended IFRS, resulting in adjusted comparative figures for fiscal year 2008, but not for fiscal year 2007, in the consolidated financial statements of the Company for fiscal year 2009:

In accordance with the amended IFRS 7, Financial Instruments, the disclosures on measuring the fair value of financial instruments and on the liquidity risk arising from financial liabilities have been expanded.

The application of the new IFRS 8, Operating Segments, led to a reclassification of the reported segments. In accordance with the management approach, Volkswagen presents three reportable operating segments for the first time in fiscal year 2009: (i) Passenger Cars and Light Commercial Vehicles, (ii) Scania (including Scania Financial Services) and (iii) Volkswagen Financial Services. The adjusted comparative figures for fiscal year 2008 contained in the Company's consolidated financial statements for fiscal year 2009 correspond to this classification into operating segments. In the Company's consolidated financial statements for fiscal year 2008 and the comparative figures for fiscal year 2007 contained in those consolidated financial statements, the segments were divided into by the Automotive and Financial Services Divisions. In the course of the initial consolidation of Scania as of July 22, 2008, Scania's financial services business was allocated to the Financial Services Division and its business with heavy trucks and buses, including customer service, was allocated to the Automotive Division. As described above, Scania's business activities are reported in a separate operating segment starting in fiscal year 2009. With the exception of Scania's business activities in each case, the Passenger Cars and Light Commercial Vehicles operating segment corresponds largely to the Automotive segment reported up to and including fiscal year 2008, and the Volkswagen Financial Services operating segment corresponds to the Financial Services segment reported up to and including fiscal year 2008.

The application of the revised IAS 1, Presentation of Financial Statements, changed the presentation format of the primary financial statements. The names of certain financial statements were also amended.

IAS 7, which was amended following the annual Improvements Project, now allows cash flows from changes in leasing and rental assets to be classified as cash flows from operating activities. Consequently, the presentation of cash flows from changes in financial services receivables has also been adjusted to ensure uniform reporting of finance and leasing transactions in the consolidated cash flow statement. Apart from this, there were no other significant changes resulting from the Improvements Project 2008.

In the presentation by region, the two "Rest of Europe" and "Africa" regions were combined into "Europe (excluding Germany) and Other Regions" for the first time in fiscal year 2009 to enhance clarity.

The 2009 consolidated financial statements were not materially affected by the application of new or amended accounting standards compared with the 2008 consolidated financial statements.

The accounting policies applied in fiscal year 2007 were retained in fiscal year 2008, with the exception of the changes due to new or amended standards. The 2008 consolidated financial statements were not materially affected by the application of new or amended accounting standards compared with the 2007 consolidated financial statements.

10.4 Results of operations

The following discussion compares Volkswagen's results of operations for the fiscal years ended December 31, 2009, 2008 and 2007. It also includes a discussion of the sales revenue and operating result of the divisions and a presentation by operating segment and geographic market (segment discussion).

The Company has chosen to apply the internationally accepted cost of sales (function of expense) method to the income statement. In the cost of sales method, expenses are classified by function (production (included in cost of sales) distribution and administrative expenses).

The following table mainly presents the items in Volkswagen's income statements for the fiscal years ended December 31, 2009 and 2008 on the basis of the audited consolidated financial statements for fiscal year 2009 and for the fiscal year ended December 31, 2007 on the basis of the audited consolidated financial statements for fiscal year 2008.

	Period from January 1 to December 31			Change	Change
	2009 (audited)	2008 (audited)	2007 (audited)	2009/2008 (unaudited)	2008/2007 (unaudited)
	in EUR million				
Sales revenue	**105,187**	**113,808**	**108,897**	**−7.6%**	**+4.5%**
Cost of sales	−91,608	−96,612	−92,603	−5.2%	+4.3%
Gross profit	**13,579**	**17,196**	**16,294**	**−21.0%**	**+5.5%**
as % of sales revenue (unaudited)	12.9%	15.1%	15.0%		
Distribution expenses	−10,537	−10,552	−9,274	−0.1%	+13.8%
Administrative expenses	−2,739	−2,742	−2,453	−0.1%	+11.8%
Other operating income	7,904	8,770	5,994	−9.9%	+46.3%
Other operating expenses	−6,352	−6,339	−4,410	+0.2%	+43.7%
Operating profit	**1,855**	**6,333**	**6,151**	**−70.7%**	**+3.0%**
as % of sales revenue (unaudited)	1.8%	5.6%	5.6%		
Share of profits and losses of equity-accounted investments	701	910	734	−23.0%	+24.0%
Finance costs	−2,268	−1,815	−1,647	+25.0%	+10.2%
Other financial result	972	1,180	1,305	−17.6%	−9.6%
Financial result	**−595**	**275**	**392**	**–**	**−29.9%**
as % of sales revenue (unaudited)	−0.6%	0.2%	0.4%		
Profit before tax	**1,261**	**6,608**	**6,543**	**−80.9%**	**+1.0%**
as % of sales revenue (unaudited)	1.2%	5.8%	6.0%		
Income tax income/expense	−349	−1,920	−2,421	−81.8%	−20.7%
Profit after tax	**911**	**4,688**	**4,122**	**−80.6%**	**+13.7%**
as % of sales revenue (unaudited)	0.9%	4.1%	3.8%		
Minority interests	−49	−65	2	+24.6%	–
Profit attributable to shareholders of Volkswagen AG	960	4,753	4,120	−79.8%	+15.4%

10.4.1 Sales revenue

Sales revenue includes revenue from the sale of vehicles and genuine parts (mainly spare parts), interest and similar income from financial services, and income from the rental and leasing business. Other sales revenue relates primarily to revenue from the sale of parts and engines. Revenue and other operating income is recognized when the service has been rendered or the goods have been delivered in accordance with the contractual arrangements.

Volkswagen's sales revenue declined by EUR 8,621 million or 7.6%, from EUR 113,808 million in fiscal year 2008 to EUR 105,187 million in fiscal year 2009, after rising by EUR 4,911 million or 4.5%, from EUR 108,897 million in fiscal year 2007 to EUR 113,808 million in fiscal year 2008. The factors contributing to the year-on-year decrease in sales revenue by EUR 8,621 million in fiscal year 2009 included the decline in unit sales (EUR 7.9 billion), shifts in the product and market mix (EUR 1.4 billion) and unfavorable exchange rates (mainly for sterling, the Brazilian real and the Polish zloty) (EUR 1.3 billion). The sale of Volkswagen Caminhões to the MAN group reduced sales revenue by EUR 1.9 billion year-on-year. There were positive effects of EUR 0.7 billion from higher selling prices, EUR 2.5 billion from the first-time full-year inclusion of Scania and EUR 0.7 billion from higher sales revenue at the Financial Services Division.

Total sales revenue in fiscal year 2008 was EUR 113,808 million, a EUR 4,911 million increase compared with 2007. EUR 900 million of this increase was attributable to growth in unit sales, EUR 1.0 billion to price increases and EUR 500 million to improvements in the product and market mix. By contrast, the unfavorable exchange rates impacted sales revenue by EUR 2.3 billion. The inclusion of Scania as of July 22, 2008 accounted for the largest share of the increase in sales revenue, at EUR 3.9 billion. The Financial Services Division made a positive contribution of EUR 1 billion to the increase in sales revenue.

The following table additionally shows the distribution of sales revenue by source for fiscal years 2009, 2008 and 2007:

	Period from January 1 to December 31			Change	Change
	2009 (audited)	**2008 (audited)**	**2007 (audited)**	**2009/2008 (unaudited)**	**2008/2007 (unaudited)**
	in EUR million				
Vehicles	78,621	87,850	86,159	−10.5%	+2.0%
Genuine parts	7,768	7,254	6,512	+7.1%	+11.4%
Other sales revenue	7,282	8,528	7,714	−14.6%	+10.6%
Rental and leasing business	6,631	5,819	5,311	+14.0%	+9.6%
Interest and similar income from financial services business	4,884	4,357	3,201	+12.1%	+36.1%
	105,187	**113,808**	**108,897**	**−7.6%**	**+4.5%**

The decline in sales revenue from the sale of vehicles by EUR 9,229 million or 10.5%, from EUR 87,850 million in fiscal year 2008 to EUR 78,621 million in fiscal year 2009, is due primarily to the 6.1% decrease in unit sales (excluding the Chinese joint ventures), while the increase in sales revenue from the sale of genuine parts by EUR 514 million or 7.1%, from EUR 7,254 million in fiscal year 2008 to EUR 7,768 million in fiscal year 2009, was mainly driven by the higher vehicle sales in preceding periods and the resulting large volume of vehicles from the Volkswagen Group.

The increase in sales revenue from the sale of vehicles and genuine parts in fiscal year 2008 by EUR 1,691 million (2.0%) and EUR 742 million (11.4%) respectively, from EUR 86,159 million and EUR 6,512 million in fiscal year 2007 to EUR 87,850 million and EUR 7,254 million is primarily a result of the initial consolidation of Scania as from July 22, 2008 and the overall positive business development.

The other sales revenue relates mainly to deliveries of parts and engines, primarily to the Chinese joint ventures and to other automobile manufacturers, and declined by EUR 1,246 million or 14.6%, from EUR 8,528 million in fiscal year 2008 to EUR 7,282 million in fiscal year 2009, after rising by EUR 814 million or 10.6%, from EUR 7,714 million in fiscal year 2007 to EUR 8,528 million in fiscal year 2008. The decline in other sales revenue in fiscal year 2009 is primarily attributable to lower parts and engine deliveries due to the deterioration in the economic situation at contractual partners and the increased share of parts manufactured by the Chinese joint ventures themselves (local content), compared with an increase recorded here in fiscal year 2008.

The sales revenue from the rental and leasing business in the Financial Services Division primarily relates to operating lease payments and the sale of used vehicles. The sales revenue from the rental and leasing business rose by EUR 812 million or 14.0%, from EUR 5,819 million in fiscal year 2008 to EUR 6,631 million in fiscal year 2009, after previously rising by EUR 508 million or 9.6%, from EUR 5,311 million in fiscal year 2007 to EUR 5,819 million in fiscal year 2008. The increase in fiscal years 2009 and 2008 was mainly due to an expansion in the rental and leasing business and the inclusion of Scania's financial services activities following the initial consolidation of Scania on July 22, 2008.

Interest and similar income is generated by the financial services business and primarily consists of interest income from customer and dealer financing, and from finance leases. Similar income primarily relates to commission income from insurance brokerage services. Interest and similar income rose by EUR 527 million or 12.1%, from EUR 4,357 million in fiscal year 2008 to EUR 4,884 million in fiscal year 2009, after previously rising by EUR 1,156 million or 36.1%, from EUR 3,201 million in fiscal year 2007 to EUR 4,357 million in fiscal year 2008. The increase in fiscal years 2008 and 2009 was primarily driven in each case by the increase in interest income from customer financing and in income from finance leases as a result of the higher number of contracts and the consequently higher financing volume.

The following table shows a breakdown of Volkswagen's sales revenue by division in fiscal years 2009, 2008 and 2007:

	Period from January 1 to December 31		
	2009	2008	2007
		(unaudited) in EUR million	
Automotive[1]	93,041	102,632	98,752
Financial Services	12,146	11,176	10,145
Volkswagen Group	**105,187**	**113,808**	**108,897**

[1] Including allocation of consolidation adjustments between the Automotive and Financial Services Divisions.

Sales revenue in the Automotive Division primarily relates to sales revenue from the sale of vehicles, genuine parts, other parts and engines (in each case including the respective sales revenue of Scania since its initial consolidation on July 22, 2008). Sales revenue in the Financial Services Division primarily relates to sales revenue from the rental and leasing business, as well as interest and similar income from the financial services business (in each case including the respective sales revenue of Scania since its initial consolidation on July 22, 2008).

The sales revenue of the Automotive Division declined by EUR 9,591 million or 9.3%, from EUR 102,632 million in fiscal year 2008 to EUR 93,041 million in fiscal year 2009. As the Chinese joint ventures are accounted for using the equity method, the Volkswagen Group's sales revenue only reflects the positive development of unit sales in the Chinese passenger car market in the form of deliveries of vehicle parts and engines by Volkswagen to the Chinese joint ventures. The decrease of sales revenue in the Automotive Division resulted mainly from the 6.1% decline in unit sales of passenger cars and light commercial vehicles (excluding vehicle sales by the Chinese joint ventures). The disproportionate decrease in sales revenue is largely attributable to the shift in the product and market mix. Among other factors, this was a result of the global financial and economic crisis and the government vehicle purchase incentive programs, which led to higher unit sales in particular of lower-price vehicles, for example vehicles in the compact class with lower equipment levels. In addition, the discounts granted in connection with the difficult demand situation contributed to the further decline in sales revenue. Sales revenue was also impacted by unfavorable exchange rate effects amounting to EUR 1.3 billion, including from currencies such as the Russian ruble, the Swedish krona, or the Polish zloty. For further information on foreign currencies, see also the sections entitled "*– Material factors affecting results of operations – Exchange rate movements*" and "*General Information –Presentation of currency and financial information*". The sale of Volkswagen Caminhões to the MAN Group reduced sales revenue by EUR 1.9 billion compared with fiscal year 2008. The consolidation of Scania for the full year increased sales revenue by EUR 2.5 billion.

The sales revenue of the Automotive Division rose by EUR 3,880 million or 3.9%, from EUR 98,752 million in fiscal year 2007 to EUR 102,632 million in fiscal year 2008. EUR 900 million of this increase was attributable to an increase in unit sales, EUR 1.0 billion to price increases and EUR 500 million to improvements in the product and market mix. By contrast, unfavorable exchange rate movements, in particular of the US dollar, sterling and the South African rand, affected sales revenue by EUR 2.3 billion. The consolidation of Scania as of July 22, 2008 accounted for the largest share of the increase in sales revenue, at EUR 3.6 billion.

The sales revenue of the Financial Services Division rose by EUR 970 million or 8.7%, from EUR 11,176 million in fiscal year 2008 to EUR 12,146 million in fiscal year 2009, after previously rising by EUR 1,031 million or 10.2%, from EUR 10,145 million in fiscal year 2007 to EUR 11,176 million in fiscal year 2008. The increase was primarily due in each case to higher revenue from the operating leasing business and the consolidation of Scania's financial services activities.

The following table shows a breakdown of sales revenue by the operating segments reported for the first time in fiscal year 2009 (with adjusted comparative figures for fiscal year 2008).

	Period from January 1 to December 31		
	2009 (audited)	2008 (audited)	2007[1] (unaudited)
		in EUR million	
Passenger Cars and Light Commercial Vehicles[2]	91,249	103,194	102,528
Scania[3]	6,385	3,865	–
Volkswagen Financial Services[4]	11,660	10,929	10,145
Total Segments	**109,294**	**117,988**	**112,673**
Reconciliation[5]	−4,107	−4,180	−3,776
Volkswagen Group	**105,187**	**113,808**	**108,897**

1 The comparative figures for fiscal year 2007 were taken from the segment reporting in the notes to the consolidated financial statements of Volkswagen Aktiengesellschaft for fiscal year 2008 and were not adjusted to reflect the new segment structure. The sales revenue of the former Automotive reporting segment in fiscal year 2007 was allocated to the sales revenue of the Passenger Cars and Light Commercial Vehicles segment.

2 The Passenger Cars and Light Commercial Vehicles segment largely corresponds to the previous Automotive segment.

3 The Scania segment comprises in particular the development, production and sale of trucks, the corresponding genuine parts business and the supply of financial services. The Scania brand was only consolidated as of July 22, 2008 and was initially split between the Automotive and Financial Services segments in the 2008 consolidated financial statements.

4 The Volkswagen Financial Services segment corresponds to the previous Financial Services segment excluding Scania's financial services activities.

5 The reconciliation contains activities that do not by definition form part of the segments. It also contains all of the unallocated Group financing activities that were previously included in the Automotive segment. Consolidation adjustments between the segments (including the purchase price allocation for Scania) and the holding company functions are also contained in the reconciliation.

The following table shows a breakdown of sales revenue from external customers in fiscal years 2009, 2008 and 2007 by region:

	Germany	Rest of Europe and Other Regions[1]	North America	South America	Africa	Asia/Oceania	Total
			(audited) in EUR million				
2009	29,836	45,367	11,396	9,606	–	8,982	105,187
2008	27,682	55,173	12,716	9,784	–	8,453	113,808
2007	26,864	50,839[2]	13,219	8,340	2,103	7,532	108,897

1 Excluding Germany.

2 In fiscal year 2007, Rest of Europe and Other Regions did not include the Africa region, which was reported separately.

In fiscal year 2009, Volkswagen generated 28.4% (2008: 24.3%; 2007: 24.7%) of sales revenue in Germany and 71.5% (2008: 72.8%; 2007: 73.3%) in Germany combined with the Rest of Europe and Other Regions (including Africa).

Sales revenue in Germany increased by EUR 2,154 million or 7.8%, from EUR 27,682 million in fiscal year 2008 to EUR 29,836 million in fiscal year 2009. This development was driven in particular by the positive development of the business due to the German scrapping premium. In the Rest of Europe and Other Regions (excluding Germany), sales revenue declined by EUR 9,806 million or 17.8%, from EUR 55,173 million in fiscal year 2008 to EUR 45,367 million in fiscal year 2009 because of the 17.6% decrease in deliveries of passenger cars and light commercial vehicles as a consequence of the global financial and economic crisis. Sales revenue in North America declined by EUR 1,320 million or 10.4%, from EUR 12,716 million in fiscal year 2008 to EUR 11,396 million in fiscal year 2009 because of the decrease in unit sales in connection with the global financial and economic crisis. Despite the discontinuation of Volkswagen Caminhões, sales revenue in South America only declined slightly by EUR 178 million or 1.8%, from EUR 9,784 million in fiscal year 2008 to EUR 9,606 million in fiscal year 2009. The sale of Volkswagen Caminhões was partly offset by stronger demand for other Volkswagen Group vehicles as a result of government incentives to buy new cars in the form of tax breaks. In Asia/Oceania, sales increased by EUR 529 million or 6.3%, from EUR 8,453 million in fiscal year 2008 to EUR 8,982 million in fiscal year 2009, driven primarily by the dynamic growth in demand in the Chinese market, due to government incentives in the form of tax breaks. However, only sales revenue from the sale of parts and engines to the equity-accounted Chinese ventures is included in the sales revenue figure for Asia/Oceania, and not the joint ventures' sales revenue in the Chinese market.

Sales revenue in Germany increased by EUR 818 million or 3.0%, from EUR 26,864 million in fiscal year 2007 to EUR 27,682 million in fiscal year 2008. This development was driven in particular by the positive development of the business. In the Rest of Europe and Other Regions (excluding Germany, but including Africa), sales revenue rose by EUR 2,231 million or 4.2%, from EUR 52,942 million in fiscal year 2007 to EUR 55,173 million in fiscal year 2008, due in particular to the initial consolidation of Scania and the positive growth in unit sales. Sales revenue declined in North America by EUR 503 million or 3.8%, from EUR 13,219 million in fiscal year 2007 to EUR 12,716 million in fiscal year 2008, which was due mainly to the 5.3% decline in deliveries of passenger cars and light commercial vehicles, whereas sales revenue in South America rose by EUR 1,444 million or 17.3%, from EUR 8,340 million in fiscal year 2007 to EUR 9,784 million in fiscal year 2008. A major reason for this was the 6.4% growth in deliveries of passenger cars and light commercial vehicles in South America. In Asia/Oceania, sales revenue increased by EUR 921 million or 12.2%, from EUR 7,532 million in fiscal year 2007 to EUR 8,453 million in fiscal year 2008, in particular due to higher unit sales.

10.4.2 Cost of sales

Cost of sales includes the costs incurred to generate the sales revenue and the cost of goods purchased for resale, in particular for parts purchased from third parties. This item also includes the costs of additions to warranty provisions. Research and development costs not eligible for capitalization in the period and amortization of development costs are likewise recorded under cost of sales. Reflecting the presentation of interest and commission income in sales revenue, the interest and commission expenses attributable to the financial services business are presented in cost of sales.

The following table shows Volkswagen's cost of sales and the ratio of cost of sales to sales revenue in, and changes between, fiscal years 2009, 2008 and 2007:

	Period from January 1 to December 31			Change	Change
	2009 (audited)	2008 (audited)	2007 (audited)	2009/2008 (unaudited)	2008/2007 (unaudited)
	in EUR million				
Cost of sales	91,608	96,612	92,603	−5.2%	+4.3%
as % of sales revenue (unaudited)	87.1%	84.9%	85.0%		

Cost of sales declined by EUR 5,004 million or 5.2%, from EUR 96,612 million in fiscal year 2008 to EUR 91,608 million in fiscal year 2009, after rising by EUR 4,009 million or 4.3%, from EUR 92,603 million in fiscal year 2007 to EUR 96,612 million in fiscal year 2008.

The disproportionately low decrease in cost of sales of 5.2% compared with the decrease in sales revenue of 7.6% in fiscal year 2009 versus 2008 was due primarily to the significantly lower production figures for vehicles and the resulting lower costs for production material and for goods purchased for resale. At the same time, total research and development costs (including capitalized development costs) remained almost unchanged between fiscal years 2009 (EUR 5.8 billion) and 2008 (EUR 5.9 billion), which needs to be considered in the context of the new model rollouts planned for the next few years. Cost of sales additionally includes interest expenses of EUR 2,789 million (2008: EUR 2,871 million) attributable to the financial services business. Cost of sales contains the depreciation and amortization expense for 2009 relating to the purchase price allocation for Scania in an amount of EUR 0.3 billion (2008: EUR 0.6 billion). The Volkswagen Group's gross margin declined from 15.1% in fiscal year 2008 to 12.9% in fiscal year 2009 due to the factors presented above.

The increase in cost of sales in fiscal year 2008 compared with 2007 was attributable primarily to higher costs for production materials, higher costs for goods purchased for resale and higher personnel expenses due to the positive business growth. Cost of sales also includes interest expenses of EUR 2,871 million (2007: EUR 2,429 million) attributable to the financial services business. The gross margin increased slightly because of the factors presented above from 15.0% in fiscal year 2007 to 15.1% in fiscal year 2008. Cost of sales contains the depreciation and amortization expense for 2008 from the purchase price allocation for Scania. Excluding these effects, Volkswagen's gross margin would have risen by 0.5 percentage points to 15.6%.

10.4.3 Distribution and administrative expenses

Distribution and administrative expenses remained almost unchanged at EUR 13,276 million in fiscal year 2009 compared with EUR 13,294 million in fiscal year 2008, after rising by EUR 1,567 million or 13.4%, from EUR 11,727 million in fiscal year 2007 to EUR 13,294 million in fiscal year 2008.

The following table shows Volkswagen's distribution and administrative expenses and the ratio of these expenses to sales revenue in, and changes between, fiscal years 2009, 2008 and 2007:

	Period from January 1 to December 31			Change	Change
	2009 (audited)	2008 (audited)	2007 (audited)	2009/2008 (unaudited)	2008/2007 (unaudited)
	in EUR million				
Distribution expenses	10,537	10,552	9,274	−0.1%	+13.8%
as % of sales revenue (unaudited)	10.0%	9.3%	8.5%		
Administrative expenses	2,739	2,742	2,453	−0.1%	+11.8%
as % of sales revenue (unaudited)	2.6%	2.4%	2.3%		
	13,276	**13,294**	**11,727**	**−0.1%**	**+13.4%**

Distribution expenses, which include shipping, advertising and sales promotion costs in addition to non-staff overheads and personnel expenses, as well as depreciation and amortization attributable to the distribution function, declined by EUR 15 million or 0.1%, from EUR 10,552 million in fiscal year 2008 to EUR 10,537 million in fiscal year 2009, after rising by EUR 1,278 million or 13.8%, from EUR 9,274 million in fiscal year 2007 to EUR 10,552 million in fiscal year 2008.

Despite the 7.6% decrease in sales revenue and the 6.1% decrease in unit sales (excluding the Chinese joint ventures), distribution expenses in fiscal year 2009 were almost on a level with fiscal year 2008, at EUR 10,537 million, due to the intensified marketing activities. The ratio of distribution expenses to sales revenue increased from 9.3% in fiscal year 2008 to 10.0% in fiscal year 2009. The consolidation of Scania for the full fiscal year had the effect of increasing distribution expenses, while the decrease in sales volume (excluding the Chinese joint ventures) resulted in decreasing distribution expenses.

The increase in distribution expenses in fiscal year 2008 compared with 2007 is primarily a result of the initial consolidation of Scania and a rise in marketing costs. The main reasons for the higher marketing expenses were the growing competitive pressure, which required increased marketing efforts, as well as expenditures on increased communication activities by Volkswagen. In addition, Volkswagen was one of the main sponsors of the 2008 Olympic Games in China. The ratio of distribution expenses to sales revenue increased from 8.5% in fiscal year 2007 to 9.3% in fiscal year 2008.

Administrative expenses mainly include non-staff overheads and personnel expenses attributable to the administrative functions, as well as depreciation and amortization. They declined by EUR 3 million or 0.1%, from EUR 2,742 million in fiscal year 2008 to EUR 2,739 million in fiscal year 2009, after rising by EUR 289 million or 11.8%, from EUR 2,453 million in fiscal year 2007 to EUR 2,742 million in fiscal year 2008. Administrative expenses in fiscal year 2009 were at the same level as in the previous year, while the rise in fiscal year 2008 was the result of expansion of the consolidated group.

10.4.4 Other operating income

Other operating income primarily comprises income from the reversal of valuation allowances on receivables and other assets, income from the reversal of provisions and accruals, income from foreign currency hedging derivatives and foreign exchange gains. Foreign exchange gains mainly comprise gains from changes in exchange rates between the dates of recognition and payment of receivables and liabilities denominated in foreign currencies, as well as exchange rate gains resulting from measurement at the closing rate. Foreign exchange losses from these items are included in other operating expenses.

Other operating income declined by EUR 866 million or 9.9%, from EUR 8,770 million in fiscal year 2008 to EUR 7,904 million in fiscal year 2009, after rising by EUR 2,776 million or 46.3%, from EUR 5,994 million in fiscal year 2007 to EUR 8,770 million in fiscal year 2008.

The following table shows the composition of Volkswagen's other operating income and the ratio of this income to sales revenue in, and changes between, fiscal years 2009, 2008 and 2007:

	Period from January 1 to December 31			**Change 2009/2008 (unaudited)**	**Change 2008/2007 (unaudited)**
	2009 (audited)	**2008 (audited)**	**2007 (audited)**		
	in EUR million				
Income from reversal of valuation allowances on receivables and other assets	577	424	369	+36.1%	+14.9%
Income from reversal of provisions and accruals	945	1,532	877	−38.3%	+74.7%
Income from foreign currency hedging derivatives	2,217	2,445	1,390	−9.3%	+75.9%
Income from foreign exchange gains	1,624	2,254	1,093	−28.0%	>+100.0%
Income from sale of promotional material	172	175	177	−1.7%	−1.1%
Income from cost allocations	590	770	903	−23.4%	−14.7%
Income from investment property	58	60	56	−3.3%	+7.1%
Gains on asset disposals	71	29	47	>+100.0%	−38.3%
Miscellaneous other operating income	1,651	1,081	1,082	+52.7%	−0.1%
	7,904	**8,770**	**5,994**	**−9.9%**	**+46.3%**
as % of sales revenue (unaudited)	**7.5%**	**7.7%**	**5.5%**		

Other operating income decreased by 9.9% year-on-year in fiscal year 2009. This was primarily a result of the declining income from foreign currency hedging and lower income from the reversal of provisions. The accounting profit from the sale of Volkswagen Caminhões amounting to EUR 556 million is reported in miscellaneous other operating income in fiscal year 2009. The high level of income from the reversal of provisions in fiscal year 2008 was related to the derecognition of significant uncertain obligations.

Other operating income increased by 46.3% year-on-year in fiscal year 2008. This was primarily due to positive foreign currency hedging effects. Both income from foreign currency hedging derivatives (EUR 1,055 million) and income from foreign exchange gains (EUR 1,161 million) recorded an increase.

10.4.5 Other operating expenses

Other operating expenses primarily comprise valuation allowances on receivables and other assets, losses from foreign currency hedging derivatives and foreign exchange losses versus the euro.

Other operating expenses remained almost unchanged in fiscal year 2009, at EUR 6,352 million compared with EUR 6,339 million in fiscal year 2008, after rising by EUR 1,929 million or 43.7%, from EUR 4,410 million in fiscal year 2007 to EUR 6,339 million in fiscal year 2008.

The following table shows the composition of Volkswagen's other operating expenses and the ratio of these expenses to sales revenue in, and changes between, fiscal years 2009, 2008 and 2007:

	Period from January 1 to December 31			Change	Change
	2009 (audited)	2008 (audited)	2007 (audited)	2009/2008 (unaudited)	2008/2007 (unaudited)
	in EUR million				
Valuation allowances on receivables and other assets	1,682	1,021	610	+64.7%	+67.4%
Losses from foreign currency hedging derivatives	1,336	1,209	780	+10.5%	+55.0%
Foreign exchange losses	1,834	2,555	1,410	−28.2%	+81.2%
Expenses from cost allocations	161	223	202	−27.8%	+10.4%
Expenses for termination agreements	41	27	94	+51.9%	−71.3%
Losses on disposal of noncurrent assets	33	59	–	−44.1%	–
Miscellaneous other operating expenses	1,265	1,245	1,314	+1.6%	−5.3%
	6,352	**6,339**	**4,410**	**+0.2%**	**+43.7%**
as % of sales revenue (unaudited)	**6.0%**	**5.6%**	**4.0%**		

The change in other operating expenses in fiscal year 2009 compared with 2008 was driven by an increase in valuation allowances on receivables and other assets (EUR 661 million), especially for dealer financing in the Financial Services Division, which was more than offset by a sharp reduction in foreign exchange losses (EUR 721 million). Losses from foreign currency hedging derivatives and foreign exchange losses mainly resulted from losses on changes in exchange rates between the dates of recognition and payment of receivables and liabilities denominated in foreign currencies, as well as exchange rate losses resulting from measurement at the closing rate.

The sharp rise in fiscal year 2008 compared with the previous year related primarily to valuation allowances on receivables and other assets (EUR 411 million), losses from foreign currency hedging derivatives (EUR 429 million) and foreign exchange losses (EUR 1,145 million). The main currencies affected by losses from foreign currency hedging derivatives and exchange rate losses were sterling, the Czech koruna, the Russian ruble, the Polish zloty and the Korean won. Additionally, higher valuation allowances on receivables were necessary, especially in the Financial Services Division.

10.4.6 Operating profit

Operating profit declined by EUR 4,478 million or 70.7%, from EUR 6,333 million in fiscal year 2008 to EUR 1,855 million in fiscal year 2009, after rising by EUR 182 million or 3.0%, from EUR 6,151 million in fiscal year 2007 to EUR 6,333 million in fiscal year 2008.

The following table shows the changes in Volkswagen's operating profit by division for fiscal years 2009, 2008 and 2007:

	Period from January 1 to December 31		
	2009	2008	2007
		(unaudited) in EUR million	
Automotive[1]	1,264	5,428	5,194
as % of sales revenue of the Automotive Division	1.4%	5.3%	5.3%
Financial Services	591	905	957
as % of sales revenue of the Financial Services Division	4.9%	8.1%	9.4%
Volkswagen Group	**1,855**	**6,333**	**6,151**
as % of Group sales revenue	1.8%	5.6%	5.6%

1 Including allocation of consolidation adjustments between the Automotive and Financial Services Divisions.

The Automotive Division's operating profit declined by EUR 4,164 million or 76.7%, from EUR 5,428 million in fiscal year 2008 to EUR 1,264 million in fiscal year 2009.

At a total of EUR 4.6 billion, the largest negative factors driving the change in operating profit in fiscal year 2009 were the decline in the sales volume, shifts in the product and market mix, and declining prices. The shift in the product mix towards smaller vehicles had a particularly adverse effect. Operating profit was also negatively affected by exchange rate movements – including in relation to currencies such as the Russian ruble, the Swedish krona or the Polish zloty – amounting to EUR 1.2 billion. Reduced production costs due to optimized procurement terms and productivity enhancements again had a positive effect on operating profit. In fiscal year 2009, savings totaling EUR 1.0 billion were achieved in these areas. Improvements in fixed costs made an additional positive contribution of EUR 0.3 billion to operating profit. The sale of Volkswagen Caminhões to the MAN Group increased operating profit by a total of EUR 0.3 billion. Despite the sharp downturn in demand in the truck market, Scania contributed EUR 0.1 billion to operating profit. Because of the difficult conditions prevailing on the financial markets, the contribution by the Financial Services Division was EUR 314 million lower than in fiscal year 2008.

The decline in the Financial Services Division's operating profit by EUR 314 million or 34.7%, from EUR 905 million in fiscal year 2008 to EUR 591 million in fiscal year 2009, was primarily a result of the higher risk costs in connection with the financial crisis, in particular an increase in valuation allowances on receivables and an increase in the risk provision for residual values.

The Automotive Division's operating profit rose by EUR 234 million or 4.5%, from EUR 5,194 million in fiscal year 2007 to EUR 5,428 million in fiscal year 2008. It was affected in particular by unfavorable exchange rate movements amounting to EUR 0.8 billion, especially the rise of sterling against the euro. Operating profit was positively affected by a decrease in production costs through improved procurement terms and productivity gains, which generated savings amounting to a total of EUR 1.0 billion. In addition, the increase in the sales volume, shifts in the model mix and an increase in prices contributed EUR 0.1 billion to operating profit, while a further EUR 0.1 billion was contributed by lower fixed costs. Scania had a negative impact of EUR 0.3 billion due to depreciation and amortization expenses in connection with the purchase price allocation.

The decline in the Financial Services Division's operating profit by EUR 52 million or 5.4%, from EUR 957 million in fiscal year 2007 to EUR 905 million in fiscal year 2008, was primarily a result of the difficult situation on the financial markets, the resulting increase in refinancing costs and higher valuation allowances on receivables in an amount of EUR 303 million.

The following table presents the operating result (operating profit or loss) by the operating segments reported for the first time in fiscal year 2009 (with comparative figures for fiscal year 2008).

	Period from January 1 to December 31		
	2009 (audited)	2008 (audited)	2007[1] (unaudited)
		in EUR million	
Passenger Cars and Light Commercial Vehicles[2]	2,020	6,431	5,909
Scania[3]	236	417	–
Volkswagen Financial Services[4]	606	893	957
Total Segments	**2,862**	**7,741**	**6,866**
Reconciliation[5]	−1,007	−1,408	−715
Volkswagen Group	**1,855**	**6,333**	**6,151**

1 The comparative figures for fiscal year 2007 were taken from the segment reporting in the notes to the consolidated financial statements of Volkswagen Aktiengesellschaft for fiscal year 2008 and were not adjusted to reflect the new segment structure. The sales revenue of the former Automotive reporting segment in fiscal year 2007 was allocated to the sales revenue of the Passenger Cars and Light Commercial Vehicles segment.

2 The Passenger Cars and Light Commercial Vehicles segment largely corresponds to the previous Automotive segment.

3 The Scania segment comprises in particular the development, production and sale of trucks, the corresponding genuine parts business and the supply of financial services. The Scania brand was only consolidated as of July 22, 2008 and was initially split between the Automotive and Financial Services segments in the 2008 consolidated financial statements.

4 The Volkswagen Financial Services segment corresponds to the previous Financial Services segment excluding Scania's financial services activities.

5 The reconciliation contains activities that do not by definition form part of the segments. It also contains all of the unallocated Group financing activities that were previously included in the Automotive segment. Consolidation adjustments between the segments (including the purchase price allocation for Scania) and the holding company functions are also contained in the reconciliation.

10.4.7 Financial result

The financial result declined by EUR 870 million, from EUR 275 million in fiscal year 2008 to EUR – 595 million in fiscal year 2009, after previously declining by EUR 117 million or 29.9%, from EUR 392 million in fiscal year 2007 to EUR 275 million in fiscal year 2008.

There were two main reasons for the sharp decline in fiscal year 2009. First, the negative share of the result of the MAN group offset the improved Group's share of the results of the Chinese joint ventures. Second, the low level of interest rates in particular reduced net interest income and net income from securities relating to Volkswagen's cash investments. The reasons for the decrease in fiscal year 2008 were negative effects from the valuation of financial instruments and higher finance costs, which exceeded the positive development of earnings at the equity-method investments.

The financial result does not include the result of the Financial Services Division, whose gross profit is composed of the sales revenue of the Financial Services Division, reduced by the corresponding cost of sales, in particular the Division's (re)financing costs.

10.4.7.1 Share of profits and losses of equity-accounted investments

The share of profits and losses of equity-accounted investments declined by EUR 209 million or 23.0%, from EUR 910 million in fiscal year 2008 to EUR 701 million in fiscal year 2009, after rising by EUR 176 million or 24.0%, from EUR 734 million in fiscal year 2007 to EUR 910 million in fiscal year 2008.

The following table shows the composition of Volkswagen's share of the profits and losses of equity-accounted investments in, and changes between, fiscal years 2009, 2008 and 2007:

	Period from January 1 to December 31				
	2009 (audited)	**2008 (audited)**	**2007 (audited)**	**Change 2009/2008 (unaudited)**	**Change 2008/2007 (unaudited)**
	in EUR million				
Share of profits of equity-accounted investments	850	914	820	−7.0%	+11.5%
of which: from joint ventures	849	532	443	+59.6%	+20.1%
of which: from associates	1	382	377	−99.7%	+1.3%
Share of losses of equity-accounted investments	149	4	86	>+100.0%	−95.4%
of which: from joint ventures	41	4	86	>+100.0%	−95.4%
of which: from associates	108	–	0	–	–
	701	**910**	**734**	**−23.0%**	**+24.0%**

The main changes in fiscal year 2009 compared with 2008 related to the share of profits of equity-accounted investments from joint ventures (EUR 317 million) and associates (EUR – 381 million), as well as the share of losses of associates (EUR 108 million). In the case of the equity-accounted investments, the positive share of the profits of the Chinese joint ventures (operating profit for 2009 calculated on a *pro rata* basis: EUR 774 million) was offset by the share of the manifestly negative result of MAN. Only the share of the profit or loss for December 2009 of the 49.9% interest in Porsche Zwischenholding GmbH, which in turn has a 100% interest in the operating company Dr. Ing. h.c. F. Porsche Aktiengesellschaft, acquired by Volkswagen in December 2009 and accounted for using the equity method was included in the share of profits and losses of equity-accounted investments.

Even if this acquisition had been effective as of January 1, 2009, the Company believes that the (49.9%) share of the profit or loss of Porsche Zwischenholding GmbH that would have been received for the full fiscal year 2009 using the equity method would not have had any material effect on Volkswagen's results of operations in fiscal year 2009. In connection with equity method accounting, the share of the profit or loss of Porsche Zwischenholding GmbH to be received is reduced by subsequent accounting for the transaction, i.e. in particular the depreciation and amortization of, and impairment losses recognized on, hidden reserves identified so far in the course of preliminary purchase price allocation. The identified hidden reserves relate in particular to intangible assets (especially brand names), items of property, plant and equipment, and inventories (especially finished goods). On this basis, the Company expects a high level of expenses from additional depreciation, amortization and impairment losses following the acquisition in the course of equity method accounting during the first year, which will decline substantially in the second year following the acquisition and successively in the subsequent periods. Due to the equity method accounting, this expense will reduce the share of the profits or losses of Porsche Zwischenholding GmbH received by Volkswagen in all years.

The main changes in fiscal year 2008 compared with the previous year related to the increase in the share of profits (EUR 89 million) and losses (EUR 82 million) of equity-accounted investments in joint ventures. The overall positive development in the share of profits and losses of equity-accounted investments is mainly a result of the Group's share of the profits and losses of the Chinese joint ventures and of MAN, whereas Scania was only included in this item until the date of its initial consolidation on July 22, 2008. As a result of improved earnings prospects, impairment losses of EUR 106 million recognized on joint ventures in the previous years were reversed in fiscal year 2008.

10.4.7.2 Finance costs

With the exception of interest expenses of the Financial Services Division, which are reported in cost of sales, finance costs include all other interests expenses of the Volkswagen Group. They rose by EUR 453 million or 25.0%, from EUR 1,815 million in fiscal year 2008 to EUR 2,268 million in fiscal year 2009, after previously rising by EUR 168 million or 10.2%, from EUR 1,647 million in fiscal year 2007 to EUR 1,815 million in fiscal year 2008.

The following table shows the composition of Volkswagen's finance costs in, and changes between, fiscal years 2009, 2008 and 2007:

	Period from January 1 to December 31			Change	Change
	2009 (audited)	2008 (audited)	2007 (audited)	2009/2008 (unaudited)	2008/2007 (unaudited)
	in EUR million				
Other interest and similar expenses	1,139	998	1,032	+14.1%	−3.3%
Interest cost included in lease payments	10	10	9	0.0%	+11.1%
Interest expenses	**1,148**	**1,008**	**1,041**	**+13.9%**	**−3.2%**
Interest component of additions to pension provisions	715	669	579	+6.9%	+15.5%
Interest cost on other liabilities	405	138	27	>+100.0%	>+100.0%
Interest cost on liabilities	**1,120**	**807**	**606**	**+38.8%**	**+33.2%**
Finance costs	**2,268**	**1,815**	**1,647**	**+25.0%**	**+10.2%**

The increase in finance costs in fiscal year 2009 compared with 2008 was primarily due to higher accrued interest costs on provisions as a consequence of the decline in interest rates, and higher financial liabilities arising from bonds not issued by the Financial Services Division.

The increase in finance costs in fiscal year 2008 compared with the previous year was driven in particular by the higher interest component of additions to pension provisions (EUR 90 million) and the higher accrued interest cost on other liabilities (EUR 111 million). These effects were primarily the result of changes in discount rates.

10.4.7.3 Other financial result

The other financial result, which does not contain the result of the business activities of the Financial Services Division that is included in Volkswagen's operating profit, declined by EUR 208 million or 17.6%, from EUR 1,180 million in fiscal year 2008 to EUR 972 million in fiscal year 2009, after previously declining by EUR 125 million or 9.6%, from EUR 1,305 million in fiscal year 2007 to EUR 1,180 million in fiscal year 2008.

The following table shows the composition of Volkswagen's other financial result in, and changes between, fiscal years 2009, 2008 and 2007:

	Period from January 1 to December 31			**Change**	**Change**
	2009 (audited)	**2008 (audited)**	**2007 (audited)**	**2009/2008 (unaudited)**	**2008/2007 (unaudited)**
	in EUR million				
Income from profit and loss transfer agreements	23	20	17	+15.0%	+17.7%
Cost of loss absorption	56	36	16	+55.6%	>+100.0%
Other income from equity investments	44	45	38	−2.2%	+18.4%
Other expenses from equity investments	31	35	182	−11.4%	−80.8%
Income and expenses from marketable securities and loans[1]	34	15	505	>+100.0%	−97.0%
Other interest and similar income	738	1,475	976	−50.0%	+51.1%
Gains and losses from fair value remeasurement and impairment of financial instruments	42	−244	−49	–	>−100.0%
Gains and losses from fair value remeasurement of ineffective hedging derivatives	228	−52	45	–	–
Gains and losses on hedges	−50	−8	−29	>−100.0%	+72.4%
Other financial result	**972**	**1,180**	**1,305**	**−17.6%**	**−9.6%**

[1] Including disposal gains and losses.

The main changes in fiscal year 2009 compared with 2008 related to the decrease in other interest and similar income (EUR 737 million), the increase in gains and losses from fair value remeasurement and impairment of financial instruments (EUR 286 million) and the increase in gains and losses from fair value measurement of ineffective hedging derivatives (EUR 280 million).

The main changes in fiscal year 2008 compared with the previous year related to the decrease in other expenses from equity investments (EUR 147 million), the decrease in income and expenses from marketable securities and loans (EUR 490 million), the increase in other interest and similar income (EUR 499 million) and the decrease in gains and losses from fair value measurement and impairment of financial instruments (EUR 195 million). 2007 was affected by the sale of marketable securities. The higher gross liquidity on annual average was reflected in the higher interest income in 2008. This was offset in 2008 by negative effects from the measurement of financial instruments, mainly due to impairment losses on marketable securities.

10.4.8 Income tax expense

Income tax expense declined by EUR 1,571 million or 81.8%, from EUR 1,920 million in fiscal year 2008 to EUR 349 million in fiscal year 2009, after previously declining by EUR 501 million or 20.7%, from EUR 2,421 million in fiscal year 2007 to EUR 1,920 million in fiscal year 2008.

The following table shows the composition of Volkswagen's income tax expense in, and changes between, fiscal years 2009, 2008 and 2007:

	Period from January 1 to December 31			Change	Change
	2009 (audited)	**2008 (audited)**	**2007 (audited)**	**2009/2008 (unaudited)**	**2008/2007 (unaudited)**
	in EUR million				
Current tax expense, Germany	508	1,355	1,873	−62.5%	−27.7%
Current tax expense, abroad	812	1,087	1,000	−25.3%	+8.7%
Current tax expense	**1,321**	**2,442**	**2,873**	**−45.9%**	**−15.0%**
of which prior-period income/expense	−32	−41	148	+22.0%	–
Income from reversal of tax provisions	−176	−104	−129	−69.2%	+19.4%
Current income tax expense	**1,145**	**2,338**	**2,744**	**−51.0%**	**−14.8%**
Deferred tax income/expense, Germany	−360	−86	104	> −100.0%	–
Deferred tax income, abroad	−436	−332	−427	−31.3%	+22.3%
Deferred tax income	**−796**	**−418**	**−323**	**−90.4%**	**−29.4%**
Income tax expense	**349**	**1,920**	**2,421**	**−81.8%**	**−20.7%**

In fiscal year 2009, in particular the current tax expense for Germany and the current tax expense abroad was EUR 847 million and EUR 275 million lower respectively than in 2008. This was due mainly to the decrease in profit in fiscal year 2009.

In fiscal year 2008, the current tax expense for Germany in particular was EUR 518 million lower than in the previous year. The decrease in the current tax expense for Germany by EUR 518 million, from EUR 1,873 million in fiscal year 2007 to EUR 1,355 million in fiscal year 2008, was due in particular to a decrease in the aggregate German tax rate from 38.3% to 29.5%.

10.5 Liquidity and capitalization

10.5.1 Consolidated cash flow statement

The following table shows Volkswagen's cash flow statements for the fiscal years ended December 31, 2009 and 2008 on the basis of the audited consolidated financial statements for fiscal year 2009, and for the fiscal year ended December 31, 2007 on the basis of the audited consolidated financial statements for fiscal year 2008.

Cash flows are presented in the cash flow statement classified into cash flows from operating activities, investing activities and financing activities, irrespective of the format of the balance sheet. In accordance with the amended IAS 7, cash flows from the acquisition or manufacture of assets that are exclusively held for rental to others and subsequently held for sale, as well as cash flows from their rental and sale, must be classified as cash flows from operating activities. As from fiscal year 2009 (with adjusted comparative figures for fiscal year 2008), Volkswagen therefore reports liquidity movements resulting from changes in leasing and rental assets in cash flows from operating activities (previously reported in cash flows from investing activities). Accordingly, changes in financial services receivables are also allocated to cash flows from operating activities. This leads to a uniform presentation of finance and leasing transactions in the consolidated cash flow statement.

In addition, transactions involving investment property are grouped with those relating to property, plant and equipment and intangible assets. Figures from 2007 and 2008 have been adjusted accordingly and are shown in the following table:

	Period from January 1 to December 31			
	2009 (audited)	**2008[1] (audited)**	**2007[1] (unaudited)**	**2007[2] (audited)**
	in EUR million			
Cash and cash equivalents at beginning of period (excluding time deposit investments)	**9,443**	**9,914**	**9,367**	**9,367**
Profit before tax	1,261	6,608	6,543	6,543
Income taxes paid	−529	−2,075	−1,172	−1,172
Depreciation and amortization of property, plant and equipment, intangible assets and investment property[1]	5,028	5,198	5,442	5,435
Amortization of capitalized development costs	1,586	1,392	1,843	1,843
Impairment losses on equity investments[1]	16	32	180	180
Depreciation of leasing and rental assets	2,247	1,816	1,773	1,780
Gain/loss on disposal of noncurrent assets	−547	37	18	32
Share of profit or loss of equity-accounted investments	−298	−219	−71	−71
Other noncash expense/income	727	765	−11	−11
Change in inventories	4,155	−3,056	−1,856	−1,856
Change in receivables (excluding financial services)	465	−1,333	−942	−942
Change in liabilities (excluding financial liabilities)	260	815	2,244	2,244
Change in provisions	1,660	509	1,657	1,657
Change in leasing and rental assets	−2,571	−2,734	−2,751	–
Change in financial services receivables	−719	−5,053	−3,588	–
Cash flows from operating activities	**12,741**	**2,702**	**9,311**	**15,662**
Investments in property, plant and equipment, intangible assets and investment property	−5,963	−6,896	−4,649	−4,638
Additions to capitalized development costs	−1,948	−2,216	−1,446	−1,446
Acquisition of equity investments	−3,989	−2,597	−1,238	−1,238
Change in leasing and rental assets	–	–	–	−2,763
Change in financial services receivables	–	–	–	−3,588
Disposal of equity investments	1,320	1	–	14
Proceeds from disposal of property, plant and equipment, intangible assets and investment property	153	95	212	185
Change in investments in securities	989	2,041	−1,742	−1,742
Change in loans and time deposit investments	−236	−1,611	−596	−596
Cash flows from investing activities	**−9,675**	**−11,183**	**−9,459**	**−15,812**
Capital contributions	4	218	211	211
Dividends paid	−874	−722	−497	−497
Capital transactions with minority interests	−392	−362	–	–
Other changes	23	−3	−12	−12
Proceeds from issue of bonds	15,593	7,671	9,516	9,516
Repayment of bonds	−10,202	−8,470	−8,484	−8,484
Change in other financial liabilities	1,405	9,806	93	93
Finance lease payments	−23	−15	−40	−40
Cash flows from financing activities	**5,536**	**8,123**	**787**	**787**
Effect of exchange rate changes on cash and cash equivalents	190	−113	−90	−90
Net change in cash and cash equivalents	**8,792**	**−471**	**547**	**547**
Cash and cash equivalents at end of period (excluding time deposit investments)	**18,235**	**9,443**	**9,914**	**9,914**
Cash and cash equivalents at end of period (excluding time deposit investments)	18,235	9,443	9,914	9,914
Securities and loans (including time deposit investments)	7,312	7,875	9,178	9,178
Gross liquidity	**25,547**	**17,318**	**19,092**	**19,092**
Total third-party borrowings	−77,599	−69,555	−57,992	−57,992
Net liquidity	**−52,052**	**−52,237**	**−38,900**	**−38,900**

1 Adjusted to reflect that, for the first time in fiscal year 2009, cash flows from the acquisition or manufacture of assets that are exclusively held for rental to others and subsequently held for sale, as well as cash flows from their rental and sale, are classified (in accordance with amended IAS 7) as cash flows from operating activities. In addition, transactions involving investment property are grouped with those relating to property, plant and equipment and intangible assets.

2 Audited disclosures before adjustment in accordance with amended IAS 7 as contained as comparative figures in the audited consolidated financial statements of Volkswagen Aktiengesellschaft for the fiscal year ended December 31, 2008.

Cash flows from operating activities – Cash flows from operating activities are derived indirectly from profit before tax. Profit before tax is adjusted to eliminate noncash expenses (mainly depreciation and amortization) and income. This results in cash flows from operating activities after accounting for changes in working capital.

Cash flows from operating activities rose by EUR 10,039 million, from EUR 2,702 million in fiscal year 2008 to EUR 12,741 million in fiscal year 2009. This is due primarily to the sharp reduction in stockpiled inventories and the decrease in receivables from the sale of vehicles in the Automotive Division. Stockpiled inventories have grown again in part in some markets since December 31, 2009. The low level of funds tied up in receivables from financial services also contributed to the sharp rise.

Adjusted cash flows from operating activities declined by EUR 6,609 million, from EUR 9,311 million in fiscal year 2007 to EUR 2,702 million in fiscal year 2008. This was due mainly to funds tied up in working capital, which was mainly attributable to higher receivables and inventories as a result of the unexpectedly strong decline in unit sales at the end of 2008, which led to a significant increase in stockpiled inventories. This effect was reinforced by the growth in the volume of business in the first six months of 2008 and an unavoidable delay in the realignment of production to match the decline in demand in the second half of 2008. This resulted in additional funds of EUR 3.2 billion being tied up in working capital.

Cash flows from investing activities – Investing activities include additions to property, plant and equipment, and noncurrent financial assets, as well as to capitalized development costs.

Cash flows from investing activities declined by EUR 1,508 million, from EUR −11,183 million in fiscal year 2008 to EUR −9,675 million in fiscal year 2009. The reasons for this decline were in particular lower investments in property, plant and equipment, lower capitalized development costs and the cash inflow of EUR 1,323 million from the sale of Volkswagen Caminhões to the MAN Group. The acquisition of the indirect interest in Dr. Ing. h.c. F. Porsche Aktiengesellschaft via Porsche Zwischenholding GmbH amounting to EUR 3.9 billion had an offsetting effect.

Adjusted cash flows from investing activities increased by EUR 1,724 million, from EUR −9,459 million in fiscal year 2007 to EUR −11,183 million in fiscal year 2008. The main reasons for this increase were the acquisition of the controlling majority in Scania and the increase in other investments in property, plant and equipment (investments in property, plant and equipment, intangible assets, and investment property) by EUR 2,247 million compared with fiscal year 2007 to EUR 6,896 million.

For further information on Volkswagen's investments, see the section entitled "*Description of the Business Activities of the Volkswagen Group – Investments*".

Cash flows from financing activities – Financing activities include outflows of funds from dividend payments and the redemption of bonds, as well as inflows from the issue of bonds and changes in other financial liabilities.

Cash flows from financing activities declined by EUR 2,587 million, from EUR 8,123 million in fiscal year 2008 to EUR 5,536 million in fiscal year 2009. The main reasons for this were lower cash inflows from net borrowings, lower cash inflows from the exercise of stock options and higher dividend payments.

Cash flows from financing activities rose by EUR 7,336 million, from EUR 787 million in fiscal year 2007 to EUR 8,123 million in fiscal year 2008. This was due to higher financial liabilities in connection with the growing volume of business in the Financial Services Division.

10.5.2 Sources of refinancing and other sources of liquidity

The Volkswagen Group primarily uses retained earnings and the money and capital markets as sources of refinancing by issuing bonds, commercial paper and notes, and asset-backed securities ("**ABS**"). Deposits from the direct banking business are also a significant element of the Volkswagen Group's refinancing strategy. In the credit market, Volkswagen was able to secure comprehensive liquidity reserves through confirmed credit lines. The syndicated facility alone provides the Group with up to EUR 7.8 billion until June 2012. See also the section "*Description of the Business Activities of the Volkswagen Group – Material agreements – 2005 loan agreement*". As at the date of this Prospectus, this amount has not been drawn down in whole or in part. Other bilateral confirmed credit lines amount to EUR 5.4 billion. Low-interest loans made available by national or multilateral development banks are also used to finance certain projects.

As part of its refinancing strategy, the Volkswagen Group pursues a uniform capital market and hedging strategy, as well as a common rating strategy. The Volkswagen Group's refinancing policy is to source funds with matching maturities that are as diversified as possible across currency areas, using a range of financing instruments and a broad investor base, and that exclude currency risks to a large extent, with the aim of covering its financing requirements using these instruments. In addition, it safeguards its solvency at all times by maintaining adequate cash reserves.

The Volkswagen Group's total debt (sum of noncurrent and current liabilities) amounted to EUR 139,749 million as of December 31, 2009, of which EUR 70,215 million was attributable to noncurrent liabilities and EUR 69,534 million to current liabilities. By contrast, the Volkswagen Group's total debt as of December 31, 2008 amounted to EUR 130,531 million (2007: EUR 113,419 million), of which EUR 65,729 million (2007: EUR 57,351 million) was attributable to noncurrent liabilities and EUR 64,802 million (2007: EUR 56,068 million) to current liabilities.

The following table presents an overview of Volkswagen's noncurrent and current financial liabilities as of December 31, 2009, 2008 and 2007:

	December 31								
	2009			2008			2007		
	current	non-current	carrying amount	current	non-current	carrying amount	current	non-current	carrying amount
	(audited) in EUR million								
Bonds	10,817	21,405	32,222	7,125	19,672	26,797	6,943	20,364	27,307
Commercial paper and notes	7,580	4,240	11,820	9,274	4,877	14,151	6,924	2,901	9,825
Liabilities to banks	5,878	6,864	12,742	7,918	4,662	12,580	5,082	2,777	7,859
Deposits from direct banking business	15,268	3,041	18,309	10,877	1,958	12,835	8,421	1,199	9,620
Loans	864	1,260	2,123	762	1,912	2,674	1,058	1,881	2,939
Bills of exchange	0	–	0	0	–	0	0	–	0
Finance lease liabilities	23	183	206	32	176	208	21	193	214
Financial liabilities to									
affiliated companies	177	–	177	130	–	130	190	–	190
joint ventures	–	–	–	–	–	–	16	–	16
associates	–	–	–	5	–	5	6	–	6
other investees and investors	–	–	–	–	–	–	16	–	16
	40,606	**36,993**	**77,599**	**36,123**	**33,257**	**69,380**	**28,677**	**29,315**	**57,992**

Despite the global financial and economic crisis and the corresponding difficult conditions prevailing on the money and capital markets, Volkswagen was always able to obtain sufficient financing by issuing bonds and ABS. The following overview illustrates the utilization of the Volkswagen Group's money and capital market programs as of December 31, 2009:

	Authorized volume	Amount utilized on December 31, 2009
	(unaudited) in EUR billion	
Commercial paper	17.7	4.4
Medium term notes	53.9	27.9
Other capital market programs	8.0	0.0
ABS	38.8	14.8
	118.4	**47.1**

In addition to financial liabilities, pension provisions and other provisions reported as noncurrent liabilities, and trade payables and other provisions reported as current liabilities, are the largest liability items.

10.5.3 Pension provisions

Provisions for pensions are recognized for benefits in the form of retirement, invalidity and dependents' benefits payable under pension plans. The benefits provided by Volkswagen vary according to the legal, tax and economic circumstances of the respective country, and usually depend on the length of service and remuneration of the employees.

Volkswagen provides occupational pensions under both defined contribution and defined benefit plans. In the case of defined contribution plans, Volkswagen makes contributions to state or private pension schemes based on legal or contractual requirements, or on a voluntary basis. Once the contributions have been paid, there are no further obligations for Volkswagen. The ongoing contribution payments are reported as expenses in the respective year.

Most pension plans are defined benefit plans, with a distinction made between pensions financed by provisions and externally funded plans.

The pension provisions for defined benefits are measured using the internationally accepted projected unit credit method in accordance with IAS 19, under which the future obligations are measured on the basis of the ratable benefit entitlements earned as of the balance sheet date. The measurement reflects assumptions as to trends in the relevant variables affecting the level of benefits. All defined benefit plans require actuarial calculations. Actuarial gains or losses arise from changes in the number of beneficiaries and differences between actual trends (for example, in salary and pension increases or changes in interest rates) and the assumptions on which calculations were based. Actuarial gains and losses are recognized in other comprehensive income.

Since 1996, the occupational pension arrangements at Volkswagen in Germany have been based on a specially developed expense-related pension model that is classified as a defined benefit plan under IAS 19. With effect from January 1, 2001, this model was further developed into a pension fund, with the annual remuneration-linked contributions being invested in funds by Volkswagen Pension Trust e.V. By investing in funds, this model offers an opportunity for increasing benefit entitlements, while at the same time fully safeguarding them. For this reason, almost all Group companies in Germany have now joined the fund. Since the fund investments held by the trust meet the criteria of IAS 19 for classification as plan assets, they are deducted from the obligation. Where the foreign Group companies provide collateral for obligations, this mainly takes the form of shares, fixed-income securities and real estate.

The following table shows the amounts recognized for defined benefit obligations in the balance sheet as of December 31, 2009, 2008 and 2007:

	December 31		
	2009 (audited)	2008 (audited)	2007 (audited)
	in EUR million		
Present value of funded obligations	4,120	3,240	3,330
Fair value of plan assets	3,852	3,153	3,422
Funded status (net)	268	87	−92
Present value of unfunded obligations	13,552	12,743	12,532
Unrecognized past service cost	36	22	31
Amount not recognized as an asset because of the limit in IAS 19	26	34	31
Net liability recognized in the balance sheet	**13,881**	**12,886**	**12,502**
of which: provisions for pensions	13,936	12,955	12,603
of which: other assets	54	69	101

The calculation of pension provisions in fiscal years 2009, 2008 and 2007 was based on the assumptions presented in the following table:

	Germany			Abroad		
	2009 (audited)	2008 (audited)	2007 (audited)	2009 (audited)	2008 (audited)	2007 (audited)
	(in %)					
Discount rate at Dec. 31	5.40	5.75	5.50	1.20-11.30	2.00-9.00	2.00-9.00
Expected return on plan assets	5.00	5.00	5.00	4.00-11.70	2.00-11.30	2.00-9.80
Salary trend	2.50	2.50	2.50	1.50-8.70	1.50-10.00	2.00-7.60
Pension trend	1.00-1.60	1.00-1.60	1.00-1.60	0.80-6.00	0.80-5.25	2.20-5.25
Employee turnover rate	0.75-1.00	0.75-1.20	0.75-1.40	2.00-18.00	1.50-5.75	3.00-5.25
Annual increase in healthcare costs	–	–	–	4.50-8.00	4.50-7.25	4.50-7.75

10.5.4 *Contingent liabilities and other financial obligations*

Contingent liabilities

The following table shows Volkswagen's contingent liabilities as of December 31, 2009, 2008 and 2007:

	December 31		
	2009 (audited)	**2008 (audited)**	**2007 (audited)**
		in EUR million	
Liabilities from guarantees	162	78	76
Liabilities from warranty contracts	48	30	27
Pledges on company assets as security for third-party liabilities	12	15	12
Other contingent liabilities[1]	905	590	369
	1,126	**713**	**484**

[1] Figure for fiscal year 2008 adjusted.

The trust assets of the savings and trustee companies belonging to the South American subsidiaries are not recognized in the consolidated balance sheet and amounted to EUR 818 million as of December 31, 2009 (December 31, 2008: EUR 501 million; December 31, 2007: EUR 620 million).

Other financial obligations

The following table shows Volkswagen's other financial obligations as of December 31, 2009, 2008 and 2007:

	December 31		
	2009 (audited)	**2008 (audited)**	**2007 (audited)**
		in EUR million	
Purchase commitments in respect of			
property, plant and equipment	2,359	1,978	1,977
intangible assets	173	184	168
investment property	1	1	1
Obligations from			
loan commitments to unconsolidated subsidiaries	105	99	71
irrevocable credit commitments to customers	1,725	1,758	1,898
long-term leasing and rental contracts	2,720	2,751	2,109
Other financial obligations	4,508	2,876	1,932

The other financial obligations from long-term rental and leasing agreements are partly offset by expected income from subleases in the amount of EUR 705 million.

In the course of the acquisition of a 100% equity interest in LeasePlan Corporation N.V., Amsterdam, and the subsequent sale of 50% of the shares to two co-investors, Volkswagen AG reached an agreement with the co-investors on put options entitling these investors to sell their shares to Volkswagen AG. On December 22, 2008, the co-investors announced that they would exercise their put options. In September 2009, Volkswagen agreed to purchase the shares from the co-investors for EUR 1.4 billion in fiscal year 2010. The simultaneous transfer of the purchased shares to a new co-investor still required the approval of the supervisory authorities as of December 31, 2009. The approval was granted on January 12, 2010.

On December 9, 2009, Volkswagen Aktiengesellschaft and Suzuki signed a master agreement to establish a long-term strategic partnership. The transaction was subject to the approval of the relevant authorities, which was granted on January 15, 2010. The purchase price of EUR 1.7 billion is included in other financial obligations and was paid in January 2010.

10.6 Net assets

The following discussion compares selected aspects of Volkswagen's net assets for the fiscal years ended December 31, 2009, 2008 and 2007.

10.6.1 *Intangible assets*

The following table shows intangible assets as of December 31, 2009, 2008 and 2007:

	December 31			Change	Change
	2009 (audited)	2008 (audited)	2007 (audited)	2009/2008 (unaudited)	2008/2007 (unaudited)
	in EUR million				
Intangible assets	**12,907**	**12,291**	**6,830**	**+5.0%**	**+80.0%**
of which:					
capitalized development costs	8,104	7,617	6,082	+6.4%	+25.2%
goodwill	2,929	2,771	201	+5.7%	>+100.0%

Intangible assets were only marginally higher as of December 31, 2009 than as of December 31, 2008. EUR 2,729 million of the goodwill reported as of December 31, 2009 (December 31, 2008: EUR 2,574 million) relates to Scania and EUR 153 million (December 31, 2008: EUR 151 million) relates to Škoda.

Intangible assets were EUR 5,461 million or 80% higher as of December 31, 2008 than as of December 31, 2007. This was due primarily to the fact that Scania and goodwill attributable to Scania were fully consolidated for the first time in the 2008 consolidated financial statements. In addition, capitalized development costs rose moderately. This was attributable to investments in technical and ecological expertise of the Volkswagen Group and the expansion of its product portfolio. EUR 2,574 million of the goodwill reported as of December 31, 2008 relates to Scania and EUR 151 million to Škoda (converted at the closing rate).

10.6.2 *Leasing and rental assets*

The following table shows leasing and rental assets as of December 31, 2009, 2008 and 2007:

	December 31			Change	Change
	2009 (audited)	2008 (audited)	2007 (audited)	2009/2008 (unaudited)	2008/2007 (unaudited)
	in EUR million				
Leasing and rental assets	**10,288**	**9,889**	**8,179**	**+4.0%**	**+20.9%**

The financial indicators shown above are for the Volkswagen Group. For financial indicators of the Financial Services Division (excluding Scania's financial services activities), see "*Market Overview and Competition – Financial Services Division – Market*" and "*Description of the Business Activities of the Volkswagen Group – Group divisions and their products and services – Financial Services Division – Key Financial Services Division figures*".

Leasing and rental assets relate to assets leased out under the terms of operating leases.

10.6.3 *Noncurrent and current financial services receivables*

The following table shows noncurrent and current financial services receivables as of December 31, 2009, 2008 and 2007:

	December 31			Change	Change
	2009 (audited)	2008 (audited)	2007 (audited)	2008/2009 (unaudited)	2008/2007 (unaudited)
	in EUR million				
Noncurrent receivables from financing business	**33,174**	**31,855**	**27,522**	**+4.1%**	**+15.7%**
of which:					
customer financing	22,815	20,302	18,471	+12.4%	+9.9%
dealer financing	856	981	774	−12.7%	+26.7%
receivables from finance leases	9,502	10,572	8,277	−10.1%	+27.7%
Current receivables from financing business	**27,403**	**27,035**	**24,914**	**+1.4%**	**+8.5%**
of which:					
customer financing	11,613	9,534	9,531	+21.8%	+0.0%
dealer financing	8,698	10,147	9,791	−14.3%	+3.6%
receivables from finance leases	6,793	7,096	5,395	−4.3%	+31.5%

The financial indicators shown above are for the Volkswagen Group. For financial indicators of the Financial Services Division (excluding Scania's financial services activities), see "*Market Overview and Competition – Financial Services Division – Market*" and *"Description of the Business Activities of the Volkswagen Group – Group divisions and their products and services – Financial Services Division – Key Financial Services Division figures"*.

Noncurrent receivables from the customer financing business mainly bear fixed interest at rates of between 0.0% and 24.0% in fiscal year 2009, 0.0% and 22.1% in fiscal year 2008 and 0.1% and 19.5% in fiscal year 2007, depending on the market condition. They have terms of up to 144 months in fiscal year 2009 and 84 months in fiscal years 2008 and 2007.

The receivables from customer and dealer financing are secured by vehicles or real property liens.

Noncurrent and current receivables from customer financing rose by EUR 2,513 million (12.4%) and EUR 2,079 million (21.8%), from EUR 20,302 million and EUR 9,534 million in fiscal year 2008 to EUR 22,815 million and EUR 11,613 million in fiscal year 2009, respectively. The main reason for this development was the significantly larger number of contracts as of December 31, 2009.

Noncurrent and current receivables from dealer financing declined by EUR 207 million (12.7%) and EUR 1,449 million (14.3%), from EUR 981 million and EUR 10,147 million in fiscal year 2008 to EUR 856 million and EUR 8,698 million in fiscal year 2009, respectively. This negative development was driven primarily by lower stockpiled inventories at dealers.

Noncurrent and current receivables from finance leases declined by EUR 1,070 million (10.1%) and EUR 303 million (4.3%), from EUR 10,572 million and EUR 7,096 million in fiscal year 2008 to EUR 9,502 million and EUR 6,793 million in fiscal year 2009, respectively. The decrease in receivables from finance leases in fiscal year 2009 was due primarily to a higher proportion of operating leases, which are reported as leasing and rental assets, as well as lower average values of new contracts in fiscal year 2009.

By contrast, noncurrent and current receivables from finance leases rose by EUR 2,295 million (27.7%) and EUR 1,701 million (31.5%), from EUR 8,277 million and EUR 5,395 million in fiscal year 2007 to EUR 10,572 million and EUR 7,096 million in fiscal year 2008. The increase in receivables from finance leases in fiscal year 2008 was due primarily to the integration of the financial services activities of Scania as of July 22, 2008.

Credit risk valuation allowances on financial assets – Volkswagen's credit risk valuation allowances on financial assets relate primarily to credit risks resulting from receivables attributable to the Volkswagen Group's financial services business. As of December 31, 2009, Volkswagen's credit risk valuation allowances on financial assets amounted to EUR 2,415 million (December 31, 2008: EUR 1,774 million; December 31, 2007: EUR 1,554 million). The increase in the valuation allowances by 36.1% between December 31, 2008 and December 31, 2009 (2007/2008: 14.2%) is due primarily to the global financial and economic crisis and the increased receivables volume.

The following table shows changes in credit risk valuation allowances on financial assets in fiscal years 2009, 2008 and 2007:

	Specific valuation allowances	Portfolio-based valuation allowances	2009	Specific valuation allowances	Portfolio-based valuation allowances	2008	Specific valuation allowances	Portfolio-based valuation allowances	2007
					in EUR million				
Balance at Jan. 1	1,155	619	1,774	991	563	1,554	1,114	590	1,704
Currency and other changes	37	18	56	58	5	63	1	−10	−9
Additions	1,348	118	1,467	741	115	856	437	88	525
Utilization	347	–	347	368	–	368	261	0	261
Reversals	249	286	535	182	149	331	295	111	406
Reclassification	−98	98	0	−85	85	0	−5	6	1
Balance at Dec. 31.	**1,847**	**568**	**2,415**	**1,155**	**619**	**1,774**	**991**	**563**	**1,554**

The ratio of valuation allowances to gross receivables for customer financing, dealer financing and finance leases maintained a comparable level in fiscal years 2007 and 2008; in fiscal year 2009, the ratio increased compared to the previous years – mainly as a result of the global financial and economic crisis.

Credit and default risks – The Volkswagen Group's credit and default risks primarily affect financial services receivables. Of the total receivables outstanding from financial assets as of December 31, 2009 (the amounts shown are gross carrying amounts, i.e. prior to impairment) with a volume of EUR 72,039 million (December 31, 2008: EUR 78,157 million; December 31, 2007: EUR 75,253 million), EUR 62,471 million (December 31, 2008: EUR 60,348 million; December 31, 2007: EUR 54,334 million) were attributable to financial services receivables. Of these amounts, EUR 3,760 million (December 31, 2008: EUR 2,587 million; December 31, 2007: EUR 2,254 million) was past due and not impaired as of December 31, 2009 and EUR 2,488 million (December 31, 2008: EUR 1,923 million; December 31, 2007: EUR 1,782 million) was impaired as of December 31, 2009.

The increase in past due and not impaired and in impaired financial services receivables is primarily a consequence of the global financial and economic crisis.

This trend is also reflected in the disproportionate 90.1% year-on-year increase in fiscal year 2009 compared with fiscal year 2008 (2007/2008: 66.4%) in the amount of financial services receivables past due and not impaired that were between 30 and 90 days past due. Financial services receivables that were more than 90 days past due also rose by 95.0% year-on-year in fiscal year 2009 (2007/2008: >+100%). Financial services receivables that were less than 30 days past due rose by 26.9% in fiscal year 2009 (2007/2008: −2.9% decrease).

In addition, the carrying amounts of financial instruments whose terms were renegotiated to avoid such financial instruments to become past due amounted to EUR 1,351 million as of December 31, 2009, of which EUR 1,330 million related to financial services receivables (December 31, 2008: EUR 849 million, of which EUR 849 million related to financial services receivables; December 31, 2007: EUR 490 million, of which EUR 478 million related to financial services receivables).

Credit classes – Volkswagen classifies receivables that are not impaired into two risk classes. Receivables rated as good in accordance with the Volkswagen Group's internal risk classification are contained in risk class 1. Receivables whose credit rating is not good but have not yet defaulted are contained in risk class 2.

The following table presents the credit ratings of receivables (gross carrying amounts) that are neither past due nor impaired in the corresponding risk classes:

	Risk class 1	Risk class 2	December 31, 2009	Risk class 1	Risk class 2	December 31, 2008	Risk class 1	Risk class 2	December 31, 2007
					(audited) in EUR million				
Measured at amortized cost									
Financial services receivables	48,221	8,002	56,223	47,651	8,187	55,838	42,493	7,805	50,298
Trade receivables	4,465	0	4,466	4,724	0	4,724	4,747	0	4,747
Other receivables	3,240	10	3,249	11,153	5	11,158	14,401	1	14,402
Measured at fair value	6,289	–	6,289	7,395	–	7,395	8,882	–	8,882
	62,214	**8,012**	**70,226**	**70,923**	**8,192**	**79,115**	**70,523**	**7,806**	**78,329**

10.6.4 Noncurrent and current financial liabilities

The following table shows the carrying amounts of noncurrent and current financial liabilities as of December 31, 2009, 2008 and 2007:

	December 31			Change	Change
	2009 (audited)	2008 (audited)	2007 (audited)	2008/2009 (unaudited)	2008/2007 (unaudited)
		in EUR million			
Noncurrent financial liabilities	**36,993**	**33,257**	**29,315**	**+11.2%**	**+13.4%**
of which:					
bonds	21,405	19,672	20,364	+8.8%	−3.4%
commercial paper and notes	4,240	4,877	2,901	−13.1%	+68.1%
liabilities to banks	6,864	4,662	2,777	+47.2%	+67.9%
deposits from direct banking business	3,041	1,958	1,199	+55.3%	+63.3%
loans	1,260	1,912	1,881	−34.1%	+1.6%
Current financial liabilities	**40,606**	**36,123**	**28,677**	**+12.4%**	**+26.0%**
of which:					
bonds	10,817	7,125	6,943	+51.8%	+2.6%
commercial paper and notes	7,580	9,274	6,924	−18.3%	+33.9%
liabilities to banks	5,878	7,918	5,082	−25.8%	+55.8%
deposits from direct banking business	15,268	10,877	8,421	+40.4%	+29.2%
loans	864	762	1,058	+13.4%	−28.0%

Financial liabilities with a remaining maturity of more than one year are classified as noncurrent, and financial liabilities with a remaining maturity of up to one year are classified as current.

Bonds and commercial paper and notes primarily contain asset-backed securities transactions with a volume of EUR 10,584 million in fiscal year 2009, EUR 13,117 million in fiscal year 2008 and EUR 13,015 million in fiscal year 2007 entered into to refinance the financial services business via consolidated special purpose entities.

Noncurrent and current financial liabilities from deposits from the direct banking business rose by EUR 5,474 million or 42.7%, from a total of EUR 12,835 million in fiscal year 2008 to a total of EUR 18,309 million in fiscal year 2009, after deposits from the direct banking business previously rose by EUR 3,215 million or 33.4%, from a total of EUR 9,620 million in fiscal year 2007 to a total of EUR 12,835 million in fiscal year 2008.

The sharp rise in deposits from the direct banking business in 2009 and 2008 was, in the view of the Company, due primarily to attractive products and conditions compared to other investment products.

10.6.5 Capital adequacy ratios

The Tier 1 capital ratio and the overall capital ratio of the Volkswagen financial holding group in accordance with the Kreditwesengesetz (KWG – German Banking Act) under the umbrella of Volkswagen Financial Services AG amounted to 11.2% and 11.4% on a consolidated basis as of December 31, 2009 (December 31, 2008: 8.8% and 10.8%; December 31, 2007: 7.0% and 8.9%). For details of the capital adequacy requirements, see the section entitled *"Description of the Business Activities of the Volkswagen Group – Regulatory environment – Regulatory environment of the Group's Financial Services Division – Capital adequacy requirements"*.

10.7 Information on the annual financial statements (HGB) of Volkswagen Aktiengesellschaft for fiscal year 2009

Volkswagen Aktiengesellschaft's annual financial statements for fiscal year 2009 were prepared in accordance with German generally accepted accounting principles of the Handelsgesetzbuch (HGB – German Commercial Code) and the provision of the Aktiengesetz (AktG – German Stock Corporation Act).

The Company generated sales of EUR 47,864 million in fiscal year 2009, a year-on-year decline of 15.6% due to the lower sales volume. Cost of sales declined by 14.9% to EUR 47,454 million. Gross profit on sales declined to EUR 410 million or 55.9%. Sales, general and administrative expenses increased, driven mainly by higher sales promotion costs. The ratio of sales, general and administrative expenses to sales was 10.0%, up from 7.7% in fiscal year 2008. At EUR 1,718 million, the other operating result was up 17.4% year-on-year, mainly due to the measurement of commodity price hedging transactions in accordance with the imparity principle. Lower interest income from liquidity investments was the main reason for the 5.0% decline in the financial result to EUR 4,453 million. Overall, the Company's result from ordinary activities declined by a total of 40.1% in fiscal year 2009 to EUR 1,512 million (2008: EUR 2,524 million). After deducting income taxes, net income amounted to EUR 1,082 million in fiscal year 2009 (2008: EUR 827 million).

Volkswagen Aktiengesellschaft's total assets amounted to EUR 61,334 million as of December 31, 2009 (December 31, 2008: EUR 56,685 million). At the balance sheet date, fixed assets amounted to EUR 38,636 million, 13.6% more than at December 31, 2008. A 29.8% decrease in receivables, including other assets, to EUR 10,376 million as of December 31, 2009 (December 31, 2008: EUR 14,777 million) was in contrast to by a significant increase in cash and bank balances to EUR 8,825 million (December 31, 2008: EUR 3,712 million), despite the investment in Porsche Zwischenholding GmbH. Equity (including special tax-allowable reserves) increased by 2.6% to EUR 12,121 million. The equity ratio (i.e. equity including special reserves in proportion to total assets) declined to 19.7% as of December 31, 2009 (December 31, 2008: 20.7%).

For further information on the annual financial statements of Volkswagen Aktiengesellschaft, please refer to the notes to the annual financial statements of the Company for fiscal year 2009, which are reproduced in the *"Financial Section"* of this Prospectus.

11. MARKET OVERVIEW AND COMPETITION

Volkswagen's Automotive Division is active in the global sales and production markets, in particular for passenger cars, as well as for light commercial vehicles, trucks, buses and original parts, and to a lesser extent in the markets for engines, and in the procurement markets for raw materials. In addition, Volkswagen's Financial Services Division is active in the market for financial services, in particular providing financial services in support of sales related to the Automotive Division.

Unless otherwise indicated, the following market information is based on the following sources: The information on vehicle sales and the production figures for passenger cars and light commercial vehicles in the market as a whole across all automobile manufacturers worldwide (including Volkswagen) as well as in the individual sales and production regions is taken from Global Insight. The information on the unit sales, delivery and production figures for the Volkswagen Group is taken from unaudited data of the Company. The information on Volkswagen's market share worldwide as well as in the individual markets is based in each case on the number of passenger cars and light commercial vehicles delivered to customers of the Volkswagen Group compared with the sales volumes for passenger cars and light commercial vehicles in each market as a whole on the basis of Global Insight. The Company draws attention to the fact that no assurance can be given that the vehicle classes and segments have been defined in the same way. As a result, there may be differences in particular in the distinction between passenger cars and light commercial vehicles (although the Company considers these to be minor).

The following section includes – among others – the terms "vehicle sales" or "sales", and "deliveries". As a general rule, the following varying meanings have to be differentiated: The term "vehicle sales" or "sales" (and all nouns and verbs formed with it) refers to the relevant market as a whole across all automobile manufacturers, unless otherwise indicated. The meaning of the term "vehicle sales" or "sales" (and nouns and verbs formed with it) follows the definition used in Global Insight. Global Insight generally determines vehicle sales or sales in countries with a motor vehicle registration authority on the basis of the number of newly registered vehicles in each year. In countries without a corresponding registration authority, Global Insight relies on various other sources. These include sales figures published by dealers, trade organizations, lobby groups, or automobile manufacturers, or figures from government surveys (for instance for tax purposes). By contrast, the term "deliveries" (and all nouns and verbs formed with it) is only used in connection with Volkswagen Group vehicles. Accordingly, its meaning is oriented on the definition used by the Volkswagen Group: Delivery of a vehicle is only completed when the vehicle has been handed over to the customer. In exceptional cases, reference is made to the vehicle sales volume in connection with the Volkswagen Group. In this context, the term "unit sales" is also oriented on the definition used by the Volkswagen Group and describes the vehicles sold to external wholesalers, or to independent authorized dealers.

Accordingly, the Company wishes to draw attention to the fact that the meaning of the term "vehicle sales" or "sales" as used by Global Insight on the one hand, and the meaning of the terms "deliveries" or "delivery" and "unit sales" in connection with the Volkswagen Group on the other hand, are not entirely consistent. Although the Company is of the opinion that the meaning of the terms "vehicle sales" and "sales" used by Global Insight and "deliveries" in connection with the Volkswagen Group correspond to a large extent (the number of newly registered vehicles in a country generally corresponds to the number of vehicles delivered to customers in that country, as defined by Volkswagen), minor variations with respect to certain regions and countries cannot be excluded. Volkswagen's market shares are calculated in the following as the ratio of vehicles delivered to customers by the Volkswagen Group to the number of vehicles sold in the relevant market as a whole. The number of vehicles delivered by Volkswagen to customers is based on information provided by the Company, whereas the number of vehicles sold in the market as a whole is based on information provided by Global Insight. Volkswagen's market position is determined on the basis of its calculated market share in the relevant market as a whole on the basis of data from Global Insight. Information on the market positions of the Volkswagen Group's competitors is also based on Global Insight.

11.1 Automotive Division

The Volkswagen Group's business activities consist of the Automotive and Financial Services Divisions. Volkswagen's Automotive Division develops vehicles and engines, produces and sells passenger cars, light commercial vehicles, trucks and buses, and operates the genuine parts business. The Financial Services Division's portfolio of services includes customer and dealer financing, leasing, direct banking and insurance activities, as well as fleet management. The Financial Services Division's primary mission is to promote vehicle sales and customer loyalty to Volkswagen.

Volkswagen's key production markets for passenger cars and light commercial vehicles are located in Europe (in particular Germany), Asia (in particular China), South America (in particular Brazil) and North America (in particular Mexico). Volkswagen operates in the vehicle markets for passenger cars and light commercial vehicles both in highly developed industrialized nations (such as Germany and all other countries of Western Europe, USA and Japan) and in the emerging markets. The main markets for trucks are located in Western

Europe, Central and Eastern Europe and Latin America. The main markets for buses are located in Western Europe, Latin America and Asia.

In addition, Volkswagen is active in the production and markets for genuine parts. As a result of Volkswagen's business model in the genuine parts segment (the provision of genuine parts for the maintenance or repair of Volkswagen Group vehicles), these markets are subject mainly to the same conditions and factors as the sales and production markets for passenger cars and light commercial vehicles. For this reason, the sales and production markets for genuine parts are not shown separately in the following.

11.1.1 Global markets for passenger cars and light commercial vehicles

The following table provides an overview of worldwide sales of passenger cars and light commercial vehicles in the years 2007 to 2009:

	2009 (unaudited)	2008 (unaudited)	2007 (unaudited)	Change 2009/2008 (unaudited)	Change 2008/2007 (unaudited)
		(units)		(in %)	
Worldwide	**63,208,123**	**65,734,053**	**69,219,916**	**−3.8**	**−5.0**
Western Europe	**14,959,586**	**15,385,237**	**16,868,068**	**−2.8**	**−8.8**
of which: Germany	3,973,694	3,314,478	3,370,630	+19.9	−1.7
United Kingdom	2,188,196	2,430,080	2,748,901	−10.0	−11.6
France	2,642,657	2,510,175	2,526,611	+5.3	−0.7
Italy	2,335,549	2,384,392	2,740,529	−2.0	−13.0
Spain	1,060,018	1,328,003	1,891,645	−20.2	−29.8
Central and Eastern Europe	**2,841,161**	**5,251,790**	**4,833,744**	**−45.9**	**+8.6**
of which: Russia	1,475,096	2,937,696	2,593,135	−49.8	+13.3
Poland	364,125	381,331	349,674	−4.5	+9.1
Czech Republic	175,336	194,154	189,751	−9.7	+2.3
North America	**12,651,986**	**15,906,121**	**18,899,653**	**−20.5**	**−15.8**
of which: USA	10,437,460	13,247,542	16,157,197	−21.2	−18.0
Mexico	753,354	1,021,947	1,088,106	−26.3	−6.1
Canada	1,461,172	1,636,632	1,654,350	−10.7	−1.1
South America	**4,097,287**	**4,113,758**	**3,966,914**	**−0.4**	**+3.7**
of which: Brazil	3,004,900	2,672,684	2,376,603	+12.4	+12.5
Argentina	477,856	574,588	526,242	−16.8	+9.2
Asia-Pacific	**24,127,946**	**20,024,100**	**19,671,537**	**+20.5**	**+1.8**
of which: China	12,950,151	8,627,095	8,022,859	+50.1	+7.5
Japan	4,556,540	4,995,263	5,245,863	−8.8	−4.8
India	2,053,193	1,734,069	1,708,730	+18.4	+1.5
Other markets	**4,530,157**	**5,053,047**	**4,980,000**	**−10.3**	**+1.5**
of which: South Africa	378,971	514,053	648,989	−26.3	−20.8
Turkey	557,126	494,023	594,782	+12.8	−16.9

(Source: Global Insight)

The following table provides an overview of the number of passenger cars and light commercial vehicles delivered to customers of the Volkswagen Group in the years 2007 to 2009:

	2009 (unaudited)	2008 (unaudited)	2007 (unaudited)	Change 2009/2008 (unaudited)	Change 2008/2007 (unaudited)
		(units)		(in %)	
Worldwide	**6,286,043**	**6,171,295**	**6,142,849**	**+1.9**	**+0.5**
Western Europe	**2,899,285**	**2,974,643**	**3,111,563**	**−2.5**	**−4.4**
of which: Germany	1,244,025	1,058,773	1,055,037	+17.5	+0.4
United Kingdom	338,745	377,460	403,145	−10.3	−6.4
France	258,911	268,460	262,564	−3.6	+2.2
Italy	236,458	263,591	280,453	−10.3	−6.0
Spain	223,779	277,688	366,391	−19.4	−24.2
Central and Eastern Europe	**381,913**	**556,012**	**496,784**	**−31.3**	**+11.9**
of which: Russia	94,131	131,275	80,917	−28.3	+62.2
Poland	78,137	76,593	71,876	2.0	+6.6
Czech Republic	77,652	79,302	86,881	−2.1	−8.7
North America	**467,344**	**501,595**	**529,092**	**−6.8**	**−5.2**
of which: USA	297,973	314,513	329,234	−5.3	−4.5
Mexico	117,966	137,713	154,648	−14.3	−11.0
Canada	51,405	49,369	45,210	+4.1	+9.2
South America	**808,842**	**745,759**	**700,699**	**+8.5**	**+6.4**
of which: Brazil	682,520	586,317	545,144	+16.4	+7.6
Argentina	102,553	123,833	111,621	−17.2	+10.9
Asia-Pacific	**1,546,121**	**1,170,358**	**1,052,577**	**+32.1**	**+11.2**
of which: China[1]	1,400,013	1,024,007	910,494	+36.7	+12.5
Japan	53,902	61,586	67,469	−12.5	−8.7
India	19,002	18,756	12,744	+1.3	+47.2
Other markets	**182,538**	**222,928**	**252,134**	**−18.1**	**−11.6**
of which: South Africa	51,927	72,384	101,079	−28.3	−28.4
Turkey	48,574	54,019	69,387	−10.1	−22.1

(Source: Volkswagen Group data)

[1] Including the total number of vehicles delivered to customers by the two Chinese joint ventures, in which Volkswagen holds an interest of 50% and 40% respectively (accounted for using the equity method).

The following table provides an overview of Volkswagen's worldwide market share and in various regions in the years 2007 to 2009.

	2009[1] (unaudited)	2008[1] (unaudited)	2007[1] (unaudited)	Change 2009/2008 (unaudited)	Change 2008/2007 (unaudited)
		(in %)		(in percentage points)	
Worldwide	**9.9**	**9.4**	**8.9**	**+0.5**	**+0.5**
Western Europe	**19.4**	**19.3**	**18.4**	**+0.1**	**+0.9**
of which: Germany	31.3	31.9	31.3	−0.6	+0.6
United Kingdom	15.5	15.5	14.7	+0.0	+0.8
France	9.8	10.7	10.4	−0.9	+0.3
Italy	10.1	11.1	10.2	−1.0	+0.9
Spain	21.1	20.9	19.4	+0.2	+1.5
Central and Eastern Europe	**13.4**	**10.6**	**10.3**	**+2.8**	**+0.3**
of which: Russia	6.4	4.5	3.1	+1.9	+1.4
Poland	21.5	20.1	20.6	+1.4	−0.5
Czech Republic	44.3	40.8	45.8	+3.5	−5.0
North America	**3.7**	**3.2**	**2.8**	**+0.5**	**+0.4**
of which: USA	2.9	2.4	2.0	+0.5	+0.4
Mexico	15.7	13.5	14.2	+2.2	−0.7
Canada	3.5	3.0	2.7	+0.5	+0.3
South America	**19.7**	**18.1**	**17.7**	**+1.6**	**+0.4**
of which: Brazil	22.7	21.9	22.9	+0.8	−1.0
Argentina	21.5	21.6	21.2	−0.1	+0.4
Asia-Pacific	**6.4**	**5.8**	**5.4**	**+0.6**	**+0.4**
of which: China[2]	10.8	11.9	11.3	−1.1	+0.6
Japan	1.2	1.2	1.3	+0.0	−0.1
India	0.9	1.1	0.7	−0.2	+0.4
Other markets[2]	**4.0**	**4.4**	**5.1**	**−0.4**	**−0.7**
of which: South Africa	13.7	14.1	15.6	−0.4	−1.5
Turkey	8.7	10.9	11.7	−2.2	−0.8

(Source: Global Insight and Volkswagen Group data)

1 Volkswagen's market shares are calculated as the ratio of vehicles delivered to customers by the Volkswagen Group to the number of vehicles sold in the market as a whole. The number of vehicles delivered by Volkswagen to customers is based on information provided by the Company, whereas the number of vehicles sold in the market as a whole is based on information provided by Global Insight.

2 Including the total number of vehicles delivered to customers by the two Chinese joint ventures, in which Volkswagen holds an interest of 50% and 40% respectively (accounted for using the equity method).

(i) General market environment

In 2009, sales of passenger cars and light commercial vehicles worldwide decreased by 3.8% year-on-year to 63.208 million vehicles (2008: 65.734 million; 2007: 69.220 million) (source: Global Insight). The decline in vehicle sales in 2008 compared with 2007 was 5.0%. The general conditions for the automobile industry in the worldwide markets for passenger cars and light commercial vehicles were affected by a range of different factors in this period. The global financial and economic crisis in particular had a material adverse effect on customer demand for passenger cars and light commercial vehicles. By contrast, government vehicle purchase incentive programs (for example the German scrapping premium) temporarily increased customer demand in the markets for passenger cars and light commercial vehicles. In respect of light commercial vehicles this had little effect, although certain government vehicle purchase incentive programs also promoted the purchase of light commercial vehicles by individual business customers and some vehicle types in this segment are also bought by individual private customers (for example the VW Caddy). Measures taken by many governments have bolstered the global automobile market and even resulted in a significant increase in new registrations of passenger cars in certain markets. In the opinion of the Company, this generated not only additional demand, but also pull-forward effects: Many private customers made their purchase decisions for a new car in 2009 because of the government vehicle purchase incentive programs, and thus earlier than originally planned.

The following list provides an overview of the government incentives to support vehicle sales through subsidies for buyers of passenger cars and light commercial vehicles in the Volkswagen Group's main markets:

Germany: The scrapping premium had a total subsidy volume of EUR 5 billion. The maximum individual subsidy was EUR 2,500. The eligibility requirement was to scrap a registered passenger car or light commercial vehicle that was at least nine years old, and to purchase a new or up to one year old preregistered vehicle (*Jahreswagen*). In addition, a motor vehicle tax exemption for up to two years for the purchase of a particularly low-emission new vehicle was available. The scrapping premium ran from January to December 2009. The aggregate subsidy volume was completely exhausted in September 2009.

United Kingdom: The government incentive scheme to promote vehicle sales in the United Kingdom had a total subsidy volume of GBP 400 million. The maximum individual subsidy was GBP 2,000, GBP 1,000 of which came from the budget for the government measures to promote vehicle sales and GBP 1,000 from the manufacturer of the newly purchased vehicle. The eligibility requirement was to scrap a passenger car or light commercial vehicle that was at least ten years old and to purchase a new passenger car or light commercial vehicle. In addition, value added tax on the purchase of the new vehicle was reduced by 2 percentage points. The incentive scheme ran from mid-2009 until the beginning of March 2010.

France: The aggregate volume of the government incentives to promote vehicle sales in France is EUR 250 million. The maximum individual subsidy differs depending on the period concerned: it amounted to EUR 1,000 until December 2009; it amounts to EUR 750 from January to June 2010; and will be EUR 500 from July to December 2010. The eligibility requirement for the subsidy is to scrap a passenger car that is at least ten years old and to purchase a new car with emissions of no more than 160g CO_2/km (grams of carbon dioxide per kilometer), or for a business end-customer to purchase a new light commercial vehicle (for which no CO_2 emissions limit applies). The French vehicle purchase incentive program runs from January 2009 until December 2010.

Italy: The aggregate subsidy volume of the Italian vehicle sales incentive program was unlimited. The maximum individual subsidy was EUR 1,500 for passenger cars and EUR 2,500 for light commercial vehicles. The eligibility requirement for the subsidy was to scrap a vehicle that was at least ten years old with an emissions standard of Euro 0, Euro 1, or Euro 2, and at the same time to buy a new passenger car or light commercial vehicle with maximum emissions of 130g CO_2/km for vehicles with diesel engines, or 140g CO_2/km for vehicles with a petrol engine or other engine type. There was no CO_2 emissions limit attached to the purchase of a new light commercial vehicle. In addition, the purchase of new vehicles with engines other than diesel or petrol engines was subsidized by up to EUR 4,000 (depending on the engine and CO_2 emissions). The maximum possible individual subsidy from combining the various support measures was EUR 5,000 for passenger cars and EUR 6,500 for light commercial vehicles. The Italian vehicle purchase incentive program ran from February until December 2009 (new vehicles can still be registered until March 31, 2010).

Spain: The aggregate volume of Spanish incentives to promote vehicle sales amounts to EUR 600 million. The maximum individual subsidy is EUR 2,000. The eligibility requirement for the subsidy is to scrap a passenger car or light commercial vehicle that is at least ten years old. In addition, the Spanish government offers low-cost loans to buyers of passenger cars or light commercial vehicles. Buyers of new vehicles with a maximum price of EUR 30,000 and maximum CO_2 emissions of 140 CO_2/km (160g CO_2/km for light commercial vehicles) receive an interest-free loan of EUR 10,000 for five years if they scrap a passenger car or light commercial vehicle that is at least ten years old, or has been driven at least 250,000 kilometers, at the same time as the new vehicle is purchased. The Spanish vehicle purchase incentive program runs from December 1, 2008 until June 31, 2010.

USA: The aggregate subsidy volume of the US "cash for clunkers" vehicle purchase incentive program was USD 3 billion. The maximum individual subsidy varied between USD 3,500 and USD 4,500. The eligibility requirement for the subsidy was to scrap an old vehicle and to buy a lower-consumption new vehicle. The US program ran from July to August 2009.

Brazil: The aggregate subsidy volume of Brazilian vehicle purchase incentives was unlimited. The Brazilian government subsidizes the purchase of industrial goods (including motor vehicles) by reducing the excise taxes on these goods. The Brazilian vehicle purchase incentive program ran from May 2009 to March 2010.

China: The aggregate subsidy volume of Chinese vehicle purchase incentives is unlimited. For the purchase of a new passenger car with an engine capacity of less than 1.6 liters, the Chinese government has reduced the registration tax for passenger cars. In addition, buyers of low-consumption commercial vehicles receive a subsidy towards the purchase price. The Chinese vehicle purchase incentive program runs from March 2009 until December 2010.

(ii) Market description with respect to Volkswagen

In fiscal year 2009, Volkswagen delivered a total of 6.286 million passenger cars and light commercial vehicles worldwide to customers (2008: 6.171 million; 2007: 6.143 million). The most frequently delivered model in fiscal year 2009 was the VW Golf hatchback, with a 9.6% share of Volkswagen's worldwide vehicle deliveries. The VW Golf, VW Fox, VW Golf Plus, VW Jetta, VW Tiguan, VW Scirocco, VW Passat CC, Škoda Fabia, Škoda Superb and Audi Q5 models recorded growth worldwide.

Deliveries by almost all Volkswagen Group brands declined because of the global financial and economic crisis. Only the Volkswagen Passenger Cars and Škoda brands were able to increase their deliveries compared with the prior year, due in particular to high demand in Germany as a result of the scrapping premium and in China. Volkswagen is active in the vehicle markets of both highly developed industrial nations (e.g. Germany and all Western European countries, the USA and Japan) and in the emerging markets. Volkswagen considers the BRIC countries in particular to be among the emerging markets that the Company expects to offer significant potential for future growth in the worldwide market for vehicles.

In fiscal year 2009, Volkswagen delivered approximately 54% of its passenger cars and light commercial vehicles to customers in developed industrial nations (so called triad markets). In the same period, Volkswagen delivered approximately 46% of its passenger cars and light commercial vehicles to customers in emerging markets outside of the triad (of which: 34.9% to customers in BRIC countries). The Company expects the share of the worldwide sales volume attributable to emerging markets to increase. Of the vehicles delivered by Volkswagen to customers in BRIC countries in fiscal year 2009, approximately 1.4 million vehicles were attributable to customers in China (including the vehicles delivered by the two Chinese joint ventures), approximately 683 thousand vehicles to customers in Brazil, approximately 94 thousand vehicles to customers in Russia and approximately 19 thousand vehicles to customers in India. In addition, Volkswagen holds a 19.89% stake in Suzuki Motor Corporation ("**Suzuki**") that is accounted for using the equity method. Suzuki, through its equity interest in Suzuki Maruti India Ltd. in which Suzuki currently holds a 54.2% stake, produced approximately 774 thousand vehicles in India in fiscal year 2009 (which ended in March 2009) (source: Suzuki, Annual Report 2009).

For the worldwide delivery figures of the individual brands of the Volkswagen Group in fiscal years 2007 – 2009, see further the section *"Description of the Business Activities of Volkswagen – Group divisions and their products and services – Automotive Division – Group brands"*.

(iii) Competitive position

Volkswagen is exposed to both global and regional competition as a result of its worldwide business activities in the Automotive Division. The Company considers in particular BMW, Daimler, Fiat, Ford, General Motors, Honda, Hyundai/Kia, Peugeot-Citroen, Renault/Nissan and Toyota to be globally operating companies with a similar or comparable business model. Volkswagen was able to further extend its global competitive position in the markets for passenger cars and light commercial vehicles in 2009, despite the overall very difficult market environment. With a market share of 9.9% calculated by worldwide deliveries of vehicles to customers, Volkswagen ranked worldwide in second place behind Toyota. In 2008 (market share: 9.4%) and 2007 (market share: 8.9%), Volkswagen ranked third (source: Global Insight and Volkswagen Group data). The Company considers itself to be the market leader in the BRIC countries, calculated by the combined total number of passenger car and light commercial vehicle deliveries to customers in these countries, followed by General Motors and Hyundai/Kia.

(iv) Worldwide megatrends

From the perspective of the Company, the global environment in the markets for passenger cars and light commercial vehicles will be affected in the medium to long term mainly by a global shift in purchasing power, increasing awareness of environmental protection and sustainability issues, growing urbanization and the rising individualization of mobility requirements:

Global shift in purchasing power: The Company expects the global shift in purchasing power to increase. While the relative purchasing power of developed industrial nations, for instance in Europe, North America and in parts of Asia, is expected to decrease on average, the average purchasing power in the new growth markets, such as the BRIC countries, is expected to increase in the coming years. This trend will also likely be boosted in the new growth markets by the increasing number of highly-qualified women in these countries and the corresponding higher household income, as well as the general corresponding increase of motor vehicle ownership (number of motor vehicles per capita). This shift in purchasing power will present the global automotive industry with further sustained challenges, even after the global financial and economic crisis has been overcome in the developed industrial nations. At the same time, from the perspective of the Company, it can offer significant opportunities for growth in the new growth markets, in particular in the BRIC countries. The challenges in the developed industrial nations may include generating sufficiently high profitability from the sale of passenger cars and light commercial vehicles – despite decreasing purchasing power in relative terms and the associated pressures this is expected to exert on selling prices, and thus on profit margins. On the other hand, from the perspective of the Company, it may be easier in the growth markets to counter the generally lower absolute sales margins in these markets through an increase in sales revenue by increasing unit sales.

Increasing awareness of environmental protection and sustainability issues: The increasing awareness of environmental protection and sustainability issues in the global community of nations, of companies and of consumers, is expected to force the automotive industry to align its product portfolio to new and generally increasingly stringent environmental compatibility criteria. At the same time, this trend will result in greater demand for low-consumption and environmentally friendly vehicles, such as electric or hybrid drive vehicles. Also, the trend toward downsizing could continue. This trend can already be clearly identified for both private and business customers, especially in Western Europe. Also in the USA, traditionally in particular in California, the government has already stipulated fuel consumption and emissions limits for the automobile industry in the area of vehicle development and production in order to support this trend towards increased environmental protection. As a result of the global shortage of resources and the need to protect human living space, Eastern European and Asian countries, including the new growth markets, are also expected to follow this trend in the medium term.

Growing urbanization: The Company believes that the rate of urbanization is also on the increase globally, i.e. the share of the world's population living in cities (as opposed to rural areas). The worldwide influx of people into cities is causing an increase in traffic volume in these by nature limited spaces. This trend will be beneficial for local public transportation in the medium term, in particular railway transportation, both within as well as between cities. It will present the global automobile industry with new challenges to develop vehicles that are designed both for the city and for day-to-day driving, in particular in the smaller automobile segments, and to develop vehicles for transportation needs that cannot be met by public transportation – in particular by railway transportation – for technical or other reasons. From the perspective of the Company, this trend could have a positive effect on demand for buses.

Individualization of mobility requirements: Finally, the global increase in the individualization of the population's mobility requirements will continue. Currently, the automobile is still the most suitable means of transportation to meet the various individual mobility requirements of people around the world. However, a growing number of alternatives are emerging in the field of individual transportation. Alternative mobility concepts (such as car sharing) could emerge or develop further and lead to changes in the demand structures in the motor vehicle market.

11.1.1.1 The market in Western Europe

The market for passenger cars and light commercial vehicles in Western Europe primarily comprises Germany, the United Kingdom, France, Italy and Spain.

(i) General market environment

In Western Europe, sales of passenger cars and light commercial vehicles decreased slightly by 2.8% year-on-year in 2009 to 14.960 million vehicles, which corresponds to a share of worldwide vehicle sales of 23.7%. In 2008, a total of 15.385 million vehicles were sold in Western Europe, while 16.868 million vehicles were sold in 2007. The decrease in vehicle sales in 2008 compared with the prior year was 8.8% (source: Global Insight). A transnational shift in vehicle sales was recorded in Western Europe towards the mini and subcompact passenger car segment.

(ii) Market description with respect to Volkswagen

The market for passenger cars and light commercial vehicles in Western Europe was again the most important market worldwide for the Volkswagen Group in 2009. In fiscal year 2009, Volkswagen delivered 2.899 million passenger cars and light commercial vehicles to customers in Western Europe. The most frequently delivered model in fiscal year 2009 was the VW Golf hatchback, followed by the VW Polo hatchback and the SEAT Ibiza hatchback. Volkswagen delivered 2.975 million vehicles to customers in Western Europe in fiscal year 2008 and 3.112 million vehicles in fiscal year 2007.

(iii) Competitive position

In Western Europe, Volkswagen was the market leader in fiscal year 2009 in the market for passenger cars and light commercial vehicles, with a market share of 19.4% measured by vehicle sales, ahead of Peugeot/Citroen and Ford (source: Global Insight and Volkswagen Group data). In fiscal years 2007 and 2008, Volkswagen was also the market leader in the market in Western Europe ahead of such competitors. In the years 2007 to 2008, Volkswagen succeeded in expanding its market share despite the difficult market environment in Western Europe (market share 2008: 19.3% and 2007: 18.4%) (source: Global Insight and Volkswagen Group data).

11.1.1.2 The German market

(i) General market environment

The volume of the German market for passenger cars and light commercial vehicles was 3.371 million vehicles in 2007 and 3.314 million vehicles in 2008. In 2009, vehicle sales increased by 19.9% year-on-year to

3.974 million vehicles. This corresponds to a share of 26.6% of all vehicles sold in Western Europe (source: Global Insight).

The German market achieved its highest level of unit sales since 1992 in particular as a result of the scrapping premium. The government scrapping premium was introduced at the beginning of 2009 as part of the "Stimulus Package II". Under this program, private individuals in Germany who scrapped a registered vehicle that was at least nine years old and simultaneously purchased a new vehicle or an up to one year old pre-registered vehicle received a promotion of EUR 2,500 (additional requirements also had to be met). At the beginning of September 2009, two million applications for the scrapping premium had been filed and the aggregate subsidy volume of EUR 5 billion had been exhausted. Volkswagen Passenger Cars brand and Škoda brand vehicles were among the largest group of new and up to one year old preregistered vehicles ordered in connection with the scrapping premium, measured by the total number of vehicle purchases that were subsidized by the scrapping premium. Nevertheless, the total number of vehicles of the Volkswagen Passenger Cars brand registered in Germany decreased as a result of the scrapping premium, since more passenger cars of this brand were scrapped than purchased. In this context, the Škoda brand recorded an increase in the total number of vehicles registered in Germany (source: BAFA evaluation). In some cases, the government scrapping premium was supplemented by additional discounts offered by automobile dealers. In terms of the vehicle classes of newly registered passenger cars, passenger car models in the mini, subcompact and compact classes profited, in particular, from the government scrapping premium. By contrast, some of the scrapped vehicles also came from the mid-sized, upper mid-sized and premium classes (source: BAFA evaluation).

(ii) Market description with respect to Volkswagen

The German market for passenger cars and light commercial vehicles continued to be the Volkswagen Group's most important market in Western Europe, with a share of 42.9% of all vehicles delivered to customers in Western Europe and a share of 19.8% of all vehicles delivered to customers worldwide in fiscal year 2009. In this period, Volkswagen delivered 1.244 million vehicles to customers in Germany (2008: 1.059 million, 2007: 1.055 million). Compared with the prior year, this corresponds to an increase of 17.5% in fiscal year 2009 (2008/2007: 0.4%). The most frequently delivered model was the VW Golf hatchback, followed by the VW Polo hatchback and the VW Golf Plus hatchback. In addition, in 2009 the VW Golf was once again the most frequently registered passenger car model in Germany. Moreover, as of December 31, 2009, four other passenger car models and one commercial vehicle model from the Volkswagen Group held first place in Germany in the registration statistics of their respective product class: the VW Polo, the VW Passat, the VW Touran, the VW Tiguan and the VW Caddy.

(iii) Competitive position

In the German market for passenger cars and light commercial vehicles, the Volkswagen Group is the market leader with a market share of 31.3% in 2009 – followed by General Motors and Daimler. In the years 2007 to 2009, Volkswagen succeeded in largely maintaining its market share despite the difficult market environment in Germany (market share 2008: 31.9% and 2007: 31.3%) (source: Global Insight and Volkswagen Group data).

11.1.1.3 The market in Central and Eastern Europe

The market for passenger cars and light commercial vehicles in Central and Eastern Europe primarily comprises Russia, the Czech Republic and Poland. There are two reasons that the Russian market has a prominent position for Volkswagen, with a share of 24.7% of all vehicles delivered by Volkswagen in fiscal year 2009 (2008: 23.6%, 2007: 16.3%) in Central and Eastern Europe: On the one hand, Russia is the largest market in Central and Eastern Europe, and on the other hand, the Company considers Russia to be one of the important markets of the future.

(i) General market environment

In Central and Eastern Europe, sales of passenger cars and light commercial vehicles decreased considerably by 45.9% to 2.841 million vehicles in 2009 as a result of the particularly strong negative effects of the global financial and economic crisis in this region. In 2008, a total of 5.251 million vehicles were sold in Central and Eastern Europe, while 4.834 million vehicles were sold in 2007 (source: Global Insight). This corresponds to a 4.5% share of worldwide vehicle sales for this region. The main reason for the distinct negative trend in the market for passenger cars and light commercial vehicles in Central and Eastern Europe in the years 2007 to 2009 was the significant 49.8% year-on-year decrease in vehicle sales in Russia in 2009 as a result of the global financial and economic crisis.

(ii) Market description with respect to Volkswagen

The market for passenger cars and light commercial vehicles in Central and Eastern Europe was again the fifth most important market in the world for Volkswagen in 2009. In fiscal year 2009, Volkswagen delivered approximately 382 thousand vehicles to customers in Central and Eastern Europe. The most frequently delivered model in fiscal year 2009 was the Škoda Octavia, followed by the Škoda Fabia hatchback and the VW Golf hatchback. Volkswagen delivered approximately 556 thousand vehicles in fiscal year 2008 and approximately 497 thousand vehicles in fiscal year 2007 to customers in Central and Eastern Europe. The significant 31.3% decrease in deliveries in 2009 compared with the prior year was attributable in particular to a 28.3% decrease in deliveries in Russia. Despite the significant decreases, Volkswagen's delivery figures in Central and Eastern Europe, as well as in the Russian submarket, declined less significantly compared to the vehicle sales figures of all automobile manufactures in the overall markets for passenger cars and light commercial vehicles in this region (source: Global Insight and Volkswagen Group data).

(iii) Competitive position

In the market for passenger cars and light commercial vehicles in Central and Eastern Europe, the Volkswagen Group ranked second in 2009 with a market share of 13.4%. The market leader is Avtovaz, and Volkswagen is followed by Hyundai/Kia. In the years 2007 to 2009, Volkswagen succeeded in expanding its market share despite the difficult market environment in Central and Eastern Europe (market share 2008: 10.6%; 2007: 10.3%) (source: Global Insight and Volkswagen Group data).

11.1.1.4 The market in North America

The market for passenger cars and light commercial vehicles in North America comprises the USA, Mexico and Canada.

(i) General market environment

In North America, sales of passenger cars and light commercial vehicles decreased by 20.5% year-on-year in 2009 to 12.652 million vehicles, which corresponds to a 20.0% share of worldwide vehicle sales. A total of 15.906 million vehicles were sold in North America in 2008 and a total of 18.900 million vehicles in 2007 (source: Global Insight). The main reason for the declining trend in the market for vehicles in North America in the years 2007 to 2009 was the decrease in vehicle sales in the USA, which is by far the largest submarket in the North America region. In 2009, sales of passenger cars and light commercial vehicles in the USA decreased by 21.2% year-on-year to approximately 10.437 million vehicles (source: Global Insight), and thus to their lowest level since 1982. The main reason was persistent consumer restraint as a result of the global financial and economic crisis. The US government's incentive program was only able to stabilize the sales trend in the short term. With the exception of Hyundai/Kia, this resulted in all automobile manufacturers recording declining vehicle sales figures in the US market in 2009. It is important to note in this context that, calculated by the sales of passenger cars and light commercial vehicles, in 2009, the USA with sales of 10,437 vehicles were outperformed by China with sales of 12,950 vehicles as strongest regional market by volume.

(ii) Market description with respect to Volkswagen

The market for passenger cars and light commercial vehicles in North America remained Volkswagen's fourth largest market worldwide in 2009. In fiscal year 2009, Volkswagen delivered approximately 467 thousand passenger cars (and light commercial vehicles) to customers in North America. This corresponds to a share of 7.4% of Volkswagen's worldwide vehicle sales in that fiscal year. The most frequently delivered model in fiscal year 2009 was the Jetta saloon, followed by the Audi A4 saloon and the VW Bora saloon. Volkswagen delivered approximately 502 thousand passenger cars (and light commercial vehicles) in fiscal year 2008 and approximately 529 thousand passenger cars (and light commercial vehicles) in fiscal year 2007 to customers in North America.

(iii) Competitive position

In the market for passenger cars and light commercial vehicles in North America, the Volkswagen Group ranked eighth in 2009 with a market share of 3.7%. The market leader is General Motors, followed by Toyota. In the years 2007 to 2009, Volkswagen succeeded in expanding its market share slightly despite the difficult market environment in North America (market share 2008: 3.2%; 2007: 2.8%). In the North America region, the Volkswagen Group has a particularly large market share in Mexico: 15.7% in fiscal year 2009 (2008: 13.5%; 2007: 14.2%) (source: Global Insight and Volkswagen Group data).

11.1.1.5 The market in South America

The market for passenger cars and light commercial vehicles in South America, in particular, comprises Brazil and Argentina. The Company considers Brazil to be an important future market with respect to sales of passenger cars and light commercial vehicles.

(i) General market environment

In South America, sales of passenger cars and light commercial vehicles decreased slightly by 0.4% in 2009 for the first time since 2003 to approximately 4.097 million vehicles. This corresponds to a share of 6.5% of worldwide vehicle sales. A total of approximately 4.114 million vehicles were sold in South America in 2008 and a total of approximately 3.967 million vehicles in 2007 (source: Global Insight). The main reason for the rising trend in the market for passenger cars and light commercial vehicles in South America in 2007 and 2008 was the significant increase in sales figures especially in Brazil, by 12.5% from approximately 2.377 million vehicles in 2007 to approximately 2.673 million vehicles in 2008. However, vehicle sales in Argentina also increased in 2008 to a record high level of approximately 575 thousand vehicles, which corresponds to an increase of 9.2% compared with the prior year. The main reason for the declining trend in the market for passenger cars and light commercial vehicles in South America in 2009 was the decrease in sales figures in Argentina by approximately 16.8% to approximately 478 thousand vehicles. By contrast, sales of passenger cars and light commercial vehicles in Brazil increased in the same year by approximately 12.4% year-on-year to approximately 3.005 million vehicles and thus to a historic high level (source: Global Insight). The main reason for this increase was the Brazilian government's limited vehicle purchase incentive program with high tax rebates.

(ii) Market description with respect to Volkswagen

The market for passenger cars and light commercial vehicles in South America remained Volkswagen's third most important market worldwide in 2009. Volkswagen delivered approximately 809 thousand vehicles in fiscal year 2009 to customers in South America, and thus 8.5% more than in the prior year. The most frequently delivered model in fiscal year 2009 was the VW Gol hatchback, followed by the VW Fox hatchback and the VW Voyage saloon. Volkswagen delivered approximately 746 thousand vehicles to customers in South America in fiscal year 2008 and approximately 701 thousand vehicles in fiscal year 2007.

(iii) Competitive position

In the market for passenger cars and light commercial vehicles in South America, the Volkswagen Group ranked third with a market share of 19.7% in 2009 – market leader is General Motors followed by the Fiat group. In the years 2007 to 2009, Volkswagen succeeded in expanding its market share despite the difficult market environment in South America (market share 2008: 18.1%; and 2007: 17.7%). In Brazil, the Volkswagen Group ranks second in the market for passenger cars and light commercial vehicles, with a market share of 22.7% in 2009 (2008: 21.9%, second place) (source: Global Insight and Volkswagen Group data).

11.1.1.6 The market in the Asia-Pacific region

The market for passenger cars and light commercial vehicles in the Asia-Pacific region primarily comprises the Chinese, Japanese and Indian markets. The Chinese market and the Indian market are particularly significant, because the Company regards them as important future growth markets.

(i) General market environment

In the Asia-Pacific region, sales of passenger cars and light commercial vehicles increased by 20.5% year-on-year in 2009 to approximately 24.128 million vehicles, which corresponds to a 38.2% share of worldwide vehicle sales. A total of 20.024 million vehicles were sold in the Asia-Pacific region in 2008 and a total of approximately 19.672 million vehicles in 2007 (source: Global Insight). The main reason for the upwards trend in the market for passenger cars and light commercial vehicles in the Asia-Pacific region in the years 2007 to 2009 was the vehicle sales growth in the Chinese market. The volume of the Chinese market for passenger cars and light commercial vehicles was approximately 12.950 million vehicles in 2009 and thus recorded year-on-year growth of approximately 50.1%. The volume was approximately 8.627 million vehicles in 2008 and approximately 8.023 million vehicles in 2007 (source: Global Insight). One of the reasons for this increase was the tax relief granted by the Chinese government on the purchase of vehicles with an engine capacity of up to 1.6 liters since the beginning of 2009, as well as the strong economic growth in China. In recent years, China has become the largest market in the world for vehicles. Another reason for the upwards trend in the market for passenger cars and light commercial vehicles in the Asia-Pacific region in the years 2007 to 2009 was the increase in vehicle sales in India. In 2009, sales of passenger cars and light commercial vehicles in India rose by approximately 18.4% year-on-year to approximately 2.053 million vehicles (2008: approximately 1.734 million and 2007: approximately 1.709 million) (source: Global Insight). The main reasons for the increase in sales of passenger cars in India were the strong economic growth, the sustained low interest rates and the high number of new models launched by automobile manufacturers for the first time in the Indian market in 2009.

(ii) Market description with respect to Volkswagen

The market for passenger cars and light commercial vehicles in the Asia-Pacific region was again Volkswagen's second most important market in the world in 2009. The following delivery figures for the Volkswagen Group include the total number of vehicles delivered to customers by the two Chinese joint ventures, in which

Volkswagen holds an interest of 50% and 40% respectively (accounted for using the equity method). In fiscal year 2009, Volkswagen delivered approximately 1.546 million vehicles to customers in this region, which corresponds to a 24.6% share of Volkswagen's worldwide vehicle deliveries. The most frequently delivered model was the version of the VW Jetta saloon offered in China, followed by the VW Lavida saloon and the VW New Bora saloon. Volkswagen delivered approximately 1.170 million vehicles to customers in the Asia-Pacific region in fiscal year 2008 and approximately 1.053 million vehicles in fiscal year 2007 (source: Volkswagen Group data). As a result of the high demand for Volkswagen vehicles from customers in China, Volkswagen's production facilities are operating at their capacity limits, and it is therefore building new production capacity (see also the section "*Description of the Business Activities of the Volkswagen Group – Investments – 2010 to 2012 investment planning*").

(iii) Competitive position

The Volkswagen Group ranked fourth in the market for passenger cars and light commercial vehicles in the Asia-Pacific region, with a market share of 6.4% in 2009. Market leader is Toyota, followed by Hyundai. In the years 2007 to 2009, Volkswagen succeeded in expanding its market share in the Asia-Pacific region despite the difficult market environment, and reinforced its position (market share 2008: 5.8%; 2007: 5.4%). In China, the Volkswagen Group is the market leader in the market for passenger cars and light commercial vehicles, with a market share of 10.8% in 2009 (source: Global Insight and Volkswagen Group data).

11.1.2 Markets for trucks and buses

Unless otherwise indicated, the following market information is based on the following sources: The information given for sales of trucks in the market as a whole across all automobile manufacturers worldwide as well as in the individual sales regions is taken from Global Insight. The information on the delivery figures of Volkswagen's Scania brand is taken from Scania AB's 2008 Annual Report and its 2009 Year-End Report. The explanations provided in the introduction to *"Market Overview and Competition*" apply to the calculation of Scania's market share worldwide and in the individual markets, the possible differences in the composition of the market regions used in the sources, and the meanings of the terms "vehicle sales"/"sales", "unit sales" and "delivery"/"deliveries".

The Volkswagen Group is active in the markets for trucks and buses through its majority interest in Scania AB (see also the section *"Description of the Business Activities of the Volkswagen Group – Group divisions and their products and services – Automotive Division – Group brands – Scania")*. In addition, the Volkswagen Group holds a minority interest in MAN SE ("**MAN**") which, like Scania, is active in the markets for trucks and buses, but is held by Volkswagen as a financial investment.

In the Volkswagen Group, the "truck" product (Scania) is defined differently from the "light commercial vehicle" product (Volkswagen Commercial Vehicles), in particular on the basis of the gross vehicle weight: Trucks are vehicles with a gross vehicle weight of more than six tonnes, whereas light commercial vehicles have a gross vehicle weight of up to six tonnes. Scania only produces and distributes vehicles in the truck segment with a gross vehicle weight in excess of 16 tonnes. In the bus segment, Scania produces and sells city buses and intercity buses, as well as coaches.

In 2009, worldwide sales of trucks with a gross vehicle weight in excess of 15 tonnes decreased by 21% to a total of approximately 1.16 million vehicles (2008: approximately 1.48 million vehicles; 2007: also approximately 1.48 million vehicles) (source: Global Insight). The main reason for the worldwide decrease in sales of trucks with a gross vehicle weight in excess of 15 tonnes was customer reluctance to spend as a result of the global financial and economic crisis. In contrast to government incentive programs to buy passenger cars and light commercial vehicles, governments offered few or no incentives to buy trucks and buses. The main customers for trucks and buses (construction, logistics and travel businesses) suffered significant declines in their sales revenue in 2009 as a result of the global financial and economic crisis. As a result, fleet expansions or renewals planned for 2009 were postponed.

In fiscal year 2009, Scania delivered a total of 43,443 trucks and buses to customers worldwide (2008: 73,793; 2007: 75,878) (source: Scania 2008 Annual Report and 2009 Year-End Report).

As a result of its worldwide business activities, Scania is exposed to both global and regional competition. The Company believes that globally active companies with a business model comparable to Scania's include in particular Volvo/Renault in the truck segment and Daimler in the bus segment. Scania was unable to extend its global competitive position in the markets for trucks and buses in 2009 as a result of the predominantly very difficult market environment worldwide, and despite the opposite positive trend in the Chinese truck market, from which Scania profited to a lesser extent than the market as a whole. With a truck market share of 3.0%, Scania was unable to match its performance in 2008 (truck market share: 4.0%) and 2007 (truck market share: 4.1%) (source: Global Insight).

Scania is primarily active in the regional markets of Western Europe and Central and Eastern Europe, as well as in Latin America and in Asia.

In Western Europe, the market volume for trucks and buses (with a gross vehicle weight in excess of 16 tonnes) was approximately 290 thousand vehicles in 2007 and approximately 291 thousand vehicles in 2008. In 2009, vehicle sales decreased by 41% year-on-year to approximately 173 thousand vehicles (source: AAA/ACEA evaluations). Western Europe is Scania's most important market in the world for trucks and buses. In fiscal year 2009, Scania delivered 18,520 vehicles (trucks and buses) to customers in Western Europe, which corresponds to a decrease of 49% compared with the prior year (2008: 36,253 vehicles; 2007: 37,396 vehicles) (source: Scania 2008 Annual Report and 2009 Year-End Report). Western Europe accounted for 42.6% of the total delivery volume worldwide for the Scania brand in fiscal year 2009. The main reason for the decrease in deliveries was the sustained global financial and economic crisis. This led to a significant decline in the willingness of buyers of trucks and buses to invest – whether as a result of the decrease in the business of these potential customers for Scania brand vehicles and a resulting decrease in demand for new vehicles, or as a result of increasingly difficult access to credit for buyers of large commercial vehicles to finance their purchases. In the market for trucks and buses (with a gross vehicle weight in excess of 16 tonnes) in Western Europe, Scania ranked fifth in each case with a market share of 13.3% (trucks) and 9.2% (buses) in fiscal year 2009 (2008: 12.8%/9.3%; 2007: 13.3%/8.1%). The market leaders are Volvo/Renault (trucks) and Daimler (buses). Scania also ranked fifth by market share for both trucks and buses (with a gross vehicle weight in excess of 16 tonnes) in Western Europe in 2008 and 2007 (source: AAA/ACEA evaluations).

In Central and Eastern Europe, the volume of the market for trucks was approximately 189 thousand vehicles in 2007 and approximately 191 thousand vehicles in 2008. In 2009, vehicle sales decreased by 70% year-on-year to approximately 58 thousand vehicles (source: Global Insight). The market for trucks and buses in Central and Eastern Europe is an important market for Scania worldwide with a delivery volume of 3,472 vehicles in fiscal year 2009 (2008: 12,992 vehicles; 2007: 15,249 vehicles). This corresponded to an 8.0% share of the total delivery volume worldwide in fiscal year 2009. The number of deliveries in 2009 declined by 73% year-on-year (source: Scania 2008 Annual Report and 2009 Year-End Report). As in Western Europe, the main reason for the significant decrease in vehicle sales in the market for trucks and buses in Central and Eastern Europe as well as the decrease of vehicle deliveries by the Scania brand was the global financial and economic crisis. In Central and Eastern Europe, this was particularly evident from a significant decrease in vehicle sales in the Baltic states as well as in Russia. Scania ranks eighth in the market for trucks in Central and Eastern Europe with a market share of 3.9% for trucks alone in fiscal year 2009 (2008: 6.0%; 2007: 7.7%). The market leader is KAMAZ (source: Global Insight).

11.1.3 Production markets for passenger cars and light commercial vehicles

Volkswagen's main production markets for passenger cars and light commercial vehicles are located in Europe (in particular in Germany), Asia (in particular in China), South America (in particular in Brazil) and North America (in particular in Mexico).

The following tables provide an overview of the worldwide production of passenger cars and light commercial vehicles in the years 2007 to 2009, classified by the main production regions, and also showing the number of vehicles produced by Volkswagen in each region:

Production of passenger cars and light commercial vehicles

	2009 (unaudited)	2008 (unaudited)	2007 (unaudited)	Change 2009/2008 (unaudited)	Change 2008/2007 (unaudited)
		(in thousands)		(in %)	
Worldwide	**59,617**	**68,198**	**71,018**	**−12.6**	**−4.0**
Western Europe	12,042	14,624	16,160	−17.7	−9.5
Central and Eastern Europe[1]	4,800	6,581	6,127	−27.1	+7.4
North America	8,550	12,587	15,030	−32.1	−16.3
South America	3,693	3,774	3,604	−2.1	+4.7
Asia-Pacific	28,773	28,700	28,270	+0.3	+1.5
Other markets	1,759	1,933	1,827	−9.0	+5.8

(Source: Global Insight)

1 Includes Turkey and other countries.

Production of passenger cars and light commercial vehicles in the Volkswagen Group

	2009 (unaudited)	2008 (unaudited)	2007 (unaudited)	Change 2009/2008 (unaudited)	Change 2008/2007 (unaudited)
		(in thousands)		(in %)	
Worldwide	**6,012**	**6,256**	**6,164**	**−3.9**	**+1.5**
Western Europe	2,637	2,964	2,896	−11.1	+2.4
Central and Eastern Europe[1, 2]	773	985	1,037	−21.6	−5.0
North America	316	438	408	−27.9	+7.3
South America	822	780	742	+5.5	+5.1
Asia-Pacific[3]	1,404	996	969	+40.9	+2.8
Other markets[4]	60	92	112	−34.0	−18.2

(Source: Volkswagen Group data)

1 Includes Turkey and other countries.
2 Including the plant in Kaluga, Russia.
3 Includes the total number of vehicles producted by the two Chinese joint ventures.
4 Africa and the Middle East.

For the worldwide production figures of the individual brands of the Volkswagen Group in the fiscal years 2007 – 2009, see *"Description of the Business Activities of the Volkswagen Group – Group divisions and their products and services – Automotive Division – Group brands"*.

Approximately 59.617 million passenger cars and light commercial vehicles were produced worldwide in 2009 (2008: 68.198 million; 2007: 71.018 million). This represents a 12.6% decrease in worldwide production compared with the prior year. The production of passenger cars and light commercial vehicles worldwide had already decreased by 4% year-on-year in 2008, which was also the first decline in production since 2001. Some manufacturers ceased production entirely in December 2008 and only started production again in the spring of 2009 in order to avoid further increases in inventories (source: Global Insight). Volkswagen produced 6.012 million passenger cars and light commercial vehicles worldwide in fiscal year 2009 (2008: 6.256 million; 2007: 6.164 million).

Volkswagen is active in the production markets for passenger cars and light commercial vehicles in particular in Europe, North America and the Asia-Pacific region, as well as in South America.

Approximately 28% of all passenger cars and light commercial vehicles manufactured worldwide were produced in Europe in 2009. This corresponds to a total of 16.841 million vehicles. Within Europe, an increasing shift in production towards Central and Eastern Europe can be observed. This region accounts for 28.3% of the total volume of passenger cars and light commercial vehicles produced in 2009 worldwide (source: Global Insight). Another trend in the production market for passenger cars and light commercial vehicles in Europe in 2008 and 2009 is the decrease in production volume across all automobile manufacturers, in particular with respect to their production capacities. In 2009, the production volume of passenger cars and light commercial vehicles decreased by 20.6% (source: Global Insight) year-on-year and thus, as in 2008, remained below the total European production capacity. During the same period, stockpiled inventories of passenger cars and light commercial vehicles fell in some European countries in 2009 as a result of sales that were attributable in particular to government vehicle purchase incentive programs (for example Germany's scrapping premium). Volkswagen produced a total of 3.409 million vehicles in Europe in fiscal year 2009. This corresponds to a change of -13.7% compared with the prior year (2008: 3.949 million; 2007: 3.933 million). Within Europe, Volkswagen's largest production market in fiscal year 2009 was Germany, with a 56.8% share of all passenger cars and light commercial vehicles produced by Volkswagen in Europe.

A total of 8.550 million vehicles were produced in North America in 2009. This corresponds to a share of approximately 14% of the worldwide production volume and a 32.1% decrease in production compared with the prior year (2008: 12.587 million vehicles) (source: Global Insight). This significant decrease in total production in North America can be attributed above all to the fact that many automobile manufacturers were forced to reduce their stockpiled inventories as a result of the slump in demand triggered by the global financial and economic crisis in order to improve their liquidity and cost situation. Volkswagen produced 316 thousand vehicles in North America in fiscal year 2009 (2008: 438 thousand vehicles; 2007: 408 thousand vehicles). Volkswagen's only production market for passenger cars and light commercial vehicles in North America is Mexico. Volkswagen currently does not produce any vehicles in the USA. The Company plans to expand its vehicle production in North America in the coming years. For this purpose, Volkswagen is both significantly increasing the production capacity of its existing plant in Puebla (Mexico) and constructing its own US production facility in Chattanooga, Tennessee.

A total of 28.773 million vehicles were produced in the Asia-Pacific region in 2009. This corresponded to a share of approximately 48% of the worldwide production of vehicles. In contrast to Western Europe and North America, the production volume in the Asia-Pacific region increased by 0.3% compared with the prior year (2008: 28.700 million vehicles; 2007: 28.270 million vehicles). The main reason for this was the increase in production in the local production markets of China and India because of significant increases in sales of passenger cars and light commercial vehicles (source: Global Insight). Volkswagen produced 1.404 million vehicles in the Asia-Pacific region (including the two Chinese joint ventures) in fiscal year 2009, which corresponded to a 40.9% increase in production compared with the prior year (2008: 996 thousand vehicles; 2007: 969 thousand vehicles). Of the vehicles produced by Volkswagen in the Asia-Pacific region, 99% can be attributed to production in China and 1% to production in India. The Volkswagen Group increased its production in China by 42.3% in fiscal year 2009 compared with the prior year. There was a decline of 24.1% in India because of the start of production of new models. Because of the significant growth in demand for passenger cars and light commercial vehicles produced by the Volkswagen Group in China, the production facilities of the Company currently operate at their capacity limits. The Company plans to profit from the expected increase in vehicle sales in China by expanding capacity at the Nanjing and Chengdu locations in China. In India, production at the plant in Pune will be ramped up gradually to maximum capacity.

For a description of the individual production locations of the Company, see "*Description of the Business Activities of the Volkswagen Group – Group divisions and their products and services – Automotive Division – Procurement and production – Production*".

11.1.4 Production markets for trucks and buses

Approximately 1.18 million trucks (with a gross vehicle weight in excess of 15 tonnes) were produced worldwide in 2009. Compared with the prior year, this corresponds to a decrease of 30% (2008: approximately 1.70 million trucks; 2007: approximately 1.63 million trucks). The largest truck production market by far in 2009 was China, followed by Western Europe and North America (source: Global Insight). In fiscal year 2009, Volkswagen produced 34,740 trucks and 8,108 buses (including the Scania brand), which corresponds to a decrease of 53.8% for trucks and a decrease of 47.4% for buses compared with the prior year (2008: 75,223 trucks and 15,401 buses). Volkswagen's Brazilian commercial vehicles business, which operated under the Volkswagen Commercial Vehicles brand, was sold to MAN in the first quarter of 2009 (see *"Description of the Business Activities of the Volkswagen Group – Group divisions and their products and services – Automotive Division – Significant equity interests – MAN"*). The volume figures presented for trucks and buses are therefore included only for the months January and February 2009. The Scania brand has been consolidated since July 22, 2008.

11.1.5 Procurement markets for raw materials

Volkswagen is active in the procurement markets for raw materials for the production of its vehicles. The main raw materials used in Volkswagen's Automotive Division for the production of vehicles are in particular steel, followed by aluminum, platinum, rhodium and palladium. In addition, Volkswagen needs energy, in particular in the form of electricity, some of which Volkswagen generates itself by burning coal. The developments in the markets for these key raw materials were influenced by a range of differing external factors in 2008 and 2009 that led above all to very high price volatility: In particular the prices for various metals and metal compounds showed significant price increases until the first half of 2008. As a consequence of the global financial and economic crisis, which became increasingly severe in the second half of the year, and of its effects on the manufacturing industry, industrial demand for these raw materials declined significantly worldwide, and the prices of raw materials decreased considerably.

For a description of the main raw materials necessary for Volkswagen's business activities and the development of the raw materials markets, see *"Description of the Business Activities of the Volkswagen Group – Group divisions and their products and services – Automotive Division – Procurement and production"*.

11.2 Financial Services Division

11.2.1 Market

Volkswagen's Financial Services Division, which combines the business activities of customer and dealer financing, leasing, direct banking and insurance business, services, as well as fleet management, offers its customers financial services to meet all their automotive needs via the relevant regional companies and branches. It is active in the most important markets worldwide. In addition, Volkswagen is involved in the deposit banking business in Germany via Volkswagen Bank GmbH. The financial services activities of the Scania brand are allocated to the Financial Services Division by the Company, but management of these activities is entirely Scania's responsibility. For this reason, and in contrast to the rest of this Prospectus, the presentation of the Financial Services Division in this section of the Prospectus does not include the financial services activities of Scania, nor do the key financial figures presented include the corresponding information relating to Scania (unless otherwise indicated).

Through its financial service activities, Volkswagen primarily pursues the goal of supporting the sales of the Automotive Division's products and strengthening customer loyalty to the Volkswagen Group's brands. The geographic markets of the Financial Services Division therefore largely correspond to the markets in which Volkswagen's Automotive Division is active.

The Financial Services Division offers financial services and products in 37 countries. The eight most important markets (Germany, USA, Brazil, United Kingdom, Spain, Canada, Italy and France, hereinafter referred to as "**TOP 8 Countries**") for the Financial Services Division are summarized in the tables below, which present the receivables of the local subsidiaries or branches. As a rule, the companies or branches of the Financial Services Division only provide services in their local markets and do not offer cross-border services. Collectively, these eight markets represent approximately 90% of the Financial Services Division's business volume.

The following table provides an overview of the volume of receivables from customer financing.

	December 31		
Receivables from customer financing	**2009 (unaudited)**	**2008 (unaudited)**	**2007 (unaudited)**
		in EUR million	
Germany	15,085	13,142	12,022
USA/Canada	5,339	5,496	5,057
Brazil	3,929	2,032	2,080
United Kingdom	2,780	2,219	2,415
Spain	1,882	1,843	1,764
Italy	1,089	1,219	1.345
France	423	361	365
Total TOP 8 Countries	**30,527**	**26,312**	**25,048**
Financial Services Division	33,823	29,251	27,705
TOP 8 Countries as % of Volkswagen Group total	**90%**	**90%**	**90%**

The financial indicators shown above are for the Volkswagen Group's Financial Services Division (excluding Scania's financial services activities). For financial indicators of the Volkswagen Group, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Net assets – Noncurrent and current financial services receivables*".

To enhance comparability, the receivables from dealer financing shown in the following table are presented in the same order as the receivables from customer financing, although their weighting differs:

	December 31		
Receivables from dealer financing	**2009 (unaudited)**	**2008 (unaudited)**	**2007 (unaudited)**
		in EUR million	
Germany	3,654	4,527	4,266
USA/Canada	1,353	1,963	1,646
Brazil	765	499	517
United Kingdom	858	943	1,300
Spain	617	648	758
Italy	565	646	571
France	749	822	708
Total TOP 8 Countries	**8,561**	**10,048**	**9,766**
Financial Services Division	9,639	11,055	10,631
TOP 8 Countries as % of Volkswagen Group total	**89%**	**91%**	**92%**

The financial indicators shown above are for the Volkswagen Group's Financial Services Division (excluding Scania's financial services activities). For financial indicators of the Volkswagen Group, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Net assets – Noncurrent and current financial services receivables*".

The following table provides an overview of the volume of finance leases and receivables from operating leases that are due but not yet settled.

Receivables from finance and operating leases	December 31 2009 (unaudited)	2008 (unaudited)	2007 (unaudited)
		in EUR million	
Germany	10,943	11,980	11,435
USA/Canada	82	70	65
Brazil	801	703	169
United Kingdom	43	56	59
Spain	52	82	71
Italy	498	414	304
France	700	738	609
Total TOP 8 Countries	**13,119**	**14,043**	**12,712**
Financial Services Division	14,069	15,064	13,775
TOP 8 Countries as % of Volkswagen Group total	**93%**	**93%**	**92%**

The financial indicators shown above are for the Volkswagen Group's Financial Services Division (excluding Scania's financial services activities). For financial indicators of the Volkswagen Group, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Net assets – Noncurrent and current financial services receivables*".

The term "leasing and rental assets" reflects the volume of operating leases and thus the leases for which the Financial Services Division bears the direct residual value risk for the leased assets.

Leasing and rental assets	December 31 2009 (unaudited)	2008 (unaudited)	2007 (unaudited)
		in EUR million	
Germany	2,149	1,445	974
USA/Canada	5,810	6,100	6,017
Brazil	–	–	–
United Kingdom	467	501	477
Spain	105	103	102
Italy	257	229	203
France	167	169	174
Total TOP 8 Countries	**8,955**	**8,547**	**7,947**
Financial Services Division	9,100	8,655	8,104
TOP 8 Countries as % of Volkswagen Group total	**98%**	**99%**	**98%**

The financial indicators shown above are for the Volkswagen Group's Financial Services Division (excluding Scania's financial services activities). For financial indicators of the Volkswagen Group, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Net assets – Leasing and rental assets*".

The most important markets for the Financial Services Division based on business volume differ in some cases from Volkswagen's most important markets for vehicle sales. This is in particular the result of the scope of the financial service activities with respect to the customer business, which is driven by three factors: (i) the number of vehicles delivered to customers by Volkswagen in each market; (ii) the average selling prices per vehicle in each market; and (iii) the number of financed and leased vehicles in relation to the number of delivered vehicles (the "penetration rate"). For example, approximately 45% of the vehicles delivered by Volkswagen in Germany in 2009 were financed by the Financial Services Division. In the USA, the number of vehicles delivered was very much lower, but the approximately 60% share of financed vehicles exceeded the German figure. The following table provides an overview in this regard:

Penetration rates for the Financial Services Division's eight most important markets

Market	2009 (unaudited)	2008 (unaudited)	2007 (unaudited)
Germany	44.5%	45.7%	45.1%
USA	56.6%	67.7%	59.5%
Brazil	26.8%	24.4%	21.2%
United Kingdom	27.0%	20.3%	16.0%
Spain	26.4%	24.3%	23.9%
Italy	22.2%	26.2%	27.6%
Canada[1]	68.7%	74.7%	n/a
France	20.3%	17.6%	19.0%
Total Financial Services Division	**32.9%**	**32.5%**	**30.1%**

Figures do not include Scania's financial services activities.

[1] Canada is included in the figures for the USA market in fiscal year 2007.

The nature and scope of financial services and products that are offered in the respective markets differ from market to market. In Germany, the Financial Services Division offers the entire range of products and services. In addition to financing and leasing services, insurance services are also offered in almost all European markets. In the direct banking business, which represents an important pillar of the Financial Services Division's refinancing strategy, the Financial Services Division is currently active in Poland and Mexico in addition to the core German market.

In the Chinese, Russian, Indian and Japanese markets, as well as in Taiwan and Australia, the Financial Services Division is active in the financial services business through regional subsidiaries or by way of cooperations with local banks.

In Mexico, Argentina and Brazil, the Financial Services Division is active in the customer and dealer financing segment as well as in the leasing business. In Mexico, Volkswagen Bank S.A. Institución de Banca Múltiple recently received a banking license.

In the USA, the Financial Services Division is represented by Volkswagen Credit, Inc., a wholly owned indirect subsidiary of Volkswagen Aktiengesellschaft that mainly operates the financing and leasing business.

The performance of the Financial Services Division depends directly on the volume of vehicles delivered by Volkswagen to customers in the respective markets. The same factors that influence the trend in the markets for automobile sales therefore also directly affect the Financial Services Division. The business activities of the Financial Services Division can be expanded independently of the automobile sales trend, in particular by increasing the penetration rate in the respective market, i.e. through an increase in the proportion of vehicles delivered accounted for by financed vehicles, by introducing new products, or by developing new markets in which Volkswagen delivers vehicles, but in which the Financial Services Division is not yet active or is only active on a small scale.

11.2.2 Competitive situation

Volkswagen's financial services activities compete with other financial service providers. These generally do not include the financial service providers of other automobile manufacturers, since the vehicle sales-related ("captive") business normally relates only to vehicles sold by the same group. The direct competitors are therefore commercial banks, independent leasing companies and insurance companies. In the direct banking business, the Financial Services Division competes with other direct banks and banks with branch networks.

In the major customer segment, Volkswagen also competes with other "captive" financial service providers, because these financial services, and, in particular, leasing services, are an integral component of the offerings of automobile manufacturers to their major customers.

Classified by market segments and the most important geographic markets, the Financial Services Division believes that the following main competitors can be identified:

	Operating segments Non-captives				Captives
	Motor vehicle financing	Fleet management	Insurance	Direct banking	
Germany	Banco Santander, BDK, Deutsche Leasing Finance (Sparkasse)	Alphabet, Daimler Fleet Management, Deutsche Leasing Fleet, ALD	HUK, VHV, HDI, Öffentl. Versicherung BS (local)	Volksbank, Sparkasse, Postbank, ING Diba, Comdirect	BMW, Daimler, Opel, Ford
USA	Chase, Bank of America, Capital One, Credit Unions, GE Capital	GE Capital, GMAC	State Farm, AIG, Allstate, GEICO, Liberty Mutual	–	Chrysler, Toyota, Ford
Brazil	Itaú, Bradesco, Banco do Brasil	Rental car companies, GMAC	Bradesco, Sul America, Itaú, Porto Seguro	–	Toyota, Renault, Ford
United Kingdom	Black Horse Motor Finance, Santander, Alphera	Lloyds TSB Autolease (including LexAutolease), Arval, Alphabet, Leaseplan, ING Carlease, GMAC	Royal Bank of Scotland Group, Royal & Sun Alliance Zurich, Aviva, Equity Fortis Axa, NFU Mutual Co-operative	–	BMW, Toyota, Peugeot, Renault, Nissan, Ford
Spain	Banco Santander, Finanzia	ALD, Leaseplan, Arval, Bansacar	Mapfre	–	PSA, Renault, BMW, Ford
Italy	Agos, Fiditalia, Banco Santander, Compass Findomestic, Deutsche Bank-Prestitempo, Locat Leasing (Unicredit Banca), Leasint Intesa (San Paolo), GE Capital	Leasys, Arval, ALD Automotive, Alphabet Italia S.p.A.	Fondiaria-Sai, Generali, Compagnie di Assicurazioni di Milano, HD-Icar	–	BMW, Daimler, Toyota, Ford, PSA Banque Finance, Fiat
Canada	Bank of Nova Scotia, TD Canada Trust, 1st Calgary	GMAC	Aviva/Traders, Economical, TD Insurance	–	Toyota, Honda, BMW, Ford
France	Cetelem, GE Money, Viaxel, CGI	RCI Banque, ALD, Arval, Leaseplan	MACIF, AXA, Groupama-Gan, Cardif, AGE, MMA, Matmut	ING Direct, Boursorama, Monabanq, Fortuneo	Renault, Opel, BMW, Peugeot, Ford, Toyota, Fiat, Daimler

Compared with vendor-neutral competitors, the Financial Services Division can, in particular, profit from the fact that it develops financial service products that are specifically tailored to the Volkswagen Group's brands, which then use them systematically as sales promotion instruments. In addition, products can be offered under the names of the respective brands. Moreover, there are advantages from the close integration with the trading organization that can be attributed, among other factors, to shared use of the IT infrastructure with the Automotive Division.

12. DESCRIPTION OF THE BUSINESS ACTIVITIES OF THE VOLKSWAGEN GROUP

12.1 Overview

Volkswagen believes that it is one of the world's leading multibrand groups in the automotive industry. The business operations of the various companies comprising the Volkswagen Group focus on the development, production and sale of passenger cars, light commercial vehicles, trucks and buses.

In terms of sales volume (i.e. the number of vehicles delivered to dealers), Volkswagen is one of the world's leading automobile manufacturers and is the largest automobile manufacturer in Europe (source: Volkswagen Group data and Global Insight). With the products of its group brands Volkswagen Passenger Cars, Audi, Škoda, SEAT and Volkswagen Commercial Vehicles, Volkswagen addresses business and private customers from a wide range of customer segments and in multiple regional markets in the so-called high-volume business (i.e. production and unit sales of vehicles with a large number of units per model). In the luxury class, Volkswagen is represented by group brands Lamborghini, Bentley and Bugatti. In the heavy commercial vehicle sector (trucks with a gross vehicle weight in excess of 16 tonnes, buses and special vehicles), Volkswagen is active under the Scania brand. Volkswagen also indirectly holds 49.9% of the share capital of Dr. Ing. h.c. F. Porsche Aktiengesellschaft, 28.67% of the share capital and 29.9% of the voting rights of MAN SE ("**MAN**") and 19.89% of the share capital of Suzuki Motor Corporation ("**Suzuki**").

The Volkswagen Group's business operations encompass the Automotive and Financial Services Divisions. In the Automotive Division, Volkswagen develops vehicles and engines, produces and distributes passenger cars, light commercial vehicles, trucks and buses and operates the genuine parts business. Worldwide, during fiscal year 2009, Volkswagen delivered a total of approximately 6.336 million vehicles (passenger cars, light commercial vehicles, trucks and buses) to its customers. Volkswagen's range of products comprises approximately 200 passenger car and commercial vehicle models including models developed from these base models, referred to as derivatives. With this range of automotive products, Volkswagen covers all major product classes and vehicle types, ranging from small cars to super sports cars in the passenger car sector and from pick-ups to heavy trucks in the commercial vehicles sector.

The Financial Services Division includes customer and dealer financing, leasing, direct banking and insurance activities and fleet management. The primary purpose of the Financial Services Division is to promote Volkswagen's unit sales and customer retention.

The Volkswagen Group operates 60 locations in 15 European countries, six North and South American countries and in Asia and Africa (including the two Chinese joint ventures); vehicles are manufactured at 40 of these locations. The Volkswagen Group has close to 370 thousand employees worldwide (including the Chinese joint ventures) and sells its vehicles in more than 150 countries. Volkswagen's Financial Services Division has approximately 8 thousand employees in 37 countries.

The regional markets for Volkswagen's products and services consist of Germany at 28.4% of the Volkswagen Group's sales revenue from third parties in fiscal year 2009 (2008: 24.3%, 2007: 24.7%), Europe and Other Regions (not including Germany) at 43.1% (2008: 48.5%, 2007: 48.6%), North America at 10.8% (2008: 11.2%, 2007: 12.1%), South America at 9.1% (2008: 8.6%, 2007: 7.7%) and Asia-Pacific at 8.5% (2008: 7.4%, 2007: 6.9%) (in each case not including the two Chinese joint ventures).

12.2 Competitive strengths

In the view of the Company, Volkswagen distinguishes itself by the following competitive strengths:

12.2.1 Comprehensive brand portfolio and high market shares

Volkswagen is one of the leading automobile manufacturers worldwide, with a comprehensive brand portfolio. In 2009, Volkswagen achieved a worldwide market share of 9.9% of global vehicle deliveries to customers and was thus the second-largest automobile manufacturer after Toyota (source: Global Insight and Volkswagen Group data). In Western Europe, Volkswagen is the market leader for passenger cars and light commercial vehicles, with a market share of 19.4% (source: Global Insight and Volkswagen Group data).

Volkswagen has a comprehensive portfolio of brands, covering the entire spectrum of product classes (mini, subcompact, compact, mid-range, upper mid-range, premium and luxury classes) and vehicle types (hatchback, notchback, station wagon/estate, MPV, SUV, coupé, convertible, roadster, SLW/city delivery van and pick-up). In the passenger vehicle sector, the multifaceted brand portfolio includes both high-volume brands and vehicles in the premium segment, in addition to light commercial vehicles, trucks and buses. High-volume brands are Volkswagen Passenger Cars, Audi, SEAT, Škoda and Volkswagen Commercial Vehicles. The premium brands are Bentley, Bugatti and Lamborghini. Moreover, since December 7, 2009, the Company indirectly holds 49.9% of the share capital of Dr. Ing. h.c. F. Porsche Aktiengesellschaft. Trucks and buses are produced and marketed under the Scania brand. In the opinion of the Company, the breadth of the brand and product portfolio is a significant competitive advantage and a basis for its strong competitive position in key markets.

To a certain extent, the diversified portfolio of brands and products enables the Volkswagen Group to counterbalance cyclical market developments and trends among different customer groups that do not run in parallel. The production of trucks and buses rounds off the product portfolio.

Alongside its global positioning in procurement, production and sales, Volkswagen benefits from high production volumes. Volkswagen produces more than 1 million vehicles per year in several key product classes which is an amount of vehicles that is attractive from a business point of view. For example, in 2009 the Company produced 2.5 million vehicles in the compact class, 1.4 million in the subcompact class and 1.0 million in the mid-range and upper mid-range classes, thereby leading the market in each of these product classes (source: Volkswagen Group data and Global Insight). Vehicles in the compact, subcompact, mid-range and upper mid-range product classes in 2009, taken collectively, represented more than 80% of Volkswagen's total worldwide production (source: Volkswagen Group data). It is a particular strength of Volkswagen that significant cost savings can be achieved through the joint utilization of platforms, engines and components/modules in multiple brands and models. In addition, this enables a quicker response to shifts in demand by more rapidly developing new model variants.

12.2.2 Global market presence in high-volume/high-growth regions

The Company is of the opinion that Volkswagen is represented in all significant markets worldwide and has leading market positions in important markets, in particular in Europe, China and Brazil (source: Volkswagen Group data). Due to its worldwide market presence, Volkswagen has access to China, India, Russia and Brazil which Volkswagen considers essential for future market growth. In 2009, these markets accounted for 34.9% of Volkswagen's worldwide deliveries of passenger cars and light commercial vehicles. The Company expects that automobile markets in China, India, Russia and Brazil will grow in coming years and assumes that, in the future, it will generate a higher share of its deliveries in these countries. Since Volkswagen has the strongest representation in China, India, Russia and Brazil compared with its competitors, with approximately 2.2 million vehicles delivered (source: Volkswagen Group data) the Company regards itself as well positioned to generate better than average benefits from the expected growth opportunities in these countries.

In China, both Audi and Volkswagen Passenger Cars are leaders in their respective market segments. Volkswagen has had a presence in China since 1984 and was the first Western automobile manufacturer with local production in China. Today, Volkswagen is represented in China by two joint ventures which manufacture vehicles (in which Volkswagen holds 50% and 40% interests), as well as, one plant owned by Volkswagen and several plants operated by a joint venture all of which manufacture components and, in addition, Volkswagen operates an import business of its own. The Chinese joint ventures are accounted for by using the equity method and generated an operating profit of EUR 774 million (Volkswagen's share) in 2009 (2008: EUR 395 million). The Company operates ten production facilities in eight different locations in China through its joint ventures. In Brazil, Volkswagen was the second largest automobile manufacturer in 2009, with unit sales of approximately 683 thousand vehicles and a market share of approximately 22.7% in 2009 (source: Global Insight and Volkswagen Group data). Volkswagen operates five production locations in Brazil. Volkswagen also considers itself well positioned to profit from the expected growth in Russia, where it operates two production facilities. India is likewise an important growth market for Volkswagen; currently two production facilities are in operation in that country. The Company expects that Volkswagen's market presence in India will also benefit in the future from its partnership agreement with, and its 19.89% interest in, Suzuki.

The Company tailors its products to each individual market, has local marketing know-how and operates local research and development facilities. Its cooperation agreements with local suppliers and local purchasing agreements contribute to a significantly lower cost per vehicle. On the basis of these measures, a major portion of Volkswagen's value added is generated locally. This is also attributable, among other things, to the investments of the Company in local production locations. The future plans of the Company also include further expansion of its local investments. Thus, sizeable investments are planned in Pune (India) (capacity: approximately 110 thousand vehicles), in Kaluga (Russia) (capacity: approximately 150 thousand vehicles) and in two production facilities to be operated by the Chinese joint ventures (capacity: approximately 300 thousand vehicles per production facility).

12.2.3 Strong expertise in research and development, as well as in production

Volkswagen's innovative strength is attested to by a large number of technical innovations. These include safety technologies such as the "PyroBrake", a pyrotechnically ignited braking system, and driver assistance systems such as the Adaptive Cruise Control, which Volkswagen uses, for example, in the VW Golf VI. Volkswagen sees a special strength in its expertise in the area of conventional drive technologies where petrol engines with direct injection and turbocharging (TSI) and diesel engines with direct injection and turbocharging (TDI), as well as Volkswagen's dual clutch gearbox (DSG), represent an important core competence. The Volkswagen Group also believes it holds a leading position in the auto world in lightweight construction, gas-powered vehicles and in drive systems powered by biofuels. Qualitatively sophisticated and at the same time flexible drive units enable a relatively simple adaptation of Volkswagen's vehicle models for operation with alternative fuels (for example TSI plus CNG (compressed natural gas, also referred to as "EcoFuel")). In 2009, the successful Passat TSI EcoFuel was awarded five stars in the Ecotest of the ADAC (Allgemeine Deutsche Automobil-Club e.V.), as the first car worldwide and even before a hybrid drive of a competitor thereby demonstrating the capabilities and the environmental compatibility of the Volkswagen drives. At the same time, the TSI and TDI drive technologies are the basis of the development of Volkswagen's hybrid drive. With its range of drives, Volkswagen has an ideal basis available to offer competitive hybrid drive concepts in the future, as any hybrid drive concept also needs an optimal combustion engine.

Central aspects of Volkswagen's research and development activities relate to environmental compatibility of its products and production facilities and the reduction of CO_2 emissions. The Volkswagen Group demonstrates this with a range of drives that already meet future emissions standards (Euro 6) today. Through continuous optimization and further development of the technology of combustion engines (for example through downsizing, i.e. a reduction in engine capacity while at least maintaining the performance and reducing fuel consumption and harmful emissions), Volkswagen sees itself as being excellently positioned with its range of drives for the increasing demand for more environmentally friendly vehicles. In addition to the hybrid drives, Volkswagen is systematically working to electrify its product range.

With its BlueMotion label, which represents the most fuel-efficient models of the Volkswagen brand, Volkswagen has a technology package that combines efficient drivetrain technology, technical innovations from engine and transmission, development and measures for optimization of aerodynamics and rolling resistance. The Škoda (Greenline) and SEAT (ecomotive) brands, for example, also have comparable vehicle families. With the introduction of the second generation of BlueMotion and the accompanying innovations, Volkswagen has continued to develop and expand its range of products in this area. Thus, Volkswagen has a total of 176 models and model variants that emit less than 140g CO_2/km. In 2009, the average emission volume of the Volkswagen fleet in Europe was reduced to 151g CO_2/km.

A key competitive advantage of Volkswagen lies in its efficient production system. With its cross-brand platform architectures, Volkswagen has already set out on new paths with respect to productivity and efficiency. The gradual transition to the modular component concept is accelerating the development of new vehicle models and derivatives and allows utilization of the same modules and subassemblies in different vehicles across all segments and brands. This goes hand in hand with significant gains in efficiency and increased flexibility. These, in turn, enable rapid realignment in the event of fluctuations in demand. Volkswagen assumes, for example, that the increased use of modular longitudinal and transverse platforms will lead to a reduction in unit costs, time expenses and direct production hours.

12.2.4 Robust business model and financial strength

Due to its global presence and broad portfolio of brands and products, Volkswagen possesses a robust business model for the cyclical automobile industry. The strength of this business model, in the view of the Company, became especially clear in the financial and economic crises of 2000/01 and 2008/09, during which Volkswagen's unit sales outperformed the market as a whole and the Company thus managed to gain market share. In the latest crisis, this was due in part to government vehicle purchase incentive program.

The strength of the business model, in Volkswagen's opinion, is likewise reflected in the credit ratings that rating agencies have confirmed for Volkswagen Aktiengesellschaft and for the Volkswagen Group companies involved in financial services, Volkswagen Financial Services AG and Volkswagen Bank GmbH – even during the general financial and economic crisis in 2008/09. As a result of its rating, Volkswagen is in a position to obtain relatively favorable terms for the continuous refinancing of its capital structure. The positive evaluation of its credit quality is also supported by the fact that Volkswagen has been able to generate positive cash flow in the Automotive Division in recent years, with the exception of 2008, which led to an above-average net liquidity position of the Automotive Division compared with its competitors.

The Financial Services Division offers its customers the full range of financial service products along the automotive value chain and contributed to the stabilization of Volkswagen's overall results across model cycles. This is made possible by a consistent risk management system, among other things. In addition, the Financial Services Division, with approximately EUR 18.3 billion in customer deposits as of December 31, 2009, enjoyed a leading position compared with other automobile financing entities.

12.2.5 Successful management model with an experienced management team

Volkswagen has an experienced management team, consisting of the Board of Management of the Volkswagen Group as well as management at brand level, which successfully leads the Volkswagen Group and its companies through disciplined cost management and the autonomous management of individual brands under the framework provided for the Volkswagen Group as a whole. The management team is characterized by many years of experience in the integration and management of mutually independent brands within the Volkswagen Group. The Company believes that all management team members possess extensive knowledge and qualifications – market-specific, technical, commercial and operational – that are outstanding relative to the competition.

While the Board of Management of the Volkswagen Group coordinates central functions, management at brand level ensures the independent and autonomous development and the business operations of the brands. This management model has also proven successful in identifying and realizing synergies within the Volkswagen Group. At the same time, this safeguards and strengthens the autonomous image of the brands, with their individual market positioning features.

12.3 Group strategy

The Volkswagen Group intends to become the world's leading automotive group, economically and environmentally, by the year 2018. The "Strategy 2018", pursued for this purpose since 2007, follows four core goals:

- Volkswagen intends to become a world leader in customer satisfaction and quality
- Over the long term, Volkswagen aims to increase unit sales to more than 10 million vehicles a year
- Volkswagen intends to achieve a return on sales before tax of over 8.0%
- Volkswagen aims to become the top employer across all brands, companies and regions

The "Strategy 2018" is linked to specific quantitative and qualitative goals so that actual progress in pursuing the strategy can be monitored at all times. The management of the Volkswagen Group is focused on the following strategic components in order to achieve the goals of the "Strategy 2018".

12.3.1 Investments in growth markets and value-creating acquisitions

The Volkswagen Group, in the opinion of management, possesses considerable potential for further value enhancing growth – organically and through strategic transactions, acquisitions and equity investments.

Volkswagen intends to continue its strategic expansion in growth markets and further develop its strong position in established automotive markets. The Company includes among these growth markets, in particular, the BRIC countries, as well as the USA and the ASEAN region. As part of its expansion strategy, Volkswagen – depending on the circumstances of the market and the local regulations – plans to sell vehicles through its own distribution companies and to develop its own manufacturing capacities. Significant investments were made and will continue to be made to construct new production facilities in important markets, as this is happening, for example, in China, India, Russia and the USA. Moreover, Volkswagen develops certain models only for a single or for a limited number of markets. This facilitates Volkswagen's strategic alignment, based on the specific requirements of the market, thus contributing to better positioning in the markets in question.

The Volkswagen Group sees the North American market, in which Volkswagen considers itself to have been underrepresented until now, as an important strategic growth area. Through the introduction of models specially tailored to local preferences, the optimization of the dealer network and the expansion of local production capacities, Volkswagen intends to significantly expand its market share in North America and develop itself from a niche to a volume supplier, with local production of market-specific products and efficient sales structures.

The successful execution of strategic transactions, such as the equity investment in Dr. Ing. h.c. F. Porsche Aktiengesellschaft and Suzuki Motor Corporation, opens up additional growth potential for Volkswagen.

Through its initial 49.9% indirect interest in Dr. Ing. h.c. F. Porsche Aktiengesellschaft, Volkswagen aims to benefit from the experience and expertise of Dr. Ing. h.c. F. Porsche Aktiengesellschaft in profitable brand development in the automotive premium segment. In addition, with the potential acquisition of Porsche Holding Salzburg, Volkswagen has the opportunity to become the owner of a highly profitable automotive trading company and of the largest dealer and sales network in Europe, thereby further improving its opportunities for gaining the loyalty of existing customers and winning new ones.

The planned long-term strategic partnership with Suzuki (including the acquisition of a 19.89% equity interest in Suzuki and Suzuki's plans to acquire an interest in Volkswagen) opens up growth possibilities for Volkswagen on the Indian subcontinent as well as access to know-how in the production of innovative and environmentally friendly small cars.

Significant growth potential will also open up for Volkswagen through the expected recovery of the truck market, due to its equity interests in Scania AB and MAN. Through its equity interest in Scania AB, in which Volkswagen holds 71.81% of the voting rights and 49.29% of the share capital, and in MAN (29.9% of the voting rights and 28.67% of the share capital), Volkswagen holds equity interests in two independently managed truck manufacturers that have strong market positions in Europe, South America and Asia. Following the drastic drop in demand in connection with the general financial and economic crisis, the truck markets, in the view of the Company, offer considerable potential for recovery over the coming few years. The Company expects that Scania and MAN will participate in this recovery based on, in particular, their strong market position in Europe, but also owing to their presence in South America and Asia.

12.3.2 Continued systematic development of leadership in innovation

The Volkswagen Group's objective of becoming the ecologically leading global automotive manufacturer on ecological terms is a core element of the Volkswagen Group's strategy. Volkswagen intends to systematically further reduce its fleet emissions, among other things through continued optimization of the new generation of common rail diesel engines and the particularly low-consumption TSI direct-injection engines. The dual clutch gearbox (DSG) will also be integrated into additional model variants and vehicle construction, in which Volkswagen occupies a leading position, will be systematically enhanced and deployed.

At present, 176 Volkswagen model variants emit less than 140g CO_2/km, 60 models emit less than 120g CO_2/km and six Volkswagen models already emit less than 100g CO_2/km. Strategic considerations are also focusing on the future utilization of renewable CO_2-neutral energy sources. In the long-term, further strategic attention will be given to the development of hybrid and electric drives. In the opinion of the Company, these drive technologies will be of great importance to the future of automobility since the energy balance of electric vehicles is very good when used in combination with energy generated from renewable sources, compared with vehicles that use other environmentally friendly drives.

The gradual integration of Dr. Ing. h.c. F. Porsche Aktiengesellschaft is intended to expand the Volkswagen Group's innovations portfolio with award-winning and globally recognized Porsche technologies such as "Porsche Dynamic Chassis Control" or "Porsche Ceramic Composite Brakes".

In addition, Volkswagen intends to further expand its position in the area of design and quality assurance and, as part of the "Strategy 2018", to become the global market leader in customer satisfaction and quality.

12.3.3 Increased utilization of modular components

By using the modular component concept and further developing of its cross-brand platform and module strategy, Volkswagen plans to systematically reduce the complexity of its individual products and the costs incurred in product research, development and production. The development and use of modular components will be systematically expanded, to exploit the potential for sustainable efficiency gains by reducing development time, one time expenses and unit costs per vehicle. Furthermore, the modular components concept facilitates faster model changes as well as the launch of new products in various markets to reflect local customer preferences.

The product range of Dr. Ing. h.c. F. Porsche Aktiengesellschaft is also set for further expansion by drawing on the modular component concept. In addition, in the opinion of the Company, the existing and systematic future expansion of the modular component concept in the area of passenger car production and the increasing overlap of truck production and passenger car production in areas such as safety, electronics and comfort could create potential synergies.

In the area of the drive portfolios, Volkswagen also relies on continuing modularization and the increasing, group-wide use of existing drivetrain components to optimize the economic efficiency of engines and thereby the quality of earnings by leveraging economies of scale, to reduce complexity and to strengthen the global network of drivetrain production locations.

12.3.4 Continuous increase in profitability

Based on its specific business model, Volkswagen regards itself as well positioned to successfully continue the positive market share growth of recent years. Given its leading position as one of the strongest automotive groups in the world and as the market leader in Europe and China, in its own view Volkswagen has the economies of scale needed to efficiently spread costs, such as those incurred in development and production, over a large production and sales volume, thus to reduce unit costs.

In the Automotive Division, Volkswagen believes that its profitability is above-average compared with the competition and that it defended its competitive position even during the recent global financial and economic crisis. The Volkswagen Group targets a pre-tax return margin in excess of 8% which it intends to achieve by generating above-average growth through the disciplined use of modular components and by a process of continuous monitoring and optimization of R&D, investments, costs and working capital, together with efficiency gains in production and distribution.

Volkswagen expects positive potential synergies in connection with the creation of an integrated automotive group with Porsche (see *"– Material agreements – Agreements related to the creation of an integrated automotive group with Porsche"*) (see *"– Group divisions and their products and services – Automotive Division – Significant equity interests – Porsche"*).

In the Financial Services Division, Volkswagen intends to generate a constant and attractive level of profitability combined with prudent management of the underlying risks.

12.4 Group divisions and their products and services

12.4.1 Automotive Division

The following table provides an overview of the unit sales, sales revenue from third parties and operating result for the group brands in fiscal years 2009, 2008 and 2007. The table includes unit sales figures for the Chinese joint ventures. The table includes data for all of the legal entities in the Volkswagen Group that are attributed to a specific group brand. The figures may not relate exclusively to the unit sales and sales revenues of the group brand in question. For example, the figures for the Audi group brand may also include vehicles sold, the corresponding sales revenue and the operating result from units sales by the Volkswagen Passenger Cars, SEAT, or other group brands.

	Unit sales			Sales to third parties			Operating result		
	2009	2008	2007	2009	2008	2007	2009	2008	2007
	(unaudited)			(unaudited)			(unaudited)		
	thousand vehicles/ EUR million								
Volkswagen Passenger Cars	3,459	3,648	3,664	52,816	58,806	60,201	561	2,715	1,940
Audi	1,183	1,275	1,200	20,443	22,052	21,078	1,604	2,772	2,705
SEAT	319	375	411	3,360	3,807	4,375	−339	−78	8
Škoda	552	626	620	5,761	5,783	5,925	203	565	712
Bentley	4	8	10	553	1,016	1,294	−194	10	155
Volkswagen Commercial Vehicles	275	439	427	3,844	7,246	6,548	313[1]	375	305
Scania[2]	43	31	–	6,385	3,865	–	236	417	–
Chinese joint ventures[3]	1,397	989	930	–	–	–	–	–	–
Other	−923	−1,119	−1,070	929	1,040	750	−1,135[4]	−1,336[4]	−631[4]
Volkswagen Financial Services	–	–	–	11,095	10,193	8,726	606	893	957
Volkswagen Group	**6,310**	**6,272**	**6,192**	**105,187[5]**	**113,808[5]**	**108,897[5]**	**1,855[5]**	**6,333[5]**	**6,151[5]**
of which:									
Automotive Division	6,310	6,272	6,192	93,605	103,368	100,171	1,264	5,428	5,194
Financial Services Division	–	–	–	11,581	10,440	8,726	591	905	957

1 Including proceeds from the sale of Volkswagen Caminhões e Ônibus Indústria e Comércio de Veículos Comerciais Ltda, Resende.

2 Vehicles & Services and Financial Services (consolidated since July 22, 2008).

3 The sales revenues and operating profit of the two Chinese joint ventures are not included in the figures for the Volkswagen Group. The Chinese joint ventures are accounted for using the equity method and have a proportionate operating profit of: 2009: EUR 774 million, 2008: EUR 395 million, 2007: EUR 294 million.

4 Mainly intragroup items recognized in profit or loss, in particular from the elimination of intercompany profits, including depreciation and amortization of identifiable assets as part of the purchase price allocation for Scania.

5 Audited figures.

In the Automotive Division, Volkswagen generated total sales revenue from vehicle sales of EUR 78,621 million in fiscal year 2009 (2008: EUR 87,850 million, 2007: EUR 86,159 million), which corresponds to 74.7% of Volkswagen's consolidated sales revenue in this period (2008: 77.2%, 2007: 79.1%). In fiscal year 2009, sales revenue generated by the Automotive Division from vehicle sales fell by 10.5% compared with the prior year. In the Automotive Division, Volkswagen generated sales revenue of EUR 7,768 million from the sale of genuine parts (see also *"– Genuine parts business"*).

Passenger cars and light commercial vehicles are classified by vehicle type and product classes. Volkswagen classifies its vehicles in ten vehicle types: hatchback, notchback, station wagon/estate, MPV (multi purpose vehicle), SUV (sports utility vehicle), coupé, convertible, roadster, SLW (city delivery van) and pick-up. The product classes are: luxury, premium, upper mid-range, mid-range, compact, subcompact and mini classes. The criteria applied to define the individual product classes are vehicle type, vehicle length and entry price.

Volkswagen defines the *luxury class* by an entry price of more than EUR 150,000 and a vehicle length of more than 5 meters. The luxury class includes only notchback, sports car and convertible models.

Volkswagen defines the *premium class* by an entry price of between EUR 60,000 and EUR 150,000 and a vehicle length of more than 4.90 meters. Notchback models predominate in the premium class, but coupés and SUVs are also available.

Volkswagen's *upper mid-range class* is defined by an entry price of between EUR 28,000 and EUR 55,000 and a vehicle length of 4.75 to 5.00 meters. Notchback and station wagon/estate models predominate in the upper mid-range; MPV, SUV and coupé models are also available.

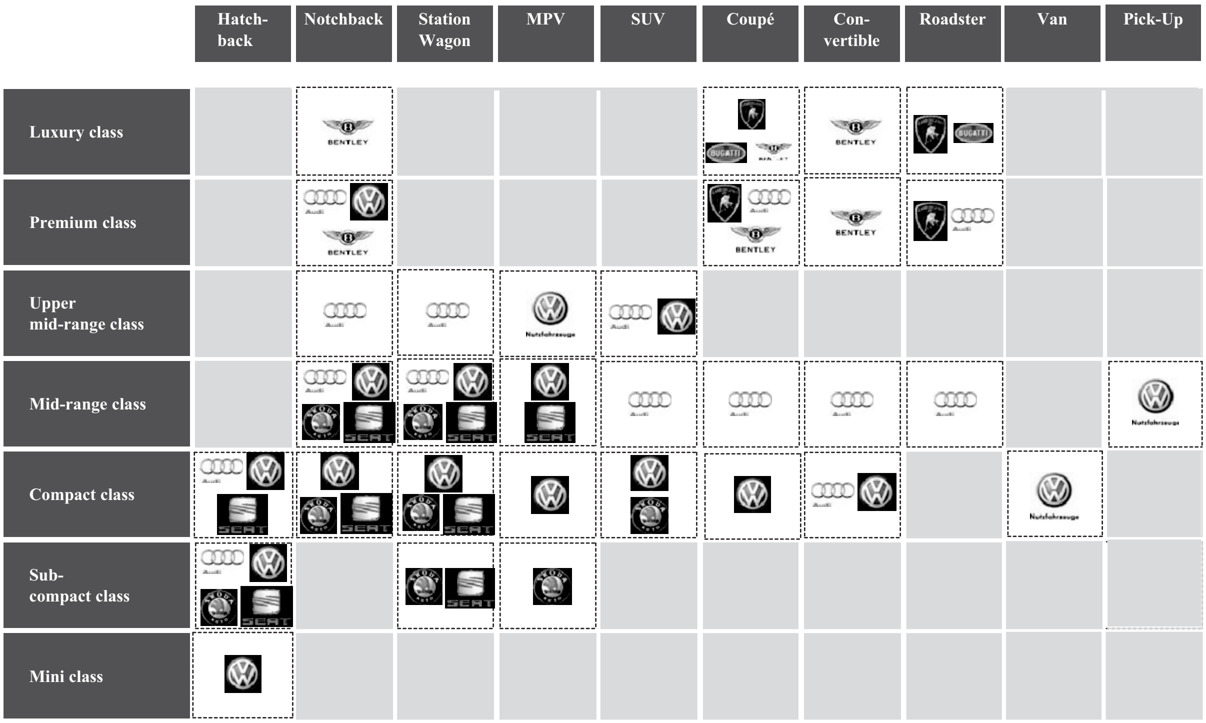
Volkswagen defines the *mid-range class* by an entry price of between EUR 21,000 and EUR 35,000 and a vehicle length of 4.50 to 4.85 meters. Notchback and station wagon models also predominate in the mid-range class and MPV, SUV and coupé models are also available.

Volkswagen defines the *compact class* by an entry price of between EUR 14,000 and EUR 24,000 and a vehicle length of 4.20 to 4.60 meters. The models available in this class are primarily hatchback and MPV models, but all other body design types are available as well.

Volkswagen defines the *subcompact class* by an entry price of between EUR 10,000 and EUR 17,000 and a vehicle length of 3.80 to 4.30 meters. As in the compact class, hatchback models predominate in the subcompact class, but MPV, SUV and station wagon/estate models are also available.

Volkswagen defines its *mini class* through an entry price of less than EUR 11,000 and a vehicle length of less than 3.80. Mainly hatchback models are available in the mini class.

The following graphic gives an overview of the various product classes and vehicle types in the passenger car and light commercial vehicle segment as well as their allocation to the brands of the Volkswagen Group. For a presentation of the equity interest held by Volkswagen in Dr. Ing. h.c. F. Porsche Aktiengesellschaft, see "– *Significant equity interests*".



12.4.1.1 Group brands

With the exception of the Volkswagen Passenger Cars and Volkswagen Commercial Vehicles brands, each of the brands is owned by an independent legal entity. All group brands are separately managed by the management of the respective brand parent company. Group goals and targets established by the Board of Management of the Company or by the group's management are taken into consideration insofar as legally permitted. Matters of group-wide significance are presented to the group Board of Management by the managements of the brand parent companies in order to reach agreement between the parties involved to the extent permitted by law. The brand parent companies of the Volkswagen Group are independently managed by their respective managements. In addition to the interests of their own companies, each individual company management takes into account the interests of the group and of the individual brands in accordance with the legal framework.

Volkswagen's individual brands have their own historical origins, growth path and brand characteristics. The customers of Volkswagen have a variety of experiences and expectations with respect to the various group brands. It is therefore of particular importance for each group brand to present a distinct appearance vis-à-vis the customers. The distinct market presence of the individual brands is an essential element of the group's strategy. Such a distinct market presence encompasses, in particular, vehicle concepts tailored specifically to the particular target group and the corresponding areas of product differentiation, together with the group-wide principle of brand exclusivity, under which each authorized dealer must generally establish separate display and sales spaces for each brand (see also "– *Customers and sales*").

Volkswagen generally positions the various group brands in the area of passenger cars and light commercial vehicles within a single product class and the adjacent product classes. Passenger cars and light commercial vehicles for markets in emerging countries are based either on platforms adapted to local characteristics and preferences (such as the VW Gol in Brazil), on current European platforms which are also used for production in the respective countries (such as the Audi A4 in China) or on older Volkswagen models (such as the VW Santana in China). In addition, products manufactured in Europe, in particular those manufactured in Germany, are exported to various countries. The Company has refined individual brand profiles in the passenger car and light commercial vehicle sector within the Volkswagen Group. Thus the Škoda brand, which focuses on the compact class, stands for affordable quality, while the SEAT brand focuses in the compact class on sophisticated design. The group's Volkswagen Passenger Cars brand is predominantly positioned in the compact and the mid-range classes, while the group's Audi brand is predominantly positioned in the mid-range, upper mid-range and premium classes. The Volkswagen Commercial Vehicles brand, with a range of light commercial vehicles, MPVs and motor homes, is positioned in the compact and mid-range classes. Volkswagen appeals to a large group of customers with its products of the group's Volkswagen Passenger Cars, Audi, Škoda, SEAT and Volkswagen Commercial Vehicles brands. This involves high volume business. The group's Lamborghini, Bentley and Bugatti brands are positioned in the premium and luxury classes. The products of these brands are not part of the volume business.

In the truck sector, Volkswagen's activities in respect of the Scania brand consist of development, production and sale of heavy trucks with a gross vehicle weight in excess of 16 tonnes and specialist vehicles, such as vehicles for off-road use or fire trucks. Volkswagen breaks down the development, production and sale of buses in its Scania brand into city buses, overland coaches and cross-country buses. In the Volkswagen Group, the "truck" product (Scania) is distinguished from the "light commercial vehicles" product (Volkswagen Commercial Vehicles) in particular through the gross vehicle weight: Trucks are vehicles with a gross vehicle weight of more than 6 tonnes, while light commercial vehicles are vehicles with a gross vehicle weight of up to 6 tonnes. In the truck segment, Scania develops, produces and sells only vehicles with a gross vehicle weight in excess of 16 tonnes.

In fiscal year 2009, the Volkswagen Group successfully launched numerous new vehicles worldwide or offered upgraded versions of existing models. These primarily included the following: for the Volkswagen Passenger Cars brand, the Polo, the Golf Plus and the Golf Variant; for the Audi brand, the Audi A5 Cabriolet, the A5 Sportback, the A4 all-road quattro and the S4 Saloon/Avant; for the Škoda brand, the Yeti and the revised Octavia model series; for SEAT, the Exeo and Exeo ST (Sport Tourer), the Ibiza Cupra/FR and the Leon Cupra R; for the Volkswagen Commercial Vehicles brand, the revised T5 model series; for the Bentley brand, the Azure T, the Continental Supersports and the Continental GTC Speed; for the Lamborghini brand, the Murciélago SuperVeloce and the Murciélago Reventón and for the Bugatti brand, the Veyron Grand Sport. Volkswagen is planning to launch the Škoda Superb Estate, the VW Polo BlueMotion, the Cross Polo, the Polo GTI, the Amarok, the Audi S5 Sportback and the Audi R8 V10 Spyder at the beginning of 2010.

The following information contains data in respect of the material quantitative and financial data of each group brand. The production figures and the deliveries to customers are explained by product line. However, the unit sales figures comprise both the relevant group brands' own models sold to dealers and models of other group brands. The number of vehicles delivered to customers may differ from the unit sales to dealers if, for example, a vehicle was sold to a dealer and this vehicle was only delivered to the customer in the following fiscal year.

Volkswagen Passenger Cars

Volkswagen Aktiengesellschaft is the parent company of the Volkswagen Passenger Cars brand.

Volkswagen has been present in the German production and sales markets with the products of the brand Volkswagen Passenger Cars since the end of 1945, in European markets since 1947 and in markets worldwide since 1952.

The following table provides an overview of deliveries to customers, unit sales to dealers and vehicles produced under the Volkswagen Passenger Cars brand for the fiscal years ended December 31, 2009, 2008 and 2007. In addition, the table shows sales revenue from third parties, the brand's operating profit and the ratio of operating profit to the brand's sales revenue (operating return on sales).

	2009 (unaudited)	2008 (unaudited)	2007 (unaudited)
Deliveries (thousand units)	3,954	3,668	3,663
Vehicle sales (thousand units)	3,459	3,648	3,664
Production (thousand units)	3,807	3,757	3,717
Sales revenue before consolidation (in EUR million)	65,368	72,928	73,944
Sales revenue from third parties (in EUR million)	52,816	58,806	60,201
Brand operating profit (in EUR million)	561	2,715	1,940
as % of the brand's sales revenue (before consolidation)	0.9	3.7	2.6

The main production facilities for vehicles of the Volkswagen Passenger Cars brand are located in Europe (in particular in Germany), as well as in Central and Eastern Europe (in particular in Poland, Russia and Slovakia). Other major production facilities for vehicles of the Volkswagen Passenger Cars brand are located in South America (Brazil, Argentina) and North America (Mexico), as well as South Africa and Asia (in particular China). Major markets for products of the Volkswagen Passenger Cars brand are located in Western Europe (in particular Germany), North America, South America (in particular Brazil) and Asia-Pacific (in particular China).

Under its slogan *"Das Auto"*, Volkswagen positions its products of the Volkswagen Passenger Cars brand primarily in the volume business for vehicles in the compact and mid-range classes, although there are also individual products in the subcompact class and in the higher-priced classes. The orientation of the group's Volkswagen Passenger Cars brand on the mass market is illustrated, in particular by the high-volume VW Golf which was the leading model in terms of worldwide unit sales figures in the last three years model. To date, more than 27.1 million VW Golfs have been produced (data as of December 31, 2009). Volkswagen produces a compact passenger car in Brazil specifically for the Latin American market, the VW Gol. Since 1987, the VW Gol has been the highest selling vehicle in Brazil and, since 1998, in Argentina as well.

Some key model innovations of the Volkswagen Passenger Cars brand in fiscal year 2009 were the new generation of the VW Golf Plus and the VW Polo, together with the powerful VW Golf variants, the GTI and the GTD. There was also the Passat BlueTDI, the Passat EcoFuel and the BlueMotion models of the Tiguan and the Golf, which extend the brand's BlueMotion technology product range. In the fall of 2009, Volkswagen introduced the revised VW Golf Variant to the public.

The following table provides an overview of the worldwide production of vehicles of the Volkswagen Group under the Volkswagen Passenger Cars brand in fiscal years 2009, 2008 and 2007, broken down by model (including production numbers for the two Chinese joint ventures):

Vehicles	2009 (unaudited)	2008 (unaudited)	2007 (unaudited)
Golf	792,608	764,776	763,491
Passat/Santana	772,872	764,321	751,764
Jetta/Bora	649,963	616,013	630,355
Gol	465,795	388,763	320,604
Polo	453,824	408,679	449,602
Fox	176,114	170,596	206,125
Tiguan	145,002	150,416	16,272
Touran	126,168	148,196	197,941
Scirocco	47,277	20,442	–
Suran	44,936	52,600	45,690
Touareg	32,308	62,230	72,477
New Beetle	24,328	37,893	40,124
Eos	17,880	43,578	55,560
Polo Classic/Sedan	16,764	62,167	86,861
Sharan	14,636	19,703	23,807
New Beetle convertible	12,773	17,100	26,752
Parati	9,883	22,874	23,953
Phaeton	4,071	6,189	5,711
	3,807,202	**3,756,536**	**3,717,089**

Audi

In 1966, the Company completed the acquisition of Auto Union GmbH, based in Ingolstadt (Germany). Vehicles of the DKW, Wanderer, Horch and Audi brands were produced by Auto Union GmbH, which later became Audi AG. The four intertwined rings in the brand-symbol Audi symbolize these original four brands. As of the date of this Prospectus, Volkswagen Aktiengesellschaft holds 99.55% of the shares of Audi AG. Audi AG's shares are listed on the regulated market of the Frankfurt Stock Exchange (ISIN DE0006757008).

The following table provides an overview of the number of deliveries to customers, unit sales to dealers and vehicles produced under the Audi brand for the fiscal years ended December 31, 2009, 2008 and 2007. In addition, the table shows the sales revenue from third parties, the brand's operating profit and the ratio of operating profit to the brand's sales revenue (operating return on sales).

	2009 (unaudited)	**2008 (unaudited)**	**2007 (unaudited)**
Deliveries (thousand units)	950	1,003	967
Vehicle sales (thousand units)	1,183	1,275	1,200
Production (thousand units)	924	1,022	978
Sales revenue before consolidation (in EUR million)	29,840	34,196	33,617
Sales revenue from third parties (in EUR million)	20,443	22,052	21,078
Brand operating profit for the brand (in EUR million)	1,604	2,772	2,705
as % of the brand's sales revenue (before consolidation)	5.4	8.1	8.0

The main production facilities for vehicles of the Audi brand are located in Western Europe (in particular Germany) and Central and Eastern Europe (in particular Hungary) and the Asia-Pacific region (in particular China). The main markets for products of the Audi brand are Western Europe, Central and Eastern Europe, North America and Asia-Pacific. Since 1988 Audi brand vehicles have also been produced, sold and delivered to China (see also "– *Significant equity interests – Chinese joint ventures*").

With its slogan *"Vorsprung durch Technik"*, Audi primarily addresses customers with products in the compact, mid-range, upper mid-range and premium classes. The Audi brand's high-volume model with the highest number of units delivered to customers in fiscal year 2009 was the Audi A4, an upper mid-range vehicle, at approximately 280 thousand vehicles delivered. There is a coupé/cabriolet version of the Audi A4 as well as a sportback derivative (Audi A5). In addition, there is also the TT sports car and the Q5 and Q7 SUV. Audi offers the A8 as a premium class product and in addition the Audi R8. The Audi A3 is produced on the same platform as the VW Golf, and the Audi A4, A5, Q5, Q7 and A6 also share a platform.

Key models of the Audi brand in fiscal year 2009 were the Audi S4 as a saloon and as an Avant (estate), the Audi A5 and the Audi S5 as cabriolet (convertible) versions, the Audi A4 all-road quattro and the Audi A5 Sportback.

The following table provides an overview of the worldwide production of vehicles of the Volkswagen Group under the Audi brand in fiscal years 2009, 2008 and 2007, broken down by model:

Vehicles	**2009 (unaudited)**	**2008 (unaudited)**	**2007 (unaudited)**
A4	279,624	361,894	289,806
A3	196,965	203,594	230,901
A6	182,090	214,074	227,502
Audi Q5	105,074	20,324	162
A5	69,495	57,324	25,554
Audi Q7	27,929	59,008	77,395
TT Coupé	18,010	31,101	40,417
A5 Cabriolet	15,388	326	–
A3 Cabriolet	9,782	18,570	216
A8	8,599	20,140	22,182
TT Roadster	4,811	10,688	16,349
A4 Cabriolet	2,409	16,991	24,341
R8	2,101	5,656	4,125
	922,277	**1,019,690**	**975,290**

SEAT

In 1986, Volkswagen integrated the SEAT brand by taking a majority equity interest in SEAT S.A., based in Barcelona, Spain. As of the date of this Prospectus, Volkswagen Aktiengesellschaft holds 100% of the shares of SEAT S.A.

The following table provides an overview of the number of deliveries to customers, unit sales to dealers and vehicles produced under the SEAT brand for the fiscal years ended December 31, 2009, 2008 and 2007. In addition, the table shows the sales revenue from third parties, the brand's operating result and the ratio of operating result to the brand's sales revenue (operating return on sales).

	2009 (unaudited)	2008 (unaudited)	2007 (unaudited)
Deliveries (thousand units)	337	368	431
Vehicle sales (thousand units)	319	375	411
Production (thousand units)	308	381	413
Sales revenue before consolidation (in EUR million)	4,561	5,196	5,899
Sales revenue from third parties (in EUR million)	3,360	3,807	4,375
Brand operating result (in EUR million)	−339	−78	8
as % of the brand's sales revenue (before consolidation)	−7.4	−1.5	0.1

The SEAT brand vehicles are produced in Spain. The main market for products of the SEAT brand is Western Europe (in particular Spain and Germany). In fiscal year 2009, Volkswagen delivered 83 thousand vehicles of the SEAT brand to customers in Spain (2008: 99 thousand vehicles, 2007: 142 thousand vehicles), which corresponds to 24.7% of worldwide deliveries of SEAT brand vehicles (2008: 27.0%, 2007: 33.0%).

In comparison with markets in other European countries, the Spanish market for passenger cars and light commercial vehicles was affected particularly early, i.e. from the end of 2007, and particularly severely by the general financial and economic crisis. This led to considerable reductions in the number of unit sales for passenger cars and light commercial vehicles of all automotive manufacturers in Spain in 2008 and 2009. Unit sales decreased by 20.2% year-on-year in 2009 (2008 to 2007: 29.8%) to 1.060 million vehicles (2008: 1.328 million vehicles). The Spanish government's vehicle purchase incentive program was of a relatively low volume compared with other European countries (approximately EUR 600 million) and its impact was realized relatively late compared with other European countries.

These and other factors had a negative effect on SEAT's performance in recent years. The delivery, unit sales and production figures, as well as the sales revenue, of the SEAT brand in Spain dropped considerably from 2007 to 2009. SEAT delivered approximately 83 thousand vehicles to the Spanish market for passenger cars and light commercial vehicles in fiscal year 2009. This represented a decrease of 16.6% compared with the previous year (2008 to 2007: −31.1%). Nevertheless the decrease of vehicles delivered by SEAT to customers in Spain in 2007, 2008 and 2009 was, on the whole, not higher than the reduction in the number of unit sales for passenger cars and light commercial vehicles of all automobile manufacturers in the entire Spanish market for passenger cars and light commercial vehicles (source: Global Insight and Volkswagen Group data). Volkswagen therefore considers the global financial and economic crisis to be the major reason for the performance of the SEAT brand in 2007, 2008 and 2009.

Even before the general financial and economic crisis, Volkswagen had initiated restructuring programs for SEAT to strengthen the SEAT brand by expanding the product range and implementing cost reduction measures. In addition, efforts were made to increase SEAT's international brand awareness and, consequently, its sales revenue. Plans are also underway to integrate SEAT production more fully into the Volkswagen Group's overall production planning, to allow SEAT to make its production capacities available to other brands of the Volkswagen Group when needed. Volkswagen therefore plans to produce the Audi Q3, expected for fiscal year 2011, in Spain.

Under the slogan *"SEAT. Auto emoción"*, Volkswagen generally positions its products of the SEAT brand in the compact and subcompact classes, but it also offers mid-range products. Thus Volkswagen is positioning under the SEAT brand the fourth generation of the SEAT Ibiza model as five- and three-door vehicles in the subcompact class and the Leon/Altea and the Exeo in the compact class. The fourth generation of the SEAT Ibiza has been produced on the same platform as the VW Polo (5th generation) since 2008, and the Leon is produced on the basis of the Golf. The SEAT brand's high-volume model with the highest number of units delivered to customers in fiscal year 2009 was the SEAT Ibiza, a subcompact class vehicle at approximately 174 thousand vehicles delivered.

Key models of the SEAT brand in fiscal year 2009 were the Exeo, available as both a saloon and a sports tourer. The SEAT Exeo was developed on the basis of the previous model of the Audi A4. In addition, in 2009 SEAT launched new models of the Leon CUPRA R, the Ibiza CUPRA and the Ibiza FR, in each case with higher performance.

The following table provides an overview of the worldwide production of vehicles of the Volkswagen Group under the SEAT brand in fiscal years 2009, 2008 and 2007, broken down by model.

Vehicles	**2009 (unaudited)**	**2008 (unaudited)**	**2007 (unaudited)**
Ibiza	173,715	192,470	172,206
Leon	66,368	96,761	120,630
Altea/Toledo	33,362	60,254	76,121
Exeo	22,981	369	–
Alhambra	6,215	10,282	14,242
Cordoba	4,861	20,439	29,747
	307,502	**380,575**	**412,946**

Škoda

In 1991, Volkswagen acquired an interest in the Škoda brand and integrated this brand into the Volkswagen Group in 2000 through the 100% acquisition of the Czech automotive company Škoda Auto a.s., based in Mladá Boleslav.

The following table provides an overview of the number of deliveries to customers, unit sales to dealers and vehicles produced under the Škoda brand for the fiscal years ended December 31, 2009, 2008 and 2007. In addition, the table shows the sales revenue from third parties, the brand's operating profit of the brand and the ratio of operating profit to the brand's sales revenue (operating return on sales).

	2009 (unaudited)	**2008 (unaudited)**	**2007 (unaudited)**
Deliveries (thousand units)	684	675	630
Vehicle sales (thousand units)	552	626	620
Production (thousand units)	669	677	661
Sales revenue before consolidation (in EUR million)	7,100	8,039	8,004
Sales revenue from third parties (in EUR million)	5,761	5,783	5,925
Brand operating profit (in EUR million)	203	565	712
as % of the brand's sales revenue (before consolidation)	2.9	7.0	8.9

The main production facilities for Škoda brand vehicles are located in the Eastern and Central Europe (in particular the Czech Republic) and Asia-Pacific regions (in particular India and China). The main markets for products of the Škoda brand are likewise these regions. Since 2007 Škoda brand vehicles have also been produced, sold and delivered in China (see also "*– Significant equity interests – Chinese joint ventures*").

Volkswagen covers the subcompact and compact class with the products of the Škoda brand, under the slogan "*Škoda. Simply clever*", but is also represented by Škoda products in the mid-range class. Volkswagen's volume model under the Škoda brand with the highest number of units delivered to customers in fiscal year 2009 was the Škoda Octavia, a compact class vehicle, at approximately 294 thousand vehicles delivered. The Škoda Octavia is now being produced in its second generation and is based on a Volkswagen platform on which the Audi A3, the SEAT Leon and the SEAT Altea, the VW Golf V, the VW Golf Plus and the VW Touran are built.

A key new Škoda brand model in fiscal year 2009 was the Yeti, an off-road compact SUV. Other important new models in fiscal year 2009 were the product updates to the Octavia series and the Greenline version of the Octavia. The models of the Scout series were expanded by the addition of the Fabia Scout Estate.

The following table provides an overview of the worldwide production of vehicles of the Volkswagen Group under the Škoda brand in fiscal years 2009, 2008 and 2007, broken down by model:

Vehicles	**2009 (unaudited)**	**2008 (unaudited)**	**2007 (unaudited)**
Octavia	294,020	355,037	319,893
Fabia	260,562	244,981	243,576
Superb	52,361	27,264	21,339
Roomster	42,273	49,535	75,875
Yeti	19,590	–	–
	668,806	**676,817**	**660,683**

Bentley, Bugatti, Lamborghini

The group brands Bentley, Bugatti and Lamborghini are presented collectively in the following section. These three brands have in common that their vehicles are not volume models, but are exclusively models in the luxury and premium classes.

In 1998, Volkswagen acquired Rolls-Royce Motor Cars Ltd., based in Crewe, United Kingdom, which since 2002 has been operating under the name Bentley Motors Ltd. It manufactures and markets products of the group's Bentley brand. Bugatti International S.A. Holding, based in Molsheim (Alsace), France – and thus the group's Bugatti brand – was likewise acquired by Volkswagen in 1998. In 2000, it changed its name to Bugatti Automobiles S.A.S. In addition, Lamborghini Holding S.p.A., based in Sant'Agata Bolognese, Italy, and thus the group's Lamborghini brand, was acquired by Volkswagen in 1998.

The following table provides an overview of the number of deliveries to customers, unit sales to dealers and vehicles produced under the Bentley brand for the fiscal years ended December 31, 2009, 2008 and 2007. In addition, the table shows sales revenue from sales to third parties, the brand's operating result and the ratio of operating result to the brand's sales revenue (operating return on sales).

Bentley	**2009 (unaudited)**	**2008 (unaudited)**	**2007 (unaudited)**
Deliveries (units)	4,616	7,604	10,014
Vehicle sales (units)	4,005	7,685	9,600
Production (units)	3,637	7,674	9,972
Sales revenue before consolidation (in EUR million)	571	1,084	1,376
Sales revenue to third parties (in EUR million)	553	1,016	1,294
Brand operating profit (in EUR million)	−194	10	155
as % of the brand's sales revenue (before consolidation)	−34.0	0.9	11.3

The following paragraphs provide an overview of the number of deliveries to customers and vehicles produced under the Bugatti and Lamborghini brand for the fiscal years ending December 31, 2009, 2008 and 2007.

Bugatti

In fiscal year 2009, Volkswagen delivered 50 Bugatti brand vehicles worldwide. In fiscal years 2008 and 2007, the number of vehicles delivered to customers was 71 and 80, respectively. In fiscal year 2009, Volkswagen produced 45 Bugatti brand vehicles (2008: 82 vehicles, 2007: 83 vehicles).

Lamborghini

Volkswagen generally includes the key figures for the Lamborghini brand in the group figures for the Audi brand. In fiscal year 2009, Volkswagen delivered 1,515 Lamborghini brand vehicles worldwide. 2,430 and 2,406 vehicles were delivered to customers in fiscal years 2008 and 2007 respectively. Volkswagen produced 1,253 Lamborghini brand vehicles in fiscal year 2009 (2008: 2,424 vehicles, 2007: 2,580 vehicles).

Volkswagen is positioned in the high-priced premium and luxury product classes with the Bugatti, Lamborghini and Bentley. Products of the group's Lamborghini brand are presented under the slogan *"Feels Italian. Wherever you are"*, those of Bentley under the slogan *"The world's most respected high-performance cars"* and those of Bugatti under the slogan *"The thoroughbred of automobiles"*.

Volkswagen generally addresses customers of high-priced sports cars with the group brands Bugatti and Lamborghini. The group's Bentley brand targets customers who are looking for a luxurious, yet sporty vehicle. Volkswagen's Bentley brand is a Royal Warrantholder of the British Royal Family.

Bentley brand vehicles are produced exclusively in the United Kingdom, while vehicles of the Bugatti brand are produced exclusively in France and vehicles of the Lamborghini brand are produced exclusively in Italy. The main markets for the brands Bentley, Bugatti and Lamborghini brands are Europe, North America, Russia, Asia and the Middle East.

Volkswagen uses sports car models of the Bugatti and Lamborghini brands to underscore its leading position in technology, design and performance in the automotive market. This applies in particular to the use of the positive sporty and technologically advanced images of these brands and the use of the technology and design expertise for other Volkswagen Group brands. With the Bugatti Veyron 16.4, for example, Volkswagen produces and sells a super sports car which, with its 16 cylinders in double V form, seven-speed double clutch transmission, four turbo chargers and a maximum output of 1001 horsepower (736 kW), has a number of particularly special features. With a maximum speed of 407 kph, the Bugatti Veyron 16.4 is one of the world's fastest, production vehicles allowed to be used on public roads.

The products of the group's Bugatti and Lamborghini brands use custom production platforms. The same applies to the group's Bentley brand, although the Bentley Continental GT and the Bentley Continental Flying Spur are produced on the same platform as the VW Phaeton.

In 2009, Volkswagen presented new models and derivatives under the Bentley, Bugatti and Lamborghini brands. For example, Volkswagen expanded the Bentley brand's product range with the Continental GTC Speed and the Azure T. Under the Lamborghini brand, Volkswagen presented the Murciélago LP 670-4 SuperVeloce and the Reventón Roadster, and under the Bugatti brand, the Veyron Grand Sport.

The following table provides an overview of the worldwide production of vehicles of the Volkswagen Group under the Bentley, Bugatti and Lamborghini brands in fiscal years 2009, 2008 and 2007, broken down by model.

Bentley vehicles	2009 (unaudited)	2008 (unaudited)	2007 (unaudited)
Continental Flying Spur	1,358	1,813	2,270
Continental GT Coupé	1,211	2,699	2,140
Continental GT Cabriolet	722	2,408	4,847
Arnage	147	277	357
Brooklands	106	312	8
Azure	93	165	350
Total	**3,637**	**7,674**	**9,972**

Bugatti vehicles	2009 (unaudited)	2008 (unaudited)	2007 (unaudited)
Veyron and Veyron Grand Sport	45	82	83

Lamborghini vehicles	2009 (unaudited)	2008 (unaudited)	2007 (unaudited)
Gallardo	462	1,206	936
Gallardo Spyder	460	581	1,015
Murciélago	274	454	423
Murciélago Roadster	57	183	206
Total	**1,253**	**2,424**	**2,580**

Volkswagen Commercial Vehicles

In March 1950, Volkswagen began serial production of the Volkswagen Transporter, a vehicle of today's Volkswagen Commercial Vehicles brand, which was initially manufactured at the Wolfsburg plant under the Volkswagen Passenger Cars brand. After completion of the new plant in Hanover in 1956, production of the Volkswagen Transporter was moved there. In July 1995, Volkswagen Aktiengesellschaft introduced Volkswagen Commercial Vehicles as a brand.

The following table provides an overview of the number of deliveries to customers, unit sales to dealers and vehicles produced under the Volkswagen Commercial Vehicles brand for the fiscal years ended December 31, 2009, 2008 and 2007. In addition, the table shows the sales revenue from third parties, the brand's operating profit and the ratio of operating profit to the brand's sales revenue (operating return on sales).

	2009[1] (unaudited)	2008 (unaudited)	2007 (unaudited)
Deliveries (thousand units)	362	502	489
Vehicle sales (thousand units)	275	439	427
Production (thousand units)	308	470	435
Sales revenue before consolidation (in EUR million)	5,294	9,607	9,297
Sales revenue from third parties (in EUR million)	3,844	7,246	6,548
Brand operating profit (in EUR million)	313	375	305
as % of the brand's sales revenue (before consolidation)	5.9	3.9	3.3

1 Volkswagen Commercial Vehicles including Volkswagen Caminhões e Ônibus Indústria e Comércio de Veículos Comerciais Ltda, Resende (Brazil), for January and February 2009.

Unit sales of light commercial vehicles decreased in the course of the global financial and economic crisis to a considerably greater extent than unit sales of passenger cars. This also led to a considerable decline in unit sales and deliveries to customers of Volkswagen Commercial Vehicles brand vehicles. The Company believes the primary reason for this decline was that, in contrast to passenger cars, light commercial vehicles benefited little or not at all from the worldwide government vehicle purchase incentive programs. Of the models of the

Volkswagen Commercial Vehicles brand, government vehicle purchase incentive programs only had an effect on the unit sales and deliveries of the Caddy model (and that only to a slight degree). The reason for this, in the view of the Company, was that the main customers of the Volkswagen Commercial Vehicles brand – the craftsmen and the self-employed – were affected by the general financial and economic crisis and their willingness to invest in new vehicles therefore declined considerably.

The main production facilities for Volkswagen Commercial Vehicles are located in Germany, Poland, Brazil and Argentina. The main market for products of the Volkswagen Commercial Vehicles brand is Europe.

Under the core brand value of *"Souveräne Mobilität"* (sovereign mobility), Volkswagen positions products of the Volkswagen Commercial Vehicles brand first in the commercial vehicles segment and second in the compact class and the upper mid-range class of the passenger cars segment.

Volkswagen's model portfolio under its Volkswagen Commercial Vehicles brand covers, above all, city delivery vans such as the VW Caddy, small transporters such as the VW Transporter and large MPVs such as the VW Caravelle and the VW Multivan. Until February 2009, Volkswagen Commercial Vehicles also offered heavy commercial vehicles, primarily for the Brazilian market. Since the sale of Volkswagen Caminhões e Ônibus Indústria e Comércio de Veículos Comerciais Ltda, Resende (Brazil) to the MAN Group in March 2009 (see "*– Significant equity interests – MAN*"), Volkswagen has been exclusively operating the light commercial vehicles business under the Volkswagen Commercial Vehicles brand.

In 2009, Volkswagen presented the redesigned VW Multivan, VW Transporter and VW Caravelle models under the Volkswagen Commercial Vehicles brand as well as the VW Amarok pick-up, which will be available in South America from the beginning of 2010 and will be available at a later date in other markets.

The following table provides an overview of the worldwide production of vehicles of the Volkswagen Group under the Volkswagen Commercial Vehicles brand in fiscal years 2009, 2008 and 2007, broken down by model.

Vehicles	**2009 (unaudited)**	**2008 (unaudited)**	**2007 (unaudited)**
Transporter	78,985	90,207	90,762
Caddy station wagon	78,488	77,642	65,675
Caravelle/Multivan, station wagon	56,073	123,630	119,535
Caddy	48,601	82,414	79,830
Saveiro	38,899	40,367	31,221
Truck[1]	5,187	46,138	39,083
Omnibus[1]	1,872	9,889	7,771
Amorak	193	–	–
Golf Pick-up	–	–	812
Total	**308,298**	**470,287**	**434,689**

1 Only January and February included in 2009.

Scania

By increasing its existing interest in Scania AB, based in Södertälje, Sweden ("**Scania**"), into a majority interest, Volkswagen added the Scania brand to the brand portfolio of the Company. As of the date of this Prospectus, Volkswagen holds an interest of 49.29% in the shares capital of Scania (the share of voting rights is 71.81%). Since July 22, 2008, Volkswagen has fully consolidated Scania into the Volkswagen Group as its ninth brand. The shares of Scania AB are listed on the NASDAQ OMX Nordic Exchange, Stockholm.

The following table provides an overview of the number of deliveries to customers, unit sales to dealers and vehicles produced by Scania for the fiscal years ended December 31, 2009 and 2008 on the basis of publicly available Annual Report for 2009. In addition, the table shows the sales revenue from third parties, Scania's operating profit and the ratio of operating profit in relation to Scania's sales revenue (operating return on sales).

	2009 (unaudited)	2008[1] (unaudited)
Deliveries (units)	43,443	30,527
Vehicle sales (units)	43,443	30,527
Production (units)	35,809	32,430
Sales revenue (in EUR million)[2]	6,385	3,865
Sales revenue from third parties (in EUR million)[2]	6,385	3,865
Brand operating profit[2] (in EUR million)	236	417
as % of the brand's sales revenue	3.7	10.8

1 Since Scania was initially consolidated in the Volkswagen Group as of July 22, 2008, its sales revenue and earnings contributions were only included in full in Volkswagen's consolidated sales revenue and consolidated profit from that date.

2 Scania is reported as a separate segment in the segment reporting in the Company's consolidated financial statements as of December 31, 2009.

Scania's business activities cover the commercial vehicles, engines, service and financial services business fields. In the commercial vehicles business field, Scania is active in the development, production and sale of trucks with a gross vehicle weight in excess of 16 tonnes for the regional, national and international transport of goods as well as for the construction industry, and sells large buses and coaches for use in city and suburban transportation as well as overland coaches based on a Scania chassis manufactured by Scania itself as well as in cooperation with third parties. In the engines business field, the product range covers engines with an engine capacity of 9, 12 and 16 liters and an output of 100 to 500 kW, used primarily in construction and agricultural machinery, electric generators and ships. In the service business field, Scania offers service to transportation and logistics companies such as the genuine parts business and repair services, customer-specific fleet management, a range of seminars, or driver training. In addition, in the financial services business field, Scania offers financing and leasing concepts for Scania products and for associated products such as superstructures, cooling units, trailers and semi-trailers, and markets insurance solutions (source: Scania, 2008 Annual Report).

The main production facilities for vehicles of the Scania brand are located in Europe, in particular Sweden, France, the Netherlands, Poland and Russia, as well as in South America (in particular Brazil). Major markets for products of the Scania brand are Europe and South America.

In 2009, Scania launched the new R series in the Scania truck production program, which, in the opinion of the Company, features significant innovations in the design and technology of long-distance vehicles. In particular, the Scania Opticruise system (one of the first automated gear-shifting systems), which was introduced in parallel with the new series R, and the driver support module (a feedback system serving to fine-tune one's driving style) increase driving safety and comfort while at the same time reducing fuel consumption.

The following table provides an overview of the worldwide production of vehicles by Scania in 2009 and 2008 on the basis of the publically available Annual Report of Scania for 2009, broken down by trucks and buses.

	2009 (unaudited)	2008[1] (unaudited)
Trucks (units)	29,573	29,085
Buses (units)	6,236	3,345
	35,809	**32,430**

1 Since Scania was initially consolidated in the Volkswagen Group as of July 22, 2008, Scania's production figures were only fully included in full in Volkswagen's consolidated production figures from that date.

For a comparison of Scania's and MAN's model portfolios and for an overview of Volkswagen's strategy with respect to its interests in the two companies, see "– *Significant equity interests – MAN*".

12.4.1.2 Significant equity interests

Volkswagen's equity interests and joint ventures that the Company considers to be significant are described in the following. Due to legal restrictions, Volkswagen has no access to the financial information of companies other than those of the Volkswagen Group and can therefore only disclose in this section data and/or financial information related to Dr. Ing. h.c. F. Porsche Aktiengesellschaft and Porsche Automobil Holding SE (together, also "**Porsche**"), MAN, or Suzuki that is taken from publically available financial statements or annual reports of these companies.

Porsche

Since December 7, 2009, Volkswagen has held a 49.9% indirect interest through Porsche Zwischenholding GmbH in Dr. Ing. h.c. F. Porsche Aktiengesellschaft, based in Stuttgart, and accounts for it using the equity method (see also *"Management's Discussion and Analysis of Financial Condition and Results of Operations – Basis of presentation – Significant accounting policies – Equity-accounted investments"*). The remaining 50.1% indirect interest in Dr. Ing. h.c. F. Porsche Aktiengesellschaft is held by Porsche Automobil Holding SE, based in Stuttgart. It is the intention to merge Porsche Automobil Holding SE into the Company, if possible, by the end of 2011. See also "– *Material agreements – Agreements related to the creation of an integrated automotive group with Porsche"*.

The following table provides an overview of significant unit sales and production figures of Porsche Automobil Holding SE and its consolidated subsidiaries for fiscal years 2009/2008, 2008/2007 and 2007/2006.

	Fiscal year (from August 1 to July 31)		
	2009/2008 (unaudited)	**2008/2007 (unaudited)**	**2007/2006 (unaudited)**
Vehicle sales Porsche (units)	75,238	98,652	97,515
Production Porsche (units)	76,739	105,162	101,844
of which			
Porsche Cayenne	32,640	48,497	36,169
Porsche 911	27,776	34,303	38,959
Porsche Boxster/Cayman	14,403	22,356	26,712
Porsche Panamera	1,920	3	–
Porsche Carrera GT & RS Spyder	0	3	4

(Source: Porsche Automobil Holding SE, 2008/2009 Annual Report.)

Dr. Ing. h.c. F. Porsche Aktiengesellschaft develops, produces and sells production sports cars with boxer engines (such as the 911, the Boxster and the Porsche Cayman), the sporty premium class saloon Porsche Panamera and the Porsche Cayenne in the sports utility vehicle segment.

With the exception of the Porsche Cayenne, products of the Porsche brand are produced on individual platforms. The Porsche Cayenne uses the same production platform as the VW Touareg and the Audi Q7.

Volkswagen anticipates positive potential synergies from the planned merger of Volkswagen Aktiengesellschaft and Porsche Automobil Holding SE. The expected potential synergies have been identified and subjected to reasonableness tests on the basis of selected financial data of Volkswagen and Dr. Ing. h.c. F. Porsche Aktiengesellschaft. However, the expectations are also based on certain assumptions by the Company whose materialization is uncertain. These include the following significant assumptions: positive market growth (including a higher sales volume of Porsche), a certain interest rate assumed for discounting purposes, acceptance of the planned merger and the integration of the Porsche brand into the Volkswagen Group by customers and employees of Dr. Ing. h.c. F. Porsche Aktiengesellschaft, as well as by customers and employees of Volkswagen, and the assumption of a certain behavior by various market participants, for instance in the areas of purchasing, procurement and distribution. The Company expects that Volkswagen could achieve a long-term improvement in its operating profit of approximately EUR 700 million per year for the integrated automotive group from the achievement of the potential synergy effects. From the long-term annual expected synergies approximately two-thirds would be attributable to cost synergies and one-third to growth synergies. The short- and medium-term costs of the planned merger expected by the Company include costs for harmonizing the accounting system and financial control, the integration of the IT systems, the consolidation of development projects, the harmonization of purchasing and procurement, and the costs of external consultants. Achieving the synergy effects depends on a range of future events, not all of which can be influenced by the Company. One critical factor, for example, will be whether the merger with Porsche Automobil Holding SE that is not planned before 2011 actually occurs. However, the Company believes that a not insignificant portion of these potential synergies can also be achieved from an indirect 49.9% interest in Dr. Ing. h.c. F. Porsche Aktiengesellschaft.

MAN

Volkswagen holds 28.67% interest in the share capital (corresponding to 29.9% of voting rights) of MAN SE, based in Munich ("**MAN**"), and accounts for this equity interest using the equity method (see also *"Management's Discussion and Analysis of Financial Condition and Results of Operations – Basis of presentation – Significant accounting policies – Equity-accounted investments"*).

MAN and its direct and indirect subsidiaries (collectively referred to as the "**MAN Group**") develop, produce and sell trucks, buses, diesel engines, turbo machinery and special gearboxes, employing approximately 48 thousand people worldwide. The MAN Group is one of the leading European industrial companies in the transport-related engineering sector (i.e. companies whose production divisions focus on business fields related to transport, drive and energy) subdivided into the MAN Nutzfahrzeuge, MAN Diesel, MAN Turbo and RENK business areas. In 2009, the MAN Group generated revenue of EUR 12,026 million. The MAN Nutzfahrzeuge business area is the largest division of the MAN Group and is one of the leading suppliers of commercial vehicles and transportation solutions, such as trucks from 7.5 to 44 tonnes gross vehicle weight for every use, buses from scheduled service buses to luxury travel coaches, complete services revolving around vehicles and engines for vehicles, ships and industry. In terms of unit sales, MAN Diesel is the global market leader in two-stroke primary ship engines and the global leading supplier of large four-stroke diesel engines. MAN Turbo is one of the leading global manufacturers of thermal turbo machinery, with production locations in Germany, Switzerland, Italy and China. RENK is a manufacturer of high-quality special gearboxes, components of drivetrain technology and test systems, with production facilities in Germany, Switzerland, France and the USA. MAN holds a 76% interest in the share capital of RENK (source: MAN SE, 2009 Annual Report).

In March 2009, Volkswagen, after obtaining the required government permits, completed the transfer of all shares in Volkswagen Caminhões e Ônibus Indústria e Comércio de Veículos Comerciais Ltda., Resende, Brazil, to the MAN Group. Volkswagen Caminhões has therefore been deconsolidated. The proceeds of the sale amounted to EUR 1.3 billion.

MAN and Scania develop, produce and sell trucks, buses and diesel engines (with an emphasis on trucks) complemented by a large number of services in the field of heavy commercial vehicles. Scania and MAN operate independently in the markets worldwide, and, in the opinion of the Company, are both among the global market leaders in the field of trucks. The markets in which Scania and MAN operate show a great deal of overlap. MAN and Scania generally aim their product portfolios at different customer groups and try to position themselves differently. Scania brand vehicles primarily use comfort-related and special engineering features to appeal to customers, while MAN brand vehicles have a lower proportion of engineering and comfort-related features on average and are used by a higher proportion of fleet customers than Scania. Volkswagen assumes that both companies, as a result of their strong presence in Europe, Latin America and Asia, will be able to benefit from the expected cyclical recovery of the truck market in industrialized countries and from the long-term growth potential in emerging countries.

SUZUKI

Suzuki Motor Corporation, based in Hamamatsu, Japan ("**Suzuki**"), conducts business throughout the world. Suzuki's business activities are split into three divisions: automobile (for example small and compact cars, four-wheel drive vehicles, SUVs and transporters), Motorcycle (for example motorcycles, scooters and mopeds) and Marine (for example outboard engines, multi-purpose generators and power water pumps). In 2008/2009, Suzuki employed more than 50,600 people. Suzuki is represented in 196 countries and regions and has production facilities in 23 countries and regions. In fiscal year 2008/2009, Suzuki sold approximately 2.3 million vehicles worldwide. The largest markets are India with a share of 34% and Japan with a share of 29% of the total volume (source: Suzuki, 2009 Annual Report).

Volkswagen Aktiengesellschaft and Suzuki entered into a framework agreement on December 9, 2009, in which they agreed a close and long-term strategic partnership. Under the agreement, Volkswagen Aktiengesellschaft acquired 19.89% of the shares in Suzuki on January 15, 2010. In accordance with the framework agreement, Suzuki intends to acquire shares of Volkswagen Aktiengesellschaft in return; the value of this investment will be equivalent to up to one half of the purchase price paid for the shares in Suzuki. A change in either ownership quota may only take place by mutual agreement (see also *"– Material agreements – Agreements in connection with the equity interest in Suzuki"*). Volkswagen accounts for its equity interest in Suzuki using the equity method (see also *"Management's Discussion and Analysis of Financial Condition and Results of Operations – Basis of presentation – Significant accounting policies – Equity-accounted investments"*).

Volkswagen is working towards a long-term cooperative relationship with Suzuki in which the autonomy of the two corporate groups will be preserved. The cooperation is intended to relate, in particular, to the development and expansion of markets, primarily in Asia, as well as to the development and production of innovative and environmentally friendly compact cars. Volkswagen intends, together with Suzuki, to be able to satisfy the expected increase in demand of customers for more efficient engines with lower CO_2 emissions (especially in industrialized countries) as well as for smaller vehicles (especially in emerging countries). In addition, a cooperation between Volkswagen and Suzuki in respect of the procurement of production materials is planned.

In particular, in respect of India, Volkswagen expects its investments in Suzuki to bring it even better access to the Indian market, since Suzuki holds a large market share in India as a result of its Maruti Suzuki India Ltd. joint venture.

Chinese joint ventures

The Company directly and indirectly holds 50% of the shares in the joint venture Shanghai Volkswagen Automotive Company, Ltd. joint venture, in Shanghai, as well as 40% of the shares in FAW-Volkswagen Automotive Company, Ltd., in Changchun and accounts for these equity interests using the equity method (see also *"Management's Discussion and Analysis of Financial Condition and Results of Operations – Basis of presentation – Significant accounting policies – Equity-accounted investments"*). Both joint ventures operate a number of affiliated factories. Volkswagen furthermore holds interests in five component factories in China that produce axles, engines and transmissions for the two joint ventures. The Company also holds interests in several distribution joint ventures as well as 100% of the shares in a vehicle import company and a financing company in China. The activities of Volkswagen in China and the aforementioned equity interests are managed and/or administered by a holding company, Volkswagen (China) Investment Company, Ltd., based in Peking, which is wholly owned by Volkswagen.

Shanghai Volkswagen Automotive Company, Ltd., operates throughout the entire Chinese national territory, with the east coast of China being its focus. It has a partnership with the Škoda brand. The focus of the operations of FAW-Volkswagen Automotive Company, Ltd., is in North and East China. It has a partnership with the Audi brand. In addition, vehicles of the Volkswagen Passenger Car brand are imported into China by a group-owned wholesale company. This import company only imports models that are not manufactured by the two joint ventures or are only manufactured with different features (for example, engines with less power). The two Chinese joint ventures and the import company act as separate companies vis-à-vis the customers in the Chinese market, therefore they have their own individual brands positioning.

12.4.1.3 Genuine parts business

In the genuine parts business of the Automotive Division, the Volkswagen Group realized sales revenue in fiscal year 2009 of EUR 7,768 million (2008: EUR 7,254 million, 2007: EUR 6,512 million), corresponding to 7.4% of Volkswagen's consolidated sales revenue in 2009 (2008: 6.4%, 2007: 6.0%). In fiscal year 2009, sales revenue generated through the genuine parts business increased compared with the prior year by 7.1% (2008: 11.4%).

The core business of the genuine parts business in the Volkswagen Group's Automotive Division is to direct and optimize the supply of genuine parts of the different group brands to markets worldwide. The range of genuine parts throughout the Volkswagen Group covers both purchased parts procured from outside suppliers and "in-house" parts, i.e. genuine parts that the Volkswagen Group produces itself. The Volkswagen Group ensures that, after discontinuation of a product, a supply of the relevant genuine parts is guaranteed for a period of at least an additional 15 years. Customers of the genuine parts business are predominantly vehicle owners having their Volkswagen Group vehicle maintained or repaired in a workshop. Of primary importance in this respect is prompt, on-time procurement of the ordered genuine parts which are needed and their shipment to the workshop or customer for fitting.

12.4.1.4 Procurement and production

(i) Procurement

Overview and organization

The procurement volume of Volkswagen in fiscal year 2009 was EUR 70.7 billion for goods (pre-products (including raw materials) and vehicle parts and components) and services (2008: EUR 75.4 billion; 2007: EUR 72.0 billion). This represents a reduction of 6.3% to 2008 and corresponds to approximately 67.2% of consolidated sales revenue. Worldwide, the Volkswagen Group works with approximately 36,000 suppliers. The most important procurement markets for Volkswagen are Europe, followed by Asia-Pacific and South America/South Africa.

The following table provides an overview of the total procurement volumes of the Volkswagen Group in 2009, 2008 and 2007 and the percentage changes compared to the prior year broken down by group brand and procurement market.

	Total procurement volume by brand and market				
	2009 (unaudited)	2008 (unaudited)	2007 (unaudited)	Change 2009/2008 (unaudited)	Change 2008/2007 (unaudited)
		in EUR billion		in %	
Volkswagen Passenger Cars	45.0	44.5	41.8	+1.3	+6.5
Audi (incl. Lamborghini)	14.3	19.8	18.7	−27.5	+5.5
Škoda	4.2	5.0	5.0	−17.2	+1.7
SEAT	2.7	3.2	3.6	−17.0	−9.3
Bentley	0.2	0.6	0.6	−60.2	+3.8
Volkswagen Commercial Vehicles	1.5	2.3	2.3	−35.4	+1.6
Scania	2.8	-[1]	-[1]	–	–
Volkswagen Group	**70.7**	**75.4**	**72.0**	**−6.3**	**+4.8**
Europe/Other markets[2]	49.4	59.0	56.7	−16.3	+4.1
Asia-Pacific[3]	12.7	8.0	7.0	+58.2	+14.7
South America[2]	5.4	5.4	5.1	−0.3	+5.9
North America	3.2	3.0	3.2	+8.4	−7.1

1 Since Scania was only consolidated in the Volkswagen Group as of July 22, 2008, Scania's procurement volume for 2008 and 2007 has not been included.
2 From 2009 the South African market will not be allocated to the region South America in the regional breakdown, but to the region Europe/Other markets. The values of the previous year have been adjusted.
3 Including the Chinese joint ventures.

Volkswagen's procurement primarily serves to supply raw materials and preproduct. These are individual vehicle parts and components that are produced by external suppliers according to Volkswagen's specifications, sold to Volkswagen and, finally, used by Volkswagen in manufacturing its vehicles. Examples are navigation devices and audio systems, wheels, tires, air filters and brake linings. Whether Volkswagen produces vehicle parts and components itself or procures them from external suppliers is a decision that Volkswagen makes primarily based on criteria of cost-effectiveness, while also taking into account the works agreement relating to job security in accordance to which in-house production must always be considered from the perspective of ensuring job security.

Within the Volkswagen Group, the procurement business is split into production material procurement and general procurement. Volkswagen's procurement processes in these two areas are standardized to the greatest possible extent. All decisions concerning these award of key supply contracts are made in a central decision-making body together with persons responsible for the group brand, taking into consideration regional aspects, market conditions and legal and economic provisions and requirements. The responsible persons from the functions of Research and Development, Quality Assurance, Controlling and Logistics are also part of this decision-making body, which confers weekly about upcoming awards of contracts.

Procurement of production materials

The procurement of production materials sub-division encompasses the procurement of all materials and parts directly necessary for the production of vehicles. These are essentially raw materials from suppliers, out of which Volkswagen manufactures vehicle parts and components, as well as vehicle parts and components pre-produced by suppliers.

Contracts with suppliers of raw materials and with suppliers of vehicle parts and components are generally entered into on a long-term basis and over the entire term of a vehicle's product cycle, i.e. with a term of approximately six to eight years. Volkswagen Group suppliers are subject to a uniform supplier management. Uniform quality standards are applied, which are developed and monitored by a comprehensive quality management (regarding quality management, see also ''*– Production*''). For this purpose, the Volkswagen Group maintains a worldwide network of regional purchasing offices. Supplier management begins even before the award of a contract through a preventive audit of the solvency of the (potential) supplier, through which possible later losses due to a supplier insolvency are to be avoided. Even during the awarding and processing of the contracts, each supplier is subject to an audit and a rating by the Volkswagen Group's supplier management. Finally, Volkswagen tries as far as possible to minimize the risk of supplier failure by procuring the same product from at least two different suppliers when possible.

In fiscal year 2009, Volkswagen purchased, in total, raw materials with a procurement volume of overall EUR 2.4 billion. Among the most important raw materials for Volkswagen's vehicle production are the following: steel, aluminum, copper, platinum, rhodium and palladium.

In fiscal year 2009, Volkswagen purchased steel, its most important raw material for vehicle production, in a quantity of 2.1 million tonnes, primarily from European markets. The second most important raw material following steel, based on volume, was, with 350,000 tonnes in fiscal year 2009, the raw material aluminum, likewise mostly from European markets. Among the most important raw material suppliers of the Volkswagen Group for aluminum and steel are Thyssen Krupp, Arcelor-Mittal, Salzgitter, Tata-Steel, Voest-Alpine, Trimet, Oettinger, Georgsmarienhütte and Lechstahl. The ten largest raw materials suppliers (based on supply volume) for the Volkswagen Group met approximately 80% of raw material requirements in fiscal year 2009.

In 2008 and 2009, market developments for the essential raw materials of the Company were influenced by a series of different factors, which resulted, in particular, in a very high degree of price volatility. Above all, prices for various metals and metal compounds showed considerable increases throughout the first half of 2008. Over the course of the global financial and economic crisis, which grew increasingly stronger during the second half of 2008, and its effects on the manufacturing industry, the demand for these raw materials dropped substantially and the commodity prices decreased considerably. The following table provides an overview of price changes on global markets for the essential raw materials of the Company in 2009 and 2008.

	Average global market price during the period			
Raw material	**July 1- December 31, 2009 (unaudited)**	**January 1 - June 30, 2009 (unaudited)**	**July 1- December 31, 2008 (unaudited)**	**January 1 - June 30, 2008 (unaudited)**
Steel[1] in EUR per tonne	645	646	919	829
Aluminum in USD per tonne	1,716	1,213	1,929	2,592
Copper in USD per tonne	6,246	4,067	5,828	8,126
Platinum in USD per ounce	1,315	1,103	1,205	1,953
Rhodium in USD per ounce	1,830	1,234	4,405	8,784
Palladium in USD per ounce	312	218	260	444
Electricity[2] in EUR per MWh	37.99	39.83	70.59	60.87

(Source: CRU Group and Bloomberg)

1 Thin sheet, galvanized (DX51D+Z).

2 European Energy Exchange (EEX) spot and base load electricity price.

The Company limits certain risks arising from the purchase of raw materials in respect to availability and changes in price in particular by entering into futures transactions and swaps. Using the appropriate contracts, it has hedged a portion of its demand for raw materials over a period of up to seven years. Similar transactions were entered into to supplement and optimize allocations of CO_2 emission certificates.

In fiscal year 2009, the procurement volume of the Volkswagen Group for vehicle parts and components and for preproducts (including raw materials) was EUR 70.7 billion. The Volkswagen Group's most important (based on total volume) suppliers of vehicle parts and components and preproducts (including raw materials) are: Bosch, Continental and Faurecia. Especially as a result of the technologically required lead times for new product introductions and model variants, long-term and close cooperation with the supplier or suppliers is of critical importance for vehicle-part supply. The Volkswagen Group maintains long-term and close contractual relationships with all important suppliers. Based on total volume, the Volkswagen Group met approximately 29% of its procurement requirements for vehicle parts and components in fiscal year 2009 through purchases from its ten largest suppliers. 80% of the procurement volume was met by approximately 174 suppliers. Volkswagen's most important procurement markets were Europe (2009: 69.1% of total procurement volume), followed by the Asia-Pacific region (2009: 17.9% of total procurement volume) and South America/South Africa (2009: 8.4% of total procurement volume).

The business model adapted by Volkswagen to the specific regional demand situation includes cooperations with local suppliers and local purchasing agreements, which are intended to help reduce the costs per vehicle as low as possible. Based on this and other measures, a major portion of the value creation of Volkswagen is accrued locally: up to approximately 90% in North America, Brazil and China, approximately 75% in India and up to approximately 30% in Russia (see also "*– Competitive strengths – Global market presence in high-volume and high-growth regions*").

General procurement

The general procurement sub-division is responsible for the purchase of all goods and services that are not directly connected to vehicle production. This includes mainly energy and equipment needed for the manufacturing process, but also services such as maintenance services, security and surveillance services, travel services or the purchase of office supplies and IT services. In fiscal year 2009, the procurement volume in the general procurement sub-division of the Volkswagen Group was EUR 13.3 billion. In fiscal year 2009, the Company entered into hedging transactions with respect to the availability and price of hard coal, which Volkswagen requires for generating electricity for vehicle production, for the first time.

VW Kraftwerk GmbH is responsible for Volkwagen's energy procurement, in particular, the procurement of electricity for vehicle production, heat, primarily for the production locations, natural gas and hard coal for the two hard-coal-fired combined heat and power plants. The demand for electricity for the vehicle production of the Volkswagen Group in fiscal year 2009 was approximately 4 billion kWh. To meet this demand, Volkswagen Kraftwerk GmbH purchased approximately 1.5 billion kWh in fiscal year 2009, using it to supply production locations throughout the Volkswagen Group. The remaining demand of 2.5 billion kWh was generated by the two group-owned combined heat and power plants operated by Volkswagen. Heizkraftwerk West division (year of construction: 1985) and Heizkraftwerk Nord (combined heat and power plants) (year of construction: 1999) are fueled with hard coal. In fiscal year 2009, the hard coal demand for power generation at the two combined heat and power plants was approximately 900,000 tonnes. The heat demand for Volkswagen Group production locations was approximately 3.5 TWh in 2009. Volkswagen generates approximately 70% of the required heat itself. The Volkswagen Group required approximately 3.5 TWh of natural gas in 2009. Volkswagen intends to reduce its energy requirements in the future. For this purpose, Volkswagen conducts together with universities and academic institutions a series of research projects that are aimed, in particular, at improving energy-intensive manufacturing processes.

Based on the general procurement sub-division's total procurement volume in fiscal year 2009, the second most important good and service comes from the IT field. Among the most important suppliers of the Volkswagen Group in the area of IT are Accenture and T-Systems.

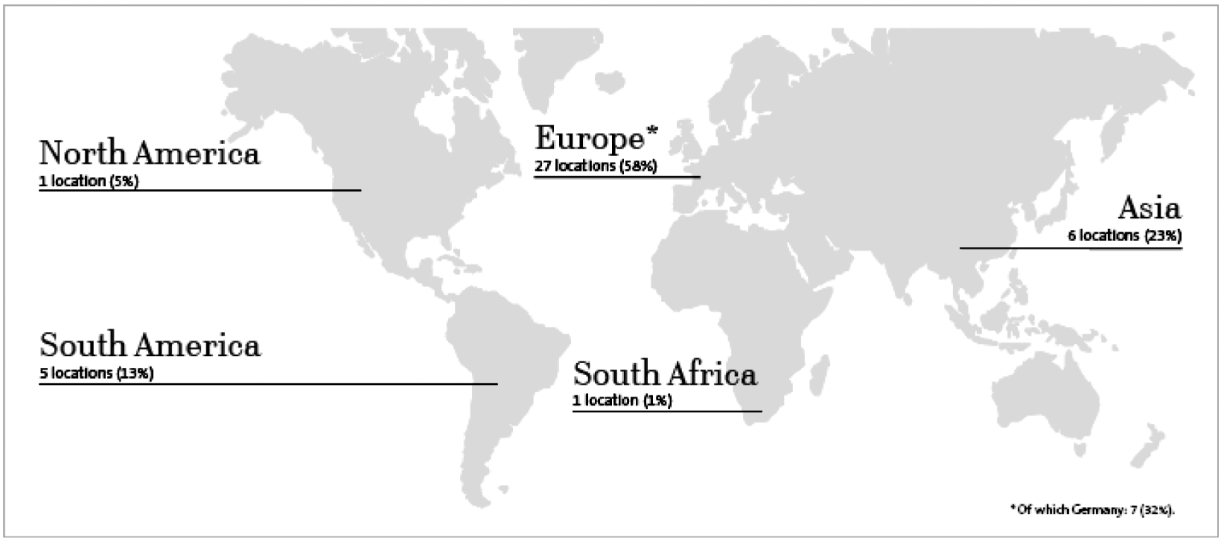
(ii) Production

Production locations

The Volkswagen Group currently has 60 operative production locations in Europe, South America, Asia (including the Chinese joint ventures), North America and South Africa; vehicles are manufactured at 40 of these locations (see graphic below). For an overview of Volkswagen's major production markets see *"Market Overview and Competition – Automotive Division – Production markets for passenger cars and light commercial vehicles"*.

VEHICLE PRODUCTION LOCATIONS OF THE VOLKSWAGEN GROUP

Share of total production 2009 in percent



The following table provides an overview of the geographic distribution of production locations in countries, assignment of brands to production locations and the major vehicles and products manufactured at the production locations:

Region/Country	No. of production locations	Major production for brand	Major vehicles and products produced/Special locations
EUROPE			
Germany	12	Volkswagen Passenger Cars, Audi, Volkswagen Commercial Vehicles	Group headquarters, VW Golf, Passat, Tiguan, Touran, Phaeton, Audi A3, A4, A5, A6, A7, A8, Q5, R8, VW Commercial Vehicles T5, transmissions, engines, chassis, press shop, foundry
Belgium	1	Audi	Audi A1, A3
Bosnia	1	Volkswagen Passenger Cars	Vehicle components
Czech Republic	3	Škoda	All Škoda models, engines, transmissions
France	2	Bugatti, Scania	Bugatti Veyron, Scania trucks
United Kingdom	1	Bentley	All models of the Bentley brand, engines
Hungary	1	Audi	Audi A3 Cabriolet, Audi TT, engines
Italy	1	Lamborghini	All models of the Lamborghini brand, engines
Netherlands	2	Scania	Scania trucks and components
Poland	4	Volkswagen Passenger Cars, Volkswagen Commercial Vehicles, Scania	VW Caddy, T5, Scania buses, engines, seat technology, foundry
Portugal	1	Volkswagen Passenger Cars, SEAT	VW Sharan, Scirocco, EOS, SEAT, Alhambra
Russia	2	Volkswagen Passenger Cars, Škoda, Scania	VW Tiguan, Škoda Fabia, Octavia, Scania buses
Sweden	3	Scania	Scania trucks, buses and components
Slovakia	2	Volkswagen Passenger Cars, Audi, Škoda as well as for Porsche	VW Touareg, Audi Q7, Škoda Octavia, Porsche Cayenne, transmissions, chassis components
Spain	4	Volkswagen Passenger Cars, SEAT	VW Polo, SEAT Exeo, Ibiza, Léon, Altea, engines, transmissions, press shop, foundry
SOUTH AMERICA			
Argentina	3	Volkswagen Passenger Cars, Volkswagen Commercial Vehicles, Scania	VW Suran, Fox, VW Amarok, Scania components, engines, transmissions
Brazil	5	Volkswagen Passenger Cars, Volkswagen Commercial Vehicles, Scania	VW Golf, Polo, Gol, Parati, Fox, Voyage, VW Saveiro, T2, buses, Saveiro Scania components, engines, transmissions
ASIA			
China	8[1]	Volkswagen Passenger Cars, Audi, Škoda	VW Golf, Polo, Passat, Touran, Tiguan, Jetta, New Bora, Sagitar, Magotan, Santana, Lavida, Audi A4, A6, Q5, Škoda Fabia, Octavia, Superb, components, engines transmissions
India	2	Volkswagen Passenger Cars, Audi, Škoda	VW Polo, Passat, Jetta, Audi A4, A6, Q5, Škoda Fabia, Octavia, Superb, engines
NORTH AMERICA			
Mexico	1	Volkswagen Passenger Cars, Volkswagen Commercial Vehicles	VW New Beetle, Golf, Jetta, new compact sedan, engines
SOUTH AFRICA			
South Africa	1	Volkswagen Passenger Cars, Volkswagen Commercial Vehicles	VW Citi Golf, Polo, Jetta, engines

1 Volkswagen's production in China takes place at its two joint ventures, Shanghai Volkswagen Automotive Company Ltd. (50% interest) and FAW-Volkswagen Automotive Company Ltd. (40% interest), which Volkswagen accounts for using the equity method.

The Volkswagen Group had a worldwide production capacity of approximately 6.68 million vehicles in 2007, approximately 7.16 million vehicles in 2008 and approximately 7.29 million vehicles in 2009, which corresponds to a capacity utilization of the vehicle production plants worldwide of a total of 93%, 87% and 83%, respectively (excluding Scania but including the Chinese joint ventures which manufacture vehicles).

Based on vehicle units produced worldwide by the Volkswagen Group in fiscal year 2009, Wolfsburg is the largest production location with a share of 12.1%, followed by Changchun (China), with a share of 10.6%, Anting (China) with a share of 10.2% and Ingolstadt (8.4%) and Mladá Boleslav (Czech Republic) (5.5%). Volkswagen's production in China is performed by the two joint ventures Shanghai Volkswagen Automotive Company Ltd. (50% interest) and FAW-Volkswagen Automotive Company Ltd. (40% interest). Based on the date production first began, the oldest production location of the Volkswagen Group is located in Wolfsburg (production first begun in 1945); the newest production location is in Pune (India) (production first begun in 2009). The average age of all production locations calculated from the respective start date of production is approximately 33 years.

Based on the start date of production and not considering the group brand Scania, the oldest overseas production location for engines of the Volkswagen Group is located in Anchieta (Brazil) (production first begun in 1959); the newest production location is located in Dalian (China) (production first begun in 2007). The average age of all engine production locations calculated from the respective start date of production is approximately 22 years.

Currently four additional production locations for passenger cars and light commercial vehicles of the Volkswagen Group are under construction or being expanded. They are in Chattanooga (Tennessee, USA), Nanjing (China), Chengdu (China) and Osnabrück (Germany). In the USA, the expected annual production capacity is 150,000 vehicles and the expected number of new manufacturing jobs is approximately 2,000. The planned investment volume of approximately USD 1.1 billion for the expansion of the location by 2011 includes product and structural investments in production, procurement and quality assurance. With the construction of the plant in Chattanooga, the Company intends to establish Volkswagen as a local vehicle producer in the US market. In the two plants in China being expanded, the planned annual production capacity is approximately 300,000 vehicles and the expected number of manufacturing jobs is approximately 10,200. The planned investment volume will be approximately EUR 1.3 billion by 2012. The investments planned for China include production (chassis construction, paintshop and assembly), procurement and quality assurance. The plants being expanded in Nanjing and Chengdu are plants owned by the Chinese joint ventures. Up to the present, Volkswagen has held interests in various production plants through its Chinese joint ventures (see "– *Significant equity interests – Chinese joint ventures*"). Volkswagen Osnabrück GmbH, which was founded in 2010, will start a small series production from 2011.

In addition, Volkswagen is planning to expand the production capacities at the existing production locations in Mexico and Slovakia.

Engine and component production capacity will be increased in parallel with the expansion of capacity at vehicle production locations. Volkswagen is currently planning to increase capacity at existing engine and component production locations in China, Mexico, Argentina and Brazil.

Description of production

The modular platform strategy and the modular component concept, respectively, are key to the production in the Volkswagen Group. Under this strategy, one platform is used as the basis for a number of models of different group brands. Thus, for example, the VW Jetta (5th generation), the Škoda Octavia (2nd generation), SEAT Leon (2nd generation), the SEAT Toledo (3rd generation), the Audi A3 (2nd generation), the VW Touran, the VW Caddy Life, the VW Golf Plus, the SEAT Altea, the SEAT Altea XL and the Audi TT (2nd generation), among others, are produced based on the platform used for the VW Golf. Volkswagen has developed the modular platform strategy into the engineering concept of modular components. There are two types of modular components: the modular transverse platforms for vehicles with transversely mounted engines and the modular longitudinal platforms for vehicles with longitudinally mounted engines. A modular component consists of several vehicle components which are combined in a standardized manner. For example, there is a modular component for the seating systems of a vehicle, a modular component for the underbody and a modular component for the axles and for the steering. Modular components can be used for production of vehicles across brands and vehicle classes. The engineering concept of the modular components means that in the production of its volume models, Volkswagen will in future – in the majority of cases – use modular components independent of the brand or vehicle class of the individual model rather than individual components manufactured for individual brands, vehicle classes, or models. The Company assumes that through the use of modular components it will be possible to significantly reduce development expenses, capital investment and the cost of equipment, manufacturing facilities and vehicle components across the entire value-creation chain. Moreover, through the use of modular components, Volkswagen will gain model flexibility as well as flexibility in staffing its manufacturing plants. The use of modular components in combination with the Volkswagen turntable concept makes it possible for the Company to produce a vehicle model at a number of locations and to distribute the daily unit production of a vehicle model among two or more plants. In the opinion of the Company, Volkswagen will therefore be able to adapt even better to demand fluctuations and increase the average capacity utilization of its plants.

Another significant feature of production in the Volkswagen Group are group-wide uniform quality standards, compliance with which is monitored through a corresponding quality-management system. All brands and locations in the Volkswagen Group operate a quality-management system in accordance with the international standard ISO 9001. This management system is documented in a series of quality-management manuals, which describe, on a group-wide basis for each function and process subject to quality management, the structural and procedural organization, the responsibilities and the processes which are required by the quality-management system. The regulations and descriptions in the quality-management manuals are supplemented by organizational guidelines and directives, work instructions and detailed process descriptions which for the most part are assembled into additional manuals. The Volkswagen quality-management system is monitored on a continuous basis both internally and externally. Internal monitoring is carried out through audits of the group Quality Assurance organization unit. External monitoring is carried out at least annually through a certification firm acting on behalf of the respective governmental licensing authorities. As a result of this external monitoring, the brands and locations of the Volkswagen Group receive the necessary quality certificates.

12.4.1.5 Marketing

The Volkswagen Group pursues a multibrand strategy in which each group brand has an autonomous character and operates and positions itself as a brand independently in the market. The positioning profiles of the individual brands are conceived so that, as far as possible, they do not overlap. The large number of brands of the Volkswagen Group is strengthened in particular through the development of overall brand concepts and core values geared to the customers.

The vision of the Volkswagen Passenger Cars brand is to be the "world's most innovative volume brand". This, in the opinion of the Company, leads to three core values for the Volkswagen brand: being innovative, providing enduring value and being responsible. The products of the Volkswagen brand are intended to embody the core values across the entire product portfolio and to give the customer the assurance of having made the right choice with his Volkswagen. The goal of the Volkswagen brand is to cover all automotive needs in the volume segment. The Golf, one of the core models of the brand, succeeded in shaping an entire vehicle class: the Golf class. This orientation of the Volkswagen brand is also tied to the pursuit of technologies of the future.

The Audi brand is, in the opinion of the Company, positioned as the progressive premium brand of the Volkswagen Group. The orientation of the Audi brand is subject to the primary distinguishing feature "progressive" as well as the distinguishing features "sporty" and "higher quality". The brand theme and claim *"Vorsprung durch Technik"* represents the goal of delivering added value to the customer through a technological experience. Despite being in German, the brand theme has a high degree of international recognition and has been adapted into the English vocabulary. The marketing concept of the Škoda brand with the slogan *"Simply Clever"* represents concepts for the use of space by providing technically simple and practical solutions, appealing design and good value for money. The SEAT brand stands for the core values "sporty", "young" and "design"-oriented. In the premium vehicle classes, the premium brands Bugatti, Bentley and Lamborghini round off the portfolio of passenger car brands. The Volkswagen Commercial Vehicles brand stands above all for a large selection of light commercial vehicles, MPVs and motor homes which can be outfitted and equipped in a versatile way to meet the individual needs of private and commercial customers. A good example is the VW Bus (also known in Germany as the *"Bulli"*) which for generations has served as a transporter for commercial customers, as a passenger car for larger families and finally as a camping and leisure vehicle. The Scania brand with its theme *"Pride & Trust"* stands for performance and technically highly innovative trucks and buses.

One of the key marketing strategies across the Volkswagen Group is, for example the remarketing strategy. In the opinion of the Company, the resale value of a vehicle is one of the most important criteria for the purchase decision of a customer and thus an essential factor for the competitiveness of Volkswagen products. The remarketing strategy is aimed at keeping the residual value of used vehicles of the group brands competitive. It begins as early as during the process of product development and takes into consideration all factors relevant for the resale of used cars such as quality, durability, design and equipment. Other elements of the remarketing strategy are regular customer surveys conducted by internal and external service providers to determine the needs and the key purchase factors of customers in purchasing a used car.

The organizational marketing structure of the Volkswagen Group ensures that the brand-specific marketing measures and the image of each brand remain clearly recognizable. This is meant to prevent customers from being lured away to another Volkswagen brand (the so-called "cannibalization" effect). In order to ensure the autonomy of the brands while simultaneously protecting Volkswagen Group interests, the management of the brands is supported by the respective brand boards of management and the Board of Management of the Volkswagen Group.

12.4.1.6 *Customers and sales*

In fiscal year 2009, an average of 29,429 people were employed in the Volkswagen Group's sales area (including the Chinese joint ventures).

In the Automotive Division, Volkswagen makes a distinction between the following groups of customers with respect to the sale of passenger cars and light commercial vehicles: private customers, individual business customers and major customers. Volkswagen defines private customers as individuals who acquire a passenger car or light commercial vehicle of one of the group brands for private use. Volkswagen defines individual business customers as individuals who acquire a passenger car or light commercial vehicle of one of the group brands for commercial use and who are not major customers. In Germany, Volkswagen generally categorizes end consumers as major customers, who agree to acquire at least five vehicles of brands of the Volkswagen Group per year and to use them themselves or who hold at least 15 company vehicles for their own use. Outside of Germany, there are similar major-customer criteria, but they can vary depending on market circumstances.

The sale of vehicles of the individual brands produced by the Volkswagen Group to customers is fundamentally the responsibility of the respective brand. Each brand generally sells only its own products. One exception is, for example, that in Germany in the major customer business Volkswagen Aktiengesellschaft also sells vehicles of the Audi, Škoda brand and Volkswagen Commercial Vehicles brand.

The sales channel for the vehicles of the respective brand parent company to its customers is configured differently depending on whether the vehicle is sold in the country of origin of the brand parent company or in another country.

If the country of origin of the brand parent company and the country of sale are identical, the vehicles of the relevant brand are marketed through a retail dealer system without a wholesale level. In this case, the vehicles are sold directly by the brand parent company through independent authorized dealers or authorized dealers of the Volkswagen Group. This applies, for example, for vehicles of the Volkswagen Passenger Cars brand and of the Audi brand sold in Germany as well as for vehicles of the Škoda brand sold in the Czech Republic.

If the country of origin of the brand parent company and the country of sale are not identical, the sales system provides for a wholesale level between the brand parent company and the authorized dealer. The wholesale company is either a subsidiary of the brand parent company (as for example in France, Great Britain, or Spain) or an independent wholesale company (as for example in Belgium, the Netherlands, or Switzerland). Such independent wholesalers include, among others, Porsche Holding Gesellschaft m.b.H. and Porsche Gesellschaft m.b.H., which are responsible for the sale of vehicles of the group brands in Austria and other countries of Central and Eastern Europe (see also "*– Material agreements – Agreements related to the creation of an integrated automotive group with Porsche*").

Each wholesale company is responsible for the sale of vehicles of one or more group brands in one particular region, which generally includes one country of sale; there are no overlapping regions. The responsibilities of the relevant wholesale company include, among others, the import of a vehicle into the relevant country of sale. Accordingly, vehicles of the Škoda brand from the Czech Republic are, for example, imported into Germany through the subsidiary of ŠkodaAuto A.S. (ŠkodaAuto Deutschland GmbH) which is responsible for Germany, and are sold to independent authorized Škoda dealers. The same applies, for example, to vehicles of the brands Volkswagen Passenger Cars and Audi, which are exported to other countries of sale (outside of Germany).

Authorized dealers are generally independent external contract parties of the relevant group brand. An authorized dealer is generally not bound to sell vehicles of only one brand, but may also have entered into contractual relations with other group brands and may sell the products of those other group brands. However, in accordance with the principle of brand exclusivity applied throughout the Volkswagen Group, it must in principle be ensured that, for each group brand, there is one separate sales and display space in which only vehicles of one brand are shown, with this space configured to reflect to the image of the particular brand.

The legal structure of the sales function in the Volkswagen Group through independent authorized dealers and external wholesale companies, as the case may be, is generally "own business". That means that each independent authorized dealer and each external wholesale company acts in its own name and for its own account. In addition, independent authorized dealers are used as brokers, for example in Germany, in the major customer business as well as for the sale of the Volkswagen Phaeton. In this case, the independent authorized dealers act in the name of and for the account of Volkswagen Aktiengesellschaft. In the major customer business, there can therefore be a direct contractual relationship between Volkswagen Aktiengesellschaft and its customers. In the case of certain direct purchaser groups in Germany (for example federal authorities), Volkswagen Aktiengesellschaft also delivers vehicles directly to customers without an authorized dealer being involved.

For statutory warranty or contractual guarantee claims against a company, the warranty or guarantee claim of the customer in the private and individual commercial customer business is against the relevant authorized dealer. The authorized dealer fulfills the customer's warranty or guarantee claim and in return receives an agreed benefit from the brand parent company. In the event of sales with authorized dealers acting as brokers (for example in the major customer business in Germany), the warranty claim is against Volkswagen Aktiengesellschaft. In Member States of the European Union (and thus also in Germany), the statutory warranty period at the time of the Prospectus is generally two years from the time of entering into the contract. In some cases there are longer warranty obligations (for example 36 months in Great Britain) or the statutory warranty is also bound to other factors such as the mileage of the vehicle (for example, 36 months or up to 30,000 miles in the USA). In addition, in some countries customers receive a contractual extension of the warranty in the form of a guarantee or can purchase such an extension; in the latter case, the relevant brand parent companies make different offers to their customers. Volkswagen Aktiengesellschaft gives a two year guarantee to its customers in respect of products which were put into circulation in Germany.

Generally, the purchase price for a vehicle is immediately payable unless payment terms have been agreed. In a cross-border situation (for example, a German brand parent company with the sale of a vehicle in France), it is customary for the relevant wholesale companies to grant the independent authorized dealers payment terms. Such terms generally allow for approximately 90 days, but in some cases, and depending on market circumstances in the country of sale and the agreement between the wholesale company and the independent authorized dealer, longer payment terms are provided. Until payment in full of the purchase price, the usual security rights in favor of the issuer of the invoice are agreed by the brand parent companies or the wholesale companies of the Volkswagen Group. These security rights include, for example in Germany retention of title and in other sale countries bank guarantees or a letter of credit.

The sales revenue generated by the sale of the vehicle arises in accordance with the particular sales channel. In the case of the sale of a vehicle in the country of origin of the brand parent company, the sales revenue of the sale of the vehicle arises at the time of the delivery of the vehicle to the independent authorized dealer directly for the relevant brand parent company. In the case of the sale of vehicles in a country other than the country of origin of the brand parent company, the sales revenue relating to the relevant sale arises for the brand parent company already at the time of the delivery of the vehicle to the (group or independent) wholesale company. The Volkswagen Group wholesale company, in turn, books the sales revenue relating to the sale of such vehicle at the time of delivery to the authorized dealer. Accordingly, the sales revenue of the brand parent companies (with the exception of Volkswagen Aktiengesellschaft for Volkswagen Passenger Cars and Volkswagen Commercial Vehicles) arises for Volkswagen Aktiengesellschaft within the context of consolidation.

In the Volkswagen Group, the sales channels and the legal relationships described above generally apply to all customer groups. Any differences between private customers and individual business customers or major customers generally only occur in respect of the form of the sales contracts and the terms of contracts. Thus, for example, in Germany a major customer contract is generally entered into by a major customer and Volkswagen Aktiengesellschaft, on the basis of which the major customer is granted a so-called volume discount, which is based on the number of vehicles purchased per year and, in addition, a more model-specific special discount. In comparison with private customers and individual business customers, major customers generally keep the vehicles for shorter periods, which results in a more constant realization of earnings contributions for the Company. In fiscal year 2009, the Volkswagen Group delivered to its ten largest fleet customers a total of 2.6% of all vehicles registered for major customers in this period. In Germany and Europe, Volkswagen is the market leader in respect of business customers, i.e. individual business customers and major customers, however major customers do not include registrations for car rental companies, dealers and manufacturers/importers (source: Dataforce). In the customer segment of car rental companies, Volkswagen is less strongly represented in comparison with its competitors (source: Dataforce).

The customers of the Volkswagen Group's Scania brand for heavy commercial vehicles, i.e. trucks and buses, include commercial end customers in the construction, logistics and travel industries.

Customers in the genuine parts business of the Automotive Division primarily include vehicle owners of all group brands who generally are provided with genuine parts through an authorized service partner. The sales channels for genuine parts essentially correspond to the aforementioned sales channels for passenger vehicles and light commercial vehicles.

In its most important markets, Volkswagen has a monitoring system for avoiding insolvencies of external wholesale companies and independent authorized dealers. This system includes on-going risk assessment of dealerships, making resources available for countermeasures and the establishment of control bodies for risk management in the individual countries.

The Volkswagen Group has its own logistics and warehouse management for meeting the demand for genuine parts. Volkswagen maintains a total of approximately 40 logistics and warehousing centers worldwide. Generally, worldwide logistics management takes place through a three-step distribution system (from the central warehouse through the wholesale entity to the authorized partner). In Germany, the group company Volkswagen Original Teile Logistik GmbH & Co. KG, with seven distribution centers, supplies the authorized partners in the relevant distribution region twice a day and thereby ensures a service level of approximately 98% within 24 hours. Abroad, this function is assumed by internal and external wholesalers taking into consideration the special logistical characteristics of the relevant country. The distribution levels are connected worldwide through corresponding IT systems.

At the end of 2009, the worldwide inventory levels of Volkswagen and the dealer organization of the Volkswagen Group amounted to approximately 0.95 million vehicles (2008: 1.19 million vehicles). The main reasons for the lower inventory level in fiscal year 2009 compared with fiscal year 2008 were the adjustment of production volume to the market development and an increased demand for certain vehicle models due to the government scrapping premium in the Federal Republic of Germany and comparable state incentive and promotional programs in other countries.

12.4.1.7 Research and development

Research and development expenses of the Volkswagen Group in fiscal year 2009 was EUR 5,429 million (5.2% of sales revenue of Volkswagen), in fiscal year 2008 EUR 5,102 million (4.5% of sales revenue of Volkswagen) and in fiscal year 2007 EUR 5,320 million (4.9% of sales revenue of Volkswagen), see also the section *"Management's Discussion and Analysis of Financial Condition and Results of Operations – Material factors affecting results of operations – Research and development costs"*. The predominant share of the expenditure in the Research and Development function in fiscal years 2007, 2008 and 2009 was for the further development of engines and drivetrain concepts to reduce emissions, for the development and expansion of modular longitudinal and transverse platforms to reduce the number of product variants and for renewing and expanding the product range, such as the Golf, Polo, Tiguan, Passat CC and Scirocco models. In the Research and Development function, Volkswagen employed more than 22,600 people worldwide at 21 locations as of December 31, 2009 (not including staff in the research and development department of the Scania brand, but including the Chinese joint ventures).

In the Volkswagen Group, research and development differ through their basic orientation. Detached from specific series projects, research in the Volkswagen Group covers new materials and technologies. Mobility, energy, safety and environment represent the most important areas of activity. Development in the Volkswagen Group, on the other hand, is involved primarily with the further development and new development of concrete vehicle projects and technologies for utilization in series. This includes, for example, the further development of the dual clutch gearbox (DSG), activities in the areas of downsizing and the introduction of driver assistance systems in the volume segments. An additional difference between research and development in the Volkswagen Group is how they fit into the organization of the group. Research is generally carried out at group level, i.e. it services all brands of the group independently from concrete vehicle projects. Development, on the other hand, fulfills group and brand responsibilities. While development of concrete vehicle projects is primarily a function and responsibility of each brand, individual modules and components are developed jointly with the development departments of the group brands and as a result are made available to all vehicles of the group brands. Examples of such components are the dual clutch gearbox (DSG) and the radio navigation system of Volkswagen and the modular transverse and longitudinal platforms. This organizational model guarantees the autonomy of the individual brands while simultaneously utilizing group synergies and, in the opinion of the Company, represents a decisive competitive advantage of the multibrand group.

In fiscal years 2007 through 2009, the major focus of Volkswagen Group research was on the following areas: future trends and mobility, fuel and drives, materials, driver assistance systems, communication and networking. The most important research results in this period include the fleet study for electrical mobility "TwinDrive", participation in the European research project SuperLIGHT-Car and constant further development of assistance systems in the direction of autonomous driving and Car-to-X communications.

In the coming years, the strategic emphasis of group research will be on the efficiency of the entire system – environmentally friendly drivetrain systems, lightweight construction, optimized traffic management and seamless mobility through safe and intelligent vehicles.

Cooperation with external partners in the field of high-voltage battery systems for hybrid drives and electric vehicles was among the most important cooperations in research in fiscal years 2007 through 2009. With the goal of developing battery cells suitable for automobiles which are technically and economically competitive internationally, Volkswagen Aktiengesellschaft entered into an important cooperation with VARTA Microbattery GmbH. In addition, the scientific cooperation with the Institute for Physical Chemistry of the University of Münster was increased, which investigates battery cells and electrode materials for lithium ion batteries which are intended to be used in electric drives. Moreover, in the field of renewable biofuels, Volkswagen and Choren Industries GmbH have decided to accelerate the development of new fuels. Furthermore, there is a long standing cooperation in this area with Iogen Corporation, Ottawa, Ontario (Canada), one of the leading companies globally in the production of cellulose ethanol, in which Volkswagen has had an equity interest since 2008.

In fiscal years 2007 through 2009, the focus of the development activities of the brands of the Volkswagen Group was, among other things, in the areas of drivetrain technology, modular transversal and longitudinal platforms and the further development of assistance systems. The major development results of the

Volkswagen Group's Development function in this period included, for example, the BlueMotion models of the Volkswagen Passenger Cars brand. The umbrella brand BlueMotion Technologies combines all technologies and products ready or close to being ready for series production which contribute to fuel efficiency and thus to the reduction of CO_2 and other harmful emissions. In parallel, the Volkswagen Group subsidiaries SEAT, with the EcoMotive models, Škoda, with the Greenline models and Audi, with the e-models, are developing efficient models established in the market which are contributing to the lowering of the Volkswagen Group fleet's fuel consumption. Another major development result of the last three years is the start-stop function. As soon as the automobile has come to a stop, the gear lever is in the neutral position and the driver lets go of the clutch pedal, the system shuts the engine off. If the clutch is pressed, the engine starts up again. On average, the start-stop system reduces fuel consumption by approximately 3%. Among the major development results of the Scania brand is the driver eco-module which continuously analyzes data from various sensors in the vehicle and with it identifies the driving style of the driver who receives suggestions in real time through a display on an economically and ecologically optimized driving style.

The development capacities of the Volkswagen Group are supplemented through cooperation with external partners such as suppliers and strategic partners. The major partnerships with external parties in the Development function include the joint development and production of Volkswagen models in cooperation with Dr. Ing. h.c. F. Porsche Aktiengesellschaft, Daimler AG and Chrysler Group. The joint development and production of certain vehicle models together with strategic external partners makes it possible for the Volkswagen Group to reduce development and production costs. At the same time, the expertise and know-how of Volkswagen in vehicle development is strengthened through the cooperation with external partners. Examples of synergies of this kind are the joint development and production of the models Volkswagen Touareg, Audi Q7 and Porsche Cayenne as well as the joint production of the models Volkswagen Crafter and Mercedes-Benz Sprinter and the cooperation with the Chrysler Group for the production of the Volkswagen Routan (a multipurpose vehicle or MPV) for the US market.

Currently and in the future, a focal point of development activities of the Volkswagen Group is and will be innovative mobility concepts and the reduction of fuel consumption and emissions of the fleet. Currently, the Volkswagen Group offers 176 models or model variants with CO_2 emissions below 140g CO_2/km; 60 models emit less than 120g CO_2/km and 6 models are currently already below 100g CO_2/km. With a broad range of development activities in the drivetrain sector, Volkswagen will continue to reduce the emissions of its vehicles in the coming years. To this end, the Volkswagen Group aims to electrify the drivetrain such as with hybrid and electric vehicles, but at the same time to optimize conventional combustion engines, which, in the opinion of Volkswagen Aktiengesellschaft, will continue to dominate for decades, in particular in the large growth regions.

12.4.2 Financial Services Division

Volkswagen has grouped together its financial services activities in the Financial Services Division. Vehicle-related activities are essentially broken down into the following areas: financing (customer and dealer financing), leasing, insurance, service and fleet management and service. In addition, Volkswagen is active in the direct banking business which, through deposit taking, represents a major cornerstone of the refinancing strategy of the Financial Services Division. While the financial services activities of the Scania brand are attributed by the Company to the Financial Services Division, the management of these activities is exercised completely by Scania. Unlike elsewhere in this Prospectus, the description of the Financial Services Division in this section of the Prospectus therefore does not cover the activities of Scania nor do the key financial figures contain the corresponding data of Scania (unless indicated otherwise).

With its financial services activities, Volkswagen pursues the goal of promoting sales of vehicles produced by Volkswagen and increasing the loyalty of the customers to the group brands. In addition, the liquidity position of the Automotive Division are to be optimized through the financial services activities.

In the USA approximately 60%, in Germany approximately 45% and in Europe as a whole approximately 30% of the vehicles delivered by Volkswagen (excluding Scania) are financed by or leased from companies of the Financial Services Division. The financing and leasing activities are developed and offered in close coordination and cooperation with the Automotive Division. The Financial Services Division cooperates closely with the dealer organization of the Volkswagen Group in the acquisition and care of customers. The car insurance or new-car extended warranty plans arranged by the Financial Services Division in Germany comprised approximately 1.8 million contracts as of December 31, 2009.

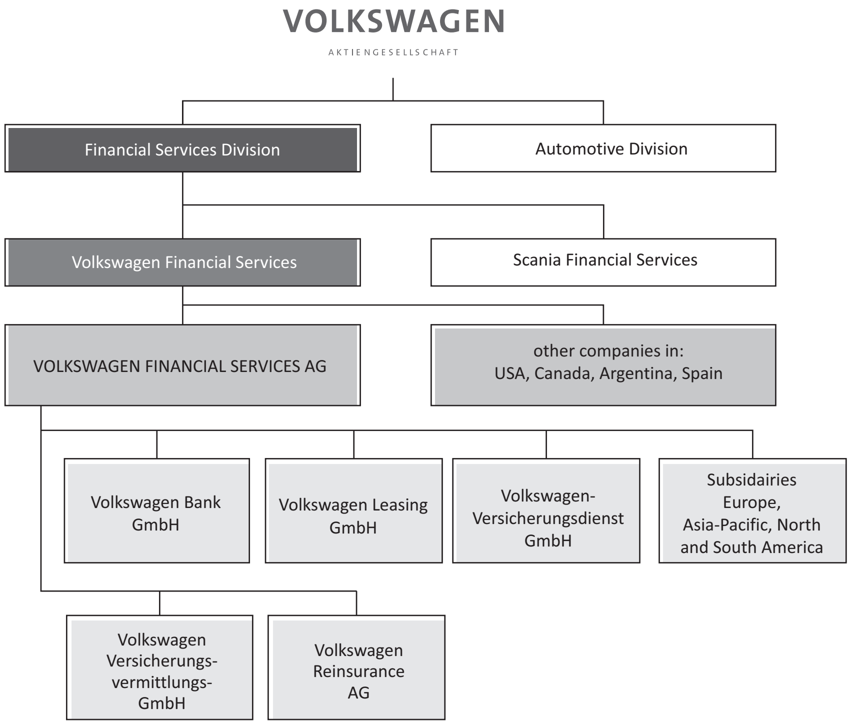
In 2009, Volkswagen achieved sales revenue in the Financial Services Division of EUR 11,660 million. Compared with 2008, sales revenue therefore increased by 6.7% from EUR 10,929 million. In 2007, the sales revenue amounted to EUR 10,145 million. With a portfolio of approximately 7.223 million contracts as of December 31, 2009 (December 31, 2008: 6.631 million contracts, December 31, 2007: 6.602 million contracts) and with a lending business (primarily consisting of receivables from customer financing arrangements, receivables from dealer loans, receivables from lease agreements and rental assets) of a total of EUR 76.4 billion as of December 31, 2009 (December 31, 2008: EUR 74.7 billion, December 31, 2007: EUR 68.6 billion), the

Financial Services Division is one of the largest automotive financial services provider in Europe. Worldwide, the number of employees of the Financial Services Division was approximately 7,717 as of December 31, 2009.

12.4.2.1 Structure and geographic scope

Volkswagen Financial Services AG ("**VWFS AG**"), a wholly owned subsidiary of Volkswagen Aktiengesellschaft, is responsible for the coordination of the financial services activities of the Volkswagen Group worldwide. The financial services activities are rendered by VWFS AG and its subsidiaries as well as – in the USA, Canada, Argentina and Spain – through indirect subsidiaries of Volkswagen Aktiengesellschaft.

The following diagram sets out schematically the Financial Services Division and the most important subsidiaries.



The Financial Services Division is represented in 37 countries. The main markets for the Financial Services Division are Germany, the USA, Brazil, Great Britain, Spain, Italy, Canada and France.

Germany is the core market of the Financial Services Division. The main companies in the Financial Services Division in Germany include Volkswagen Bank GmbH ("**Volkswagen Bank**"), Volkswagen Leasing GmbH ("**Volkswagen Leasing**") and Volkswagen-Versicherungsdienst GmbH ("**VVD**").

In addition to vehicle financing for private and business customers, Volkswagen Bank also offers direct banking services such as checking accounts, overnight deposits and fixed-term deposits, credit cards and savings certificates. In addition, Volkswagen Bank holds an indirect equity interest of 50% in Lease Plan Corporation N.V., an internationally active, manufacturer-independent leasing company. The interest is structured as a pure financial interest and is accounted for in the VWFS AG balance sheet using the equity method and therefore consolidated with Volkswagen Aktiengesellschaft. In its business activities, Lease Plan Corporation N.V. is in competition with the leasing activities of the Financial Services Division.

Volkswagen Bank operates branches in eight EU countries (Belgium, France, Greece, Great Britain, Ireland, Italy, the Netherlands and Spain) on the basis of the European passport for banks. In addition, Audi Bank, SEAT Bank, Škoda Bank and AutoEuropa Bank are operated in Germany as branches of Volkswagen Bank.

Volkswagen Leasing leases individual vehicles and fleets to private and business customers and companies. In addition, Volkswagen Leasing maintains Audi Leasing, SEAT Leasing, Škoda Leasing and AutoEuropa Leasing as branches in Germany. There are also two branches of Volkswagen Leasing in Italy.

Various car and personal insurance products are arranged through the VVD. The so-called "*Versicherungs-Service"* is offered through branches under the brands Volkswagen, Audi, SEAT and Škoda.

Financing and leasing services as well as insurance broking activities are offered in all other major markets outside of Germany.

In the growth markets China, India and Russia, the Financial Services Division is represented by subsidiaries or through cooperations with local banks, although the volume of business is in all cases still of secondary importance.

12.4.2.2 Key Financial Services Division figures

The following table contains data on the services offered by the Financial Services Division and other key figures for the division, in each case as of the end of fiscal years 2009, 2008 and 2007, and their percentage changes compared with the prior year.

		2009 (unaudited)	2008 (unaudited)	2007 (unaudited)	Change 2009/ 2008 (unaudited)	Change 2008/ 2007 (unaudited)
Number of contracts[1*]	thousand units	7,223	6,631	6,602	+8.9%	+0.4%
Customer financing	thousand units	3,567	3,163	3,097	+12.8%	+2.1%
Leasing	thousand units	1,508	1,505	1,336	+0.2%	+12.6%
Service/Insurance	thousand units	2,148	1,964	2,169	+9.4%	−9.5%
Receivables[2*] from customer financing	EUR million	33,823	29,251	27,705	+15.6%	+5.6%
Dealer financing	EUR million	9,639	11,055	10,631	−12.8%	+4.0%
Leasing agreements	EUR million	14,069	15,064	13,775	−6.6%	+9.4%
Leasing and rental assets[*]	EUR million	9,100	8,655	8,104	+5.1%	+6.8%
Direct banking deposits[*]	EUR million	18,309	12,835	9,620	+42.7%	+33.4%
Total equity and liabilities[*]	EUR million	76,431	74,690	68,603	+2.3%	+8.9%
Equity[*]	EUR million	7,748	7,991	7,136	−3.0%	+12.0%
Liabilities[3*]	EUR million	66,180	63,380	58,630	+4.4%	+8.1%
Equity ratio[4*]	in %	10.1	10.7	10.4		
Return on equity before taxes[5*]	in %	8.5	12.1	16.1		
Leverage[6]		8.5	7.9	8.2		
Operating profit[+]	EUR million	606	893	957	−32.1%	−6.7%
Profit before taxes[+]	EUR million	673	919	1,069	−26.8%	−14.1%
Employees[*]		7,717	7,587	7,298	+1.7%	+4.0%

All figures exclusive of the financial services segment of Scania.

* As of December 31.

\+ January until December 31.

1 Different volume definitions were used starting in 2008 in order to improve future comparability.

2 Some of the data for fiscal years 2007 and 2008 has been adjusted.

3 Not including provisions and deferred tax liabilities.

4 The equity ratio equals equity divided by total equity and liabilities.

5 Profit before taxes as a percentage of average ((current year + prior year)/2) equity.

6 Liabilities divided by equity.

In 2009, the share of the Financial Services Division (including Scania) of Volkswagen's consolidated total assets was 45.4% (2008: 44.5%, 2007: 47.2%). The contribution to Volkswagen's profit before tax from the Financial Services Division (including Scania) was 52.1% in 2009 (2008: 13.9%, 2007: 16.3%).

12.4.2.3 Products and services of the Financial Services Division

Volkswagen's Financial Services Division is present in Volkswagen's main markets, offering its customers "car-centered" financial and banking services and products through the relevant regional companies and branches.

Alongside pure financing, leasing and insurance services, the Financial Services Division offers various product packages. The Financial Services Division is also active in the field of direct banking.

The customers of the Financial Services Division can be broken down into end customers, dealers and direct banking customers. Among end customers, Volkswagen distinguishes between individual customers and major customers (including fleet customers). Individual customers consist of private customers and individual business customers such as independent contractors, farmers, forestry workers and craftsmen. The distinguishing criterion between private and individual business customers is VAT liability. Included in major customers are direct customers (e.g. government agencies), special purchasers (e.g. taxi companies) and large purchasers. In relation to major customers a distinction has to be made concerning vehicle use between "User Choosers", where employees choose the vehicle themselves, field vehicles and standard model fleet vehicles.

The sale of financial services and product packages takes place together with the Automotive Division, often under the brand names of the vehicles to which they relate, and in close cooperation with the dealers. In many countries, the sale takes place through joint ventures with importers, for example in Poland, the Netherlands, Turkey and Norway.

Products from the direct banking business are offered through the Internet, by telephone and in a few cases also through sales partnerships (for example with companies of the trade groups Lidl and Kaufland in 2007 and 2008).

An overview of the products and services of the Financial Services Division (exclusive of the direct banking business), broken down by customer segments, can be described as follows:

Customer segments	Financing	Leasing & Fleet management	Insurance	Service
Private customers	• Customer financing	• Private leasing	• Car insurance • Personal insurance	Other services centering around the automobile

Dealers	• Dealer financing	• Leasing of office and business furniture and equipment	• Dealer insurance
			  • Car
			  • Personal
			  • Buildings	

Major/fleet customers		• Financial leasing • Operating leasing • Fleet management	• Product packages for leasing & fleet customers	

Financing

In the area of vehicle finance, Volkswagen offers financial solutions for both private customers and dealers. In the private customer business, vehicles are financed through classic installment loans (*ClassicCredit*) or flexible credit products such as balloon loans (*AutoCredit*). With financing products, the ownership of the vehicle is generally transferred from the financing company to the customer at the end of the term.

With the classic installment loan, upon the purchase of the vehicle customers make a down payment, which is set flexibly. The loan is then repaid in full through monthly installment payments.

With so-called balloon loans, the customer also initially makes a down payment. After a period of 12 to 54 months, in which the customer pays lower installments than, for example, in the case of a classic installment loan, the customer must make a higher final payment, which is to be set flexibly. At the end of the term, the customer has three options: (a) return of the vehicle to the dealer at a previously agreed price, (b) entry into a refinancing agreement, or (c) payment of the final installment.

Generally, depending on the country in which the vehicle is financed, new and used cars are financed mostly through fixed-interest loans, but also through loans with a variable interest rate. In some countries, the Financial Services Division also offers non-vehicle-related financing to a limited degree.

As part of dealer financing, the Financial Services Division offers authorized dealers of the Volkswagen Group the ability to obtain loans. Such loans serve primarily to finance vehicles, genuine and replacement parts and investments. The average term of financing for new and used cars is 3 to 6 months.

To optimize the Automotive Division's liquidity position, the Financial Services Division uses factoring to finance the payment terms agreed between Volkswagen, on the one hand, and importers and dealers on the other, as well as payment terms agreed between importers and dealers.

AutoEuropa Bank, a branch of Volkswagen Bank also finances external vehicles, caravans and motor homes.

Leasing

The leasing products offered by the Financial Services Division are used primarily by individual business customers and major customers (including fleet customers). Private customers use the leasing products only to a smaller extent. Furthermore, the Financial Services Division offers services connected with fleet management to its major customers (including fleet customers).

With respect to leases, the vehicle is acquired by the lessor, which retains ownership during the entire term. The lessee makes lease payments, which pay for the use of the vehicle and which, depending on the structure of the relevant contract, may pay for additional services such as vehicle insurance and maintenance. At no time, however, does he become the owner of the vehicle, not even at the end of the lease term.

With respect to leases, a fundamental distinction needs to be made between finance leasing and operating leasing. In finance leasing, the economic risks and benefits pass over to the lessee at the end of the lease term. The lessee includes the leasing assets in its accounts and also bears the realization risk of the leasing asset.

In the case of an operating lease, the economic risks and benefits of the vehicle and, therefore, the realization risk of the leasing asset, remain with the lessor at the end of the lease term. The lessor includes the leasing assets in its accounts as "leased assets". An operating lease can also result in residual value risk for the lessor. Generally, an exposure to residual value risk exists when the market value for realization of the leasing asset at the end of the term of the lease agreement is lower than the residual value calculated when the lease is concluded.

For a detailed description of the risks that can result in respect of the aforementioned and the associated risk management by the Financial Services Division (see "– *Risk management – Management of residual value risk*").

Fleet customers also include car rental companies which generally are direct customers of the relevant brand company. In some cases, so-called "sell and buy-back" agreements are entered into between the car manufacturer and the car rental company, which the Financial Services Division then steps into as lessor.

Volkswagen's used-car marketing is supported by the Financial Services Division, both through leasing and financing products.

Insurance services

In the insurance services product group, the Financial Services Division, as insurance broker or agent, offers insurance products, which are arranged either under the vehicle brand to which they relate or – depending on the relevant markets – under the brand of the relevant insurance company. The Financial Services Division, depending on the country, works together with a large number of different insurance companies. A major partner of the Financial Services Division worldwide is Allianz SE.

Major products in the area of private and individual business customers are car (comprehensive) and personal insurance policies. In addition, warranty extensions are offered as an insurance service, as are insurance policies that secure and assume the remaining payments of the relevant financing in the event of disability, unemployment, or similar circumstances (so-called "residual debt insurance"). In addition, "GAP" policies are also arranged which, if a vehicle is a write-off, protect against the risk that the residual value of the vehicle will be below the financing payments still to be made.

For major customers (including fleet customers), specific product packages are put together consisting of the above-mentioned products and are adapted to the requirements of major customers. This can take the form, among others, of car insurance policies with so-called unit premiums, in which all vehicles, regardless of category, are insured at the same rate.

Car and personal insurance policies as well as building insurance policies are brokered for dealers.

The Financial Services Division assumes insurance risks from the insurance policies through Volkswagen Reinsurance AG and therefore can influence the terms and conditions of the policies. The insurance risks assumed are predominantly passed on by the Financial Services Division to other reinsurers.

Service

In the service area, the Financial Services Division offers its customers primarily services which are rendered as part of fleet management, but can also be acquired individually.

The fleet management includes fleet planning, administration, analysis and control. This includes reporting for fleet customers, which allows them to obtain precise usage data regarding their vehicles and drivers. Moreover, the processing of insurance premiums and taxes, repairs and realization of the vehicle are offered as services.

In addition, management of vehicle-related consumable materials and supplies, such as fuels, lubricants, tires and the like, is also offered.

Direct banking business

Alongside the financing, leasing and insurance business, which are primarily intended to support the sale of Volkswagen vehicles, the Financial Services Division is also active in the direct banking business. This is available to both private and business customers (regardless of whether they are otherwise Volkswagen customers) as well as to dealers.

Volkswagen Bank *direct,* a division of Volkswagen Bank, is a major direct bank in Germany. The number of customers amounted to 939,000 as of December 31, 2009, which corresponds to a 15.6% increase compared to December 31, 2008 (December 31, 2008: 812,000; December 31, 2007: 685,000). This increase is also reflected in the portfolio of customer deposits in the Financial Services Division: at EUR 18.3 billion as of December 31, 2009, the balance increased by 42.7% compared to December 31, 2008 (December 31, 2008: EUR 12.8 billion; December 31, 2007: EUR 9.6 billion).

Volkswagen Bank holds a 60% interest in Volkswagen Bank Polska S.A., which engages in direct banking in Poland. In addition, with Volkswagen Bank S.A. Institución de Banca Múltiple, a wholly owned subsidiary of Volkswagen Financial Services AG in Mexico, one more direct bank of the Financial Services Division is active in the market.

In Germany, Volkswagen Bank *direct* offers the usual bank services for private customers such as maintaining checking accounts and overnight deposit accounts, non-business loans, vehicle financing, vehicle leasing (outside of Germany) and the issuance of credit cards. In addition, fixed-term deposit accounts, savings plans, savings certificates, mortgage loans and car insurance policies as well as securities accounts are marketed. For commercial customers, services in the area of cashless payment systems are also offered.

The securities accounts, fund units, construction loans and insurance services are products of external third parties and are arranged on a cooperation basis. Major partners in this regard are COMINVEST Asset Management GmbH (software, securities accounts), DAB Bank AG (securities transactions and securities account maintenance), DWS Investment GmbH (fund units and retirement plan agreements), Feri Institutional Advisors GmbH (fund selection) and PlanetHome AG (mortgages).

12.4.2.4 Risk management

In connection with its business activity, the Financial Services Division is exposed to a large number of risks typical for financial services, which are monitored on an on-going basis. Risk management in the Financial Services Division is coordinated by VWFS AG, which in this regard also supports the other companies of the Financial Services Division.

In accordance with the requirements of the Kreditwesengesetz (KWG – German Banking Act) (regarding this, see "– *Regulatory environment – Regulatory environment of the Group's Financial Services Division"*) and the Aktiengesetz (AktG – German Stock Corporation Act), VWFS AG has established a system for identifying, measuring, monitoring and managing risk positions. Main tasks of risk management are the identification of possible risks, their analysis, quantification and assessment, and devising the risk management measures to be taken.

Along with the quantification of risk positions, as required by regulation, and the classification of available equity capital components, VWFS AG has established a system for the determination of risk bearing capacity. Thereby it compares the economic risk with the capital for risk coverage and quarterly assesses whether VWFS AG is in a position to bear the risks that potentially could result from the business activity.

Moreover, VWFS AG utilizes a limit system, derived from its analysis of risk bearing capacity, which makes it possible to limit and manage individual risk types with respect to their amount. The limit system contains two steps: In a first step, an overall group risk limit is determined, assuming normal economic conditions. For this purpose, VWFS AG's Board of Management determines the percentage of the capital for risk coverage (essentially equity capital) which is intended to be available for covering unanticipated risks. This determination is made by VWFS AG on the basis of a conservative risk estimate. In the second step, the overall group risk limit is broken down into individual risk types in accordance with their business orientation. This determination is made once a year by VWFS AG's Board of Management. Regular reports are made to the Board of Management as part of the submission of the risk management report.

The Chief Risk Officer ("**CRO**") is responsible for implementing the overall risk strategy established by the Board of Management. Such strategy contains the principles followed by VWFS AG in its risk policy. The CRO reports to the Supervisory Board and Board of Management on a regular basis concerning the overall risk position of the Financial Services Division. The department central risk management (*Zentrales Risikomanagement*), which reports to the CRO, formulates the corresponding risk-policy guidelines for risk management, develops methods and procedures, analyzes the current risk situation on an ongoing basis and ensures the transparency of reporting. The department central risk management (*Zentrales Risikomanagement*) reports to the Board of Management and the Supervisory Board at least once a quarter, in the form of a risk management report dealing with default, residual value, market value, liquidity and insurance risks, as well as operating risks. In respect of markets with a significant business volume, reports are monthly.

The risk assessment and Basel II (*Risikobewertungsverfahren und Basel II*) Department specifies the framework for the procedures employed to assess the credit quality of VWFS AG's debtors and to value collateral. This department develops and validates models for assessing credit quality such as rating and scoring procedures and for estimating parameters such as default probabilities, loss rates in the event of default and credit conversion factors for off-balance-sheet transactions, in order to evaluate credit risks.

Operational risk management, i.e. the management of the relevant portfolio, is in principle integrated into the individual subdivisions of the company. In addition, VWFS AG's internal auditing sub-group, as an independent department acting on behalf of the Board of Management of VWFS AG, performs risk-related audits of the operating and commercial processes of the Financial Services Division taking regulatory requirements into account. To the extent that individual business activities are outsourced to external companies, corresponding contractual auditing rights in favor of VWFS AG are agreed so as to be able to monitor the quality and scope of the services performed.

The development of the net expense from risk provisioning in the Financial Services Division is shown in the following table:

	2009 (unaudited)	2008 (unaudited)	2007 (unaudited)
		in EUR million	
Net expense from risk provisioning	836	512	225

All figures are exclusive of the financial services segment of Scania.

Management of credit risk

In order to monitor credit risks, which encompass the risks of default by customers and dealers in respect of loans as well as in respect of the leasing business, rating procedures are utilized for dealers and business customers and scoring procedures for private customers. These procedures are intended to ensure an objective basis for deciding on the extension of credit.

The basis for credit decisions of the respective departments of the Financial Services Division in the private customer segment (referred to as the "retail portfolio" according to Basel II terminology) are so-called scoring procedures. These procedures are either of a generic nature or have been developed based on multi-year data histories. To value the portfolio, Volkswagen Bank assigns every month a default probability to each individual contract on the basis of the payment behavior of the customer in question.

The rating procedures used to evaluate the credit quality of dealers and fleet customers ("corporate portfolio" according to Basel II terminology) include both annual financial statement data and qualitative factors – such as the prospects for future economic development, quality of management, market and industry environment and payment behavior. For this purpose, since 2007 the workflow-based rating application CARAT has been used to some degree outside of Germany and is intended for subsequent introduction in individual countries where the Financial Services Division conducts business. The framework, within which the development and maintenance of the rating procedure share to be performed, is defined in a rating manual. The rating procedures are adapted on this basis to the individual circumstances of the local markets. For an overview of the classification of the receivables in rating classes see also *"Management's Discussion and Analysis of Financial Condition and Results of Operations – Net assets – Non current and current financial services receivables"*.

The timely identification of new risks and/or risk changes is intended to be ensured through the use of product approval procedures, regular portfolio analyses, planning sessions and so-called Business Financial Reviews. As part of a quarterly assessment procedure, all risks are quantified. This is done at the individual company level and by class of exposure. In addition, for all lending activities taken together, an unanticipated loss is calculated which is included in the calculation of risk bearing capacity.

Due to the type of financing activity, the outstanding financing amount is essentially secured by the vehicles financed. Volkswagen's Financial Services Division therefore monitors changes in the market values of motor vehicles on an ongoing basis. If major changes in market values occur, adjustments are made to the system for evaluating the collateral serving as security and the processes for realizing on it. As a result of to the Automotive Division's additional expertise in the used-car business and the dealer organization that is associated with it, in the opinion of the Company, it is easier for the Financial Services Division to realize on vehicles serving as collateral than it is for "non-captive" competitors.

If customers get into payment difficulties, the affected loans are passed on to the so-called "collections" department, as is generally common practice among banks and financial services providers. It is the responsibility of this department to collect the largest possible portion of unpaid amounts and thus minimize losses from loan defaults. For this purpose, varying procedures exist in the different markets, based in each case on local circumstances. If the unpaid amounts cannot be obtained, the vehicles serving as collateral are liquidated.

In the event of dealers having payment difficulties, the internal "work-out" department is brought in, to attempt to achieve individual solutions together with the affected dealers. Should a dealer become insolvent, it is not excluded that it will be taken over by Volkswagen.

Management of residual value risk

Especially in connection with operating leases, residual-value risks arise when the market value for realization of the leasing asset at the end of the term of the lease agreement is lower than the residual value calculated when the lease was concluded.

In relation to the bearer of the residual-value risks, a distinction is made between direct and indirect residual-value risks. If the residual-value risk is directly borne by the Financial Services Division, this is said to be a direct residual-value risk. An indirect residual value risk exists if the risk was transferred to a third party (for example customers, dealers) on the basis of a residual value guarantee, such as a put option. Such put options can be found primarily in the German market. In such cases, there is initially a counterparty credit risk with respect to the residual-value guarantor. If the residual-value guarantor defaults, the vehicle and thus the residual-value risk pass to the lessor.

With regard to the development of residual-value risks, the Financial Services Division continuously monitors trends in used-car prices, for which it can utilize group information and experience as well as external sources such as the "Schwacke" list. In the event the residual-value risk increases, the risk provision is adjusted accordingly. Due to the general financial market crisis, there was a drop in used car prices in almost all markets in 2008 and 2009, which led to an increase of the residual-value risk and required a corresponding adjustment of the risk provision (see *"Management's Discussion and Analysis of Financial Condition and Results of Operations – Basis of presentation – Significant accounting policies – Leasing and rental assets"*).

Due to the current economic environment and the difficult situation that dealers are facing, dealer ratings have a tendency to deteriorate, which results in an increase of indirect residual-value risks in the Financial Services Division. As a result, indirect residual-value risks are also closely monitored by the central risk management and, when necessary, covered by appropriate provisions.

In 2009, a residual value option was introduced for individual business customers that allows dealers to transfer the residual value risk to the Financial Services Division by paying a premium.

Management of market price risk

Due to the varying interest rate elasticities of individual asset and liability items, the Financial Services Division is subject to the risk of a change in market interest rates (interest rate risk).

With respect to this risk, the Financial Services Division basically pursues a conservative strategy that is directed towards ensuring refinancing of the business activities of the Financial Services Division so that maturities mostly match. For this purpose, the Financial Services Division introduced a system of risk monitoring and management within the entire Financial Services Division, the goal of which is to identify all interest rate risks, evaluate their risk content and ensure active management through *Value at Risk* (VaR) and limits to ensure matching maturities at the level of the individual subsidiaries. The management of interest rate risk takes place within the framework specified by the Board of Management of VWFS AG and the management of Volkswagen Bank, respectively.

If the prescribed limit is exceeded, risk management informs the Board of Management of VWFS AG and the management of Volkswagen Bank, respectively. Appropriate measures are then discussed and decided on in the so-called Asset Liability Management (ALM) Committee in order to ensure that the risk position is reduced below the corresponding limit.

Management of liquidity risk

By "liquidity risk", the Financial Services Division means, in particular, the danger of a negative difference between actual and expected cash receipts. Cash out therefore must at all times be covered by cash on hand and cash receipts.

Liquidity management for VWFS AG, Volkswagen Bank and Volkswagen Leasing is the responsibility of the Treasury Headquarter. It is carried out within the framework of multiple-step planning and takes into account known cash receipts and payment obligations, the potential growth of the loan business and the development of the deposit business. The Operative Liquidity Committee (OLC), which is composed of representatives of the treasury, controlling and risk management departments, is responsible for monitoring and micro-managing liquidity.

The refinancing of VWFS AG subsidiaries and of the branches of Volkswagen Bank is carried out by the Treasury Headquarter. The branch in Ireland refinances itself autonomously.

12.5 Industrial property rights, brands and licenses

12.5.1 Patents, licenses, utility and design patents

The protection of intellectual property is of considerable importance to the entire automotive industry. Volkswagen is the owner of a multitude of technical and other industrial property rights in all markets of the world that are relevant to the automotive sector. Some industrial property rights, however, are held by Volkswagen jointly with third parties, because of which Volkswagen could potentially be restricted in its use and exploitation of these rights. Volkswagen monitors its own inventory of industrial property rights at regular intervals.

To a large degree, Volkswagen's success depends on the technologies and innovations used in the production and across its entire vehicle range. Volkswagen therefore assigns a high priority to protecting these technologies and innovations with industrial property rights. For that reason, Volkswagen attempts to safeguard all important new developments and enhancements appropriately. The protection is intended, in particular, for the so-called unique selling points of Volkswagen Group products, as well as for those innovations of relevance to customers. These include, among others, technical developments like fuel-efficient engine technology, double-clutch transmissions, driver communication systems and lightweight construction. The Company is of the view that the discontinuance of individual rights or licenses would not materially impair Volkswagen's business activities, and that Volkswagen is therefore not dependent on individual patents. Volkswagen has acquired licenses in respect of some industrial property rights of third parties, primarily in order to achieve the best solution in technological and economic terms. Although the Company believes that, in principle, it has all licenses required for its business operations, the risk of infringement on the industrial property rights of third parties cannot be completely excluded.

It is conceivable that third parties – as was the case previously – may file objection and invalidity proceedings which could lead to a partial or complete invalidity of industrial property rights previously registered, in whole or in part. However, as Volkswagen's industrial property rights portfolio focuses on the broadest possible range of components and innovations, the Company assesses the risk, that a significant amount of valuable industrial property rights are suddenly and unexpectedly eliminated, as small.

12.5.2 Trademarks

The internationally oriented industrial property right strategy of Volkswagen is also targeted at effective trademark protection for its company and product designations. The Company and its subsidiaries are the owners of the following trademarks which are vital for Volkswagen's business activity: "VW", "VW in a circle" (combined word and figurative mark), "Volkswagen", "Audi", "Škoda", "SEAT" (combined word and figurative mark), "Bugatti", "Bentley", "Lamborghini" and "Scania".

The type designations of individual vehicle models, engine designations and individual technologies, as well as trademark claims, are in part also registered as trademarks. This includes essentially, among others, the following: "Golf", "Passat", or "Polo", "A1" to "A8", "Octavia", "Fabia", "SEAT Ibiza", "SEAT Cordoba", "TSI", "DSG", "BlueMotion", "quattro", as well as *"Volkswagen Das Auto"*, *"Vorsprung durch Technik"*, *"Simply Clever Škoda"* and *"SEAT auto emoción"*.

The portfolio of industrial property rights is, as far as possible, managed and maintained centrally from Germany. Importers and dealers in the Volkswagen Aktiengesellschaft dealer organization are, in particular, authorized to use important Volkswagen trademarks. MAN Latin America S.A. is licensee whose licence for the use of, among other things, the brand "Volkswagen" and "VW in the circle" is limited to a specific region and a specific period of time. Volkswagen has granted a large number of third-party licenses for merchandising products. There are also a large number of name usage agreements with companies in which Volkswagen holds a majority interest to present a single company name to customers in the market.

The risk that third parties could initiate cancellations procedures or claim superior rights in respect of the brands cannot be excluded.

12.5.3 Domains

The Company and its subsidiaries are the owners of Internet domains, in particular the following: www.volkswagen.com, www.audi.com, www.skoda.de, www.seat.com, www.bugatti.com and www.lamborghini.com. The domains www.volkswagen.com, www.vw.com, www.volkswagen.de and www.vw.de are used exclusively by companies in the Volkswagen Group.

Internet domains that are relevant to subsidiaries are directly registered for them. The large majority of country specific domains with "volkswagen" and "vw" as second-level domains (for example www.vw.co.uk for Great Britain) are registered in favor of Volkswagen or, in countries where this is required by law, registered for

Volkswagen on a trust basis. Country specific domains are made available to the relevant regional importers and dealers for their use.

12.6 Property, plant and equipment, and real estate

The following table provides an overview of Volkswagen's property, plant and equipment as of December 31, 2009:

	Land, land rights and buildings, including buildings on third-party land (audited)	Technical equipment and machinery (audited)	Other equipment, operating and office equipment (audited)	Payments on account and assets under construction (audited)	Total (audited)
			in EUR million		
Cost	17,314	28,686	36,166	3,032	85,199
Depreciations and impairments	8,454	22,018	30,237	45	60,755
Carrying amount	8,860	6,668	5,930	2,987	24,444
of which assets leased under finance lease contracts	166	17	12	–	195

The following table shows the composition of Volkswagen's real estate holdings as of December 31, 2009:

	Carrying amounts (unaudited) Land, land rights and buildings, including buildings on third-party land
	in EUR thousands
Europe	7,984,745
of which in Germany	3,691,299
of which in the rest of Europe	4,293,447
America	540,270
Asia	251,460
Rest of world	83,682
Total	**8,860,158**

The entire real estate held by Volkswagen consists essentially of the vehicle and component production plants of the individual companies in the Volkswagen Group. In the Automotive Division, the group's real estate holdings also include, for example, administrative buildings, which are mostly on plant premises, as well as approximately 90 buildings primarily used by group wholesale trading companies, mostly in Germany and other European countries. The real estate owned by Volkswagen is spread across a total of approximately 80 group companies.

During the period from January 1 to December 31, 2009, public grants of EUR 25 million were deducted from the acquisition cost of the property, plant and equipment or, as the case may be, EUR 111 million were classified as non-cash benefits rather than as the acquisition costs.

The real estate owned by Volkswagen Aktiengesellschaft (six domestic plants with surrounding areas) is encumbered by two real property liens totaling approximately EUR 512 million in favor of Volkswagen Pension Trust e.V. as security for current semi-retirement credit balances, to protect the credit balances of individuals in semi-retirement against insolvency in accordance with the provisions of the Altersteilzeitgesetz (AltersTZG – German Partial Retirement Act).

Real estate owned by the Volkswagen Group is sometimes rented or leased to third parties outside the Volkswagen Group. In fiscal year 2009, the revenue which Volkswagen received from such real estate amounted to EUR 84 million (2008: EUR 84 million, 2007: EUR 82 million).

Volkswagen has rented or leased various real estate properties from third parties outside the Volkswagen Group. Among them are primarily properties which are not essential for production such as office space for import companies in the relevant regions. Besides the 190 leased properties of the Volkswagen Group UK's dealer network, these are primarily logistics facilities for long-term use such as the genuine parts warehouse in Kassel. The lessee is Volkswagen Aktiengesellschaft. Payments recognized in the income statement for assets leased under operating leases made in fiscal year 2009 amounted to EUR 545 million (2008: EUR 366 million, 2007: EUR 408 million).

The following table provides an overview of Volkswagen's most important property, plant and equipment as of the date of the Prospectus (data unaudited):

City, country	Size of property in thousand m^2	Gross size of buildings in thousand m^2	Group or third-party owned
Volkswagen plant Wolfsburg, Germany	approx. 8,000	approx. 2,900	Group owned
Audi plant Ingolstadt, Germany.	approx. 5,100	approx. 2,100	Group owned
Škoda plant Mladá, Boleslav, Czech Republic	approx. 4,900	approx. 900	Group owned
Volkswagen plant Emden, Germany.	approx. 4,100	approx. 700	Group owned
SEAT plant Matorell, Spain	approx. 2,500	approx. 1,000	Group owned

For information on Volkswagen production locations see "*– Group divisions and their products and services – Automotive Division – Procurement and production – Production*".

12.7 Investments

12.7.1 Group as a whole

In fiscal year 2007, the outflow of funds from the investment activity (excluding changes in loans and time deposit investments and excluding changes in investments in securities) of the entire Volkswagen Group amounted to EUR 7,120 million. In fiscal year 2008, the outflow of funds for investment activity (excluding changes in loans and time deposit investments and excluding changes in investments in securities) of the entire Volkswagen Group amounted to EUR 11,613 million and was therefore EUR 4,493 million higher than the outflow of funds in fiscal year 2007. At EUR 10,428 million, the outflow of funds for investment activity (excluding changes in loans and time deposit investments and excluding changes in investments in securities) of the entire Volkswagen Group in fiscal year 2009 was EUR 1.185 million lower than in fiscal year 2008.

12.7.2 Automotive Division

In fiscal year 2007, investments in property, plant and equipment (including other intangible assets) amounted to EUR 4,566 million. Investments were primarily made in new production locations in Russia and India, as well as in models launched in the market in 2007 and 2008 such as the VW Tiguan and the Audi Q5 and the successors to the Audi A4, the VW Gol, the VW Golf and the SEAT Ibiza. In contrast to the investments in property, plant and equipment, the additions to capitalized development costs at EUR 1,446 million were 2.2% lower than the year before. After taking into account the interests acquired, particularly in Scania AB, Södertälje, Sweden ("**Scania**") and MAN SE, Munich ("**MAN**"), total outflow of funds for investment activities (excluding changes in loans and time deposit investments and excluding changes in investments in securities) amounted to EUR 6,720 million. As of December 31, 2007, Volkswagen Aktiengesellschaft held 37.4% of the voting rights (prior year: 34.0%) and 20.6% (prior year: 18.7%) of the share capital of Scania and 29.9% (prior year: 24.8%) of the voting rights and 28.67% (prior year: 23.8%) of the subscribed capital of MAN.

In fiscal year 2008, investments in property, plant and equipment (including other intangible assets) at EUR 6,773 million were 48.3% higher than in 2007. Primarily, the investments flowed into new production locations in Russia and India, as well as into models launched in the market in 2008 and 2009. Essentially, these were the Audi Q5 as well as the successors to the VW Polo, VW Gol, VW Golf, Audi A4, Škoda Superb, SEAT Ibiza and VW Amarok. Due to a multitude of new products, the additions to capitalized development costs at EUR 2,216 million, were significantly higher than in 2007. Furthermore, the acquisition of additional shares in Scania resulted in an outflow of funds for investment activities (excluding changes in loans and time deposit investments and excluding changes in investments in securities) in an amount of EUR 11,479 million, EUR 4,760 million more than in 2007.

After receiving the key anti-trust approvals, on July 22, 2008 Volkswagen completed the acquisition of all shares of Scania previously held by Investor AB and the Wallenberg Foundations. Together with 167 subsidiaries, Scania has been included in Volkswagen's consolidated financial statements since that date. As of the end of 2008, the share of voting rights amounted to 69.47%, while the equity interest increased concurrently to 41.36%.

On December 1, 2008, Volkswagen Aktiengesellschaft acquired from Porsche Automobil Holding SE the shares of Audi AG (0.41%) which Porsche Automobil Holding SE had previously acquired as part of a mandatory bid, thereby increasing its holdings in Audi AG to 99.55%.

Investments by the Automotive Division in fiscal years 2007 and 2008 were primarily financed out of internal funds generated by the operating activities. For plant construction and expansion in Russia, India and Argentina, financing was arranged with the European Investment Bank, the European Bank for Reconstruction and Development, the International Finance Corporation, as well as the Kreditanstalt für Wiederaufbau (KfW).

In fiscal year 2009, investments in property, plant and equipment (including other intangible assets) by the Automotive Division amounted to EUR 5,783 million, which was 14.6% lower than in the prior year. Investments flowed primarily into new production locations in India, Russia and the USA and into models launched in the market in 2009 or that will be launched in 2010. These are primarily the successors to the VW Polo, VW Sharan, VW Jetta, VW Touareg and the Audi A8, as well as the Audi A1, the Audi A4 allroad, the cabriolet and sportback version of the Audi A5 and the VW Amarok. In addition, investments went towards increasing the ecological orientation of the model range. The capitalized development costs of EUR 1,948 million were lower than in the preceding year.

On February 20, 2009, Volkswagen acquired from Porsche Automobil Holding SE the shares of Scania (2.34% of the voting rights and 7.93% of the share capital) acquired by Porsche Automobil Holding SE under the terms of a mandatory bid procedure. As a consequence, the equity interest of Volkswagen in Scania increased to 49.29% of the share capital and its share of voting rights to 71.81%.

On December 7, 2009, Volkswagen, through Porsche Zwischenholding GmbH, Stuttgart acquired an initial 49.9% stake in Dr. Ing. h.c. F. Porsche Aktiengesellschaft, Stuttgart. The outflow of funds for this purpose was EUR 3.9 billion.

On December 9, 2009, Volkswagen Aktiengesellschaft and the Suzuki Motor Corporation (Hamamatsu, Japan) ("**Suzuki**") agreed on a close and long-term strategic partnership by entering into a framework agreement for this purpose. After approval by the responsible authorities, Volkswagen acquired 19.89% of the shares of Suzuki. Suzuki intends to invest up to half of the purchase price received into shares of the Company. The outflow of funds for the Suzuki investment of EUR 1.7 billion took place in January 2010.

The investments by the Automotive Division in fiscal year 2009 were primarily financed out of internal funds generated by operating activities as well as borrowing from the money and capital markets.

12.7.3 Financial Services Division

In fiscal year 2008, the investment activity (excluding changes in loans and time deposit investments and excluding changes in investments in securities) of the Financial Services Division amounted to EUR 134 million (2007: EUR 401 million), representing a decrease of 66.6% compared to the prior year. The largest portion of the investments was in property, plant and equipment.

In fiscal year 2009, the investment activity (excluding changes in loans and time deposit investments and excluding changes in investments in securities) of the Financial Services Division amounted to EUR 176 million. Compared to the prior year, this represented an increase of 31.3%. As with the prior year, most of the investments were for property, plant and equipment.

12.7.4 2010 to 2012 investment planning

In 2010 to 2012, the Company is planning to invest EUR 28.3 billion in the Automotive Division. Besides investments in property, plant and equipment of EUR 19.9 billion, this sum also includes additional capitalized development costs of EUR 5.9 billion, EUR 1.7 billion for the acquisition of a 19.89% interest in Suzuki, as well as other investments in financial assets and revenue from the disposal of property, plant and equipment in an amount of a total of EUR 0.8 billion. Volkswagen intends to finance the investments in the Automotive Division out of internal funds generated by operating activities.

Approximately half of the EUR 19.9 billion to be invested in property, plant and equipment is to be invested in Germany. 16.1% will be allocated to Western Europe (excluding Germany), 14.3% to Eastern Europe and 20.0% to the rest of the world. The Company expects that, based on upfront expenditures for new products, engines and locations, its investment level will average approximately 6% from 2010 to 2012, a level that in its view is competitive.

The Company plans to spend the major share of the Automotive Division's EUR 13.3 billion investment in property, plant and equipment on modernizing and expanding the product range. The focus will be on new vehicles, successor models and model variants in nearly all vehicle classes, based on the cross-brand modular technology. In the powertrain area, new generations of engines are to be introduced, with additional improvements in performance, consumption and emission.

In addition, the Company plans to invest EUR 6.6 billion across products over the next three years, primarily for adaptations to press shops, paint-spray systems and assemblies. The most important investments unrelated to production are planned in the areas of development, quality assurance, genuine parts supply and information technology. Construction of the new plant in the USA is under way; production will begin in 2011. The investment in property, plant and equipment for the Chattanooga, Tennessee project will be up to EUR 870 million for 2008 to 2014.

Not included within the scope of consolidation, and therefore not included in the above numbers, are the two Chinese joint ventures. Both companies plan to invest a total of EUR 4.4 billion in 2010 to 2012. These investments will be financed out of internal funds of the joint ventures.

The Company included an indirect interest of 49.9% in Dr. Ing. h.c. F. Porsche Aktiengesellschaft as an equity-accounted company in its investment plan for 2010 to 2012. The equity interest in Suzuki is also accounted for using the equity method. The investment in these two equity interests is not included in the property, plant and equipment investment plan or the additions to capitalized development costs in the Automotive Division.

In the Financial Services Division, investments of a total of EUR 0.4 billion are planned for the 2010 to 2012 period. EUR 0.2 billion of this amount is allocated to investments in property, plant and equipment and EUR 0.2 billion is allocated to capitalization measures in respect of unconsolidated companies.

As is common in the financial services sector, the additional anticipated funding requirements of the Company are to be financed primarily by established debt issuance programs in the money and capital markets and by customer deposits from the direct banking business.

12.8 Employees and pension obligations

12.8.1 Employees

Including the Chinese joint ventures, the Volkswagen Group had an average of 366,769 (2008: 357,207; 2007: 328,594) employees during fiscal year 2009. The companies of Volkswagen based in Germany had an average of 172,548 employees (2008: 177,884; 2007: 175,206). The number of employees has not changed significantly since December 31, 2009.

The average age of Volkswagen Group employees in 2009 was 42.2 years. Employees working at Volkswagen Aktiengesellschaft had an average seniority of 19.2 years in 2009. As of December 31, 2009, 7,070 employees had entered into an early retirement agreement with Volkswagen Aktiengesellschaft. Starting in 2011 at the earliest, a decision will be made about entering into further agreements of this kind on the basis of personnel planning, taking into account assumptions regarding job security and financial feasibility.

The following table contains an overview of the annual average number of employees of the Volkswagen Group (in all cases including the Chinese joint ventures).

	Annual average number of employees		
	2009 (audited)	**2008 (audited)**	**2007 (audited)**
Performance-related wage-earners	162,636	169,764	162,013
Salaried staff	166,787	153,742	137,095
	329,423	**323,506**	**299,108**
Vocational trainees	9,076	8,686	8,481
	338,499	**332,192**	**307,589**
Unconsolidated vehicle-producing investments	28,270	25,015	21,005
Volkswagen Group worldwide	**366,769**	**357,207**	**328,594**

12.8.2 Employee participation in the Volkswagen Group

Employee co-determination in companies based in Germany generally takes place at two levels, the company level and the works level.

At the company level, the Supervisory Board represents the co-determined governing body of the Company. For information on the responsibilities and composition of the Supervisory Board, see *"Information on the Governing Bodies of the Company – Supervisory Board – Legal position in the organizational structure of the Company"*. At all locations of Volkswagen, the management and the employee representatives cooperate closely to contribute to an improvement in competiveness. Against a background of intensifying global competition, the Volkswagen Group's locations, as well as their business and production structures, are becoming increasingly cross-linked. This results in greater standardization of existing processes, which is intended to increase productivity and efficiency and is affecting workplaces and working conditions to an ever greater degree. Securing and promoting competitiveness and efficiency, while at the same time safeguarding and developing employment and employability, are supported by sustainable business management throughout the Volkswagen Group and a personnel policy that emphasises a culture of performance and participation. This is expressed in the culture of co-determination that has grown over the decades at the Volkswagen Group, for example, in the constructive collaboration in the European Works Council (*Europäischer Volkswagen Konzernbetriebsrat*) and in the World Works Council of the Volkswagen Group.

At the works level, works councils and executive employees' committees exercise the participation rights of the employees. Works co-determination at the Volkswagen Group is structured into five levels. There are local works councils at the headquarters of Volkswagen Aktiengesellschaft in Wolfsburg and at the plants in Hanover, Salzgitter, Braunschweig, Emden and Kassel. In addition, there is a central works council and a group works council. In Europe, cross-border employee participation is ensured by the European Works Council. Matters of concern to the Volkswagen Group as a whole are addressed by the World Works Council of the Volkswagen Group, which was established voluntarily. Other companies of the Volkswagen Group in Germany have their own works councils and central works councils.

Volkswagen wishes to further develop employers' relationships with employee representative bodies worldwide, seeing this as an opportunity for future measures necessary to enhance competitiveness to be decided on and implemented throughout the group jointly with employee representatives. For this purpose, on October 29, 2009, the Board of Management of the Volkswagen Group agreed with the European Works Council, the World Works Council of the Volkswagen Group and the International Metalworkers' Federation on group-wide minimum standards for the participation rights of employee representatives at the works level (Charter of Labor Relations). The Charter of Labor Relations includes rights to information, consultation and co-determination in the areas of personnel and social arrangements, the organization of labor, compensation systems, information and communication, training and continuing education, occupational health and safety, process control and social and ecological sustainability. The rights and obligations of the social partners to be included under the respective national legislation are unaffected by this agreement. Local social partners and third parties cannot assert any claims under this agreement. However, Volkswagen Aktiengesellschaft will ensure that the rules of the Charter of Labor Relations are implemented as binding rules by group companies in their respective countries. As of the time this Prospectus was published, no binding implementation of the Charter of Labor Relations had yet been resolved in any country.

In principle, employee representatives and bodies at the European and global level are included at an early stage in relevant decisions (for example the relocation of production), in order to avoid potential conflicts between Volkswagen and the employees or their representatives. Flexibility measures required in reaction to market fluctuations are agreed on and implemented at the collective bargaining or works level of the Volkswagen Group companies.

12.8.3 Collective wage agreements

Volkswagen Aktiengesellschaft does not belong to any employers' association, but for more than 60 years has entered into company collective wage agreements with employees at its plants in Wolfsburg, Braunschweig, Emden, Hanover, Kassel and Salzgitter. The collective wage agreements are entered into with the Industriegewerkschaft Metall (IG Metall, German Metalworkers Union) and the Christliche Gewerkschaft Metall (Christian Metalworkers Union). The current scope of agreements includes approximately 20 collective wage agreements.

Some subsidiaries, such as Volkswagen Financial Services AG, Volkswagen Bank GmbH and Volkswagen Immobilien Service GmbH, have joined these company collective wage agreements through corresponding extension collective wage agreements.

On September 28, 2009, at the conclusion of the 2009 collective bargaining round, agreement was reached on a pay package. The parties to the collective wage agreement agreed, among other things, to an increase in compensation at the level accepted by the metal and electrical industry of 4.2%, plus one-time payments of a total of EUR 710 per employee, introduction of a performance based compensation component starting in 2011, extension of the collective wage agreement already in force with regard to partial retirement up to the year 2016, as well as a continuation of the obligation to provide 1,250 new vocational traineeships per year and an obligation that vocational trainees will be hired based on performance.

On January 1, 2009, the Collective Wage Agreement for the Future (*Zukunftstarifvertag*) became effective, which cannot be terminated without cause before December 31, 2014. The Collective Wage Agreement for the Future applies in principle to all employees of Volkswagen Aktiengesellschaft. During the term of the Collective Wage Agreement for the Future, compulsory redundancies are precluded. In the Collective Wage Agreement for the Future, the Company undertook to keep the number of employees stable at the six West German locations, subject to other structural measures to be agreed between the parties at the production locations. The parties to the collective wage agreement mutually agree that the number of employees at the six West German locations can change due to restructuring measures agreed to by the parties at the production locations and due to the number of vocational trainees hired. If the level of employment cannot be justified for competitive reasons under the conditions of the collective wage agreements of Volkswagen Aktiengesellschaft, the parties at the production locations may agree to award service projects to AutoVision GmbH or to use other Volkswagen Aktiengesellschaft subsidiaries. The Collective Wage Agreement for the Future also includes an obligation to enter into agreements for concrete measures for job security and to achieve productivity targets for each of the six West German locations. The Company is making an innovation fund of EUR 20 million per year available for further strategic development of the locations. Another fund of the same size for promoting new areas of employment along the automotive value-creation chain will be established from 2011 onwards. The Collective Wage Agreement for the Future provides for a review process (review meeting, arbitration procedure) in the event of material changes in basic assumptions or general economic conditions. If the review ends without result, the collective wage agreement may be terminated early. Equivalent provisions are planned for the benefit of the Volkswagen Group employees working at the Saxon locations in Zwickau, Chemnitz and Dresden.

12.8.4 Long-term incentive plan

A long-term incentive plan ("**LTI**") is planned to be introduced in 2010, as a long-term variable remuneration component focused on sustainability, for the Board of Management, members of management and Volkswagen Group employees not covered by collective wage agreements. The LTI will replace the former stock option plan (see also *"Description of the Share Capital of the Company – Stock option plan"*). The last tranche of the stock option plan was initiated in 2006 and will expire in 2011.

The LTI is directly linked to the "Strategy 2018" targets. Under the LTI, the Board of Management, members of management and Volkswagen Group employees not covered by collective wage agreements will participate in the successful implementation of the "Strategy 2018" in the target areas of top customer satisfaction (as measured by the customer satisfaction index), top employer (as measured by the employee index), (group) unit sales (as measured by the growth index) and (group) profitability (as measured by the return index).

The customer satisfaction index is calculated using indicators that reflect the overall satisfaction of Volkswagen Group customers with delivering dealers, new vehicles and service operations based on the last workshop visit. The employee index is calculated using the "employment" and "productivity" indicators and the results of and percentage of employees participating in the annual employee survey ("opinion survey"). The growth index is calculated using the "deliveries to customers" and "market share" indicators. All indicators and therefore also the indices are related to the Volkswagen Group.

Changes in an index are calculated relative to a base year, which corresponds in all cases to an index value of 100. The targets set for 2018 based on the "Strategy 2018" were assigned an index value of 200, which means that the start and end points for the degree of target achievement are clearly defined. Progress in the individual target areas is calculated using actual values for the individual indicators and indices relative to their base values (index 100). In each fiscal year the customer satisfaction, employee and growth indices are added. The result is then multiplied by the return index, which is calculated from the change in the return on sales for the Volkswagen Group. A threshold has been set for the return index. If the 1.5% threshold for the return on sales is not exceeded, the return index is zero. This would mean that the overall index for the relevant fiscal year is also zero.

This is calculated based on an assessment period of four years. Each fiscal year, the Supervisory Board sets the amount of the LTI based on the four-year average of the overall indices. The LTI is to be calculated and paid out for the first time in 2011 in respect of fiscal year 2010 and the emerging development of 2011. 2012 is to take into account the development of fiscal years 2010 and 2011 and 2013 is to take into account the development of fiscal years 2010 to 2012. From 2014 the last four years respectively will be the basis of the calculations.

The individual size of the LTI will be calculated taking into account the average of the overall index in relation to the individual bonus of each beneficiary.

12.8.5 Pension obligations

The Volkswagen Group has pension obligations to Volkswagen Group employees, members of the Board of Management and senior managers, as well as to former employees and pensioners. The provisions for pensions as shown on the Volkswagen Group's balance sheet as of December 31, 2009 are EUR 13,936 million.

The pension obligations of the Volkswagen Group are based on different pension plans in the individual countries. A Global Pension Steering Committee has been appointed to harmonize the various pension plans. The Global Pension Steering Committee sets out the specific guidelines for the structure, financing and management of pension plans. It continuously monitors the pension plans with respect to the degree of coverage and the risk and profitability profiles. It is intended to develop and direct steps to introduce group-wide, uniform pension management system.

Volkswagen Aktiengesellschaft grants its employees with unlimited employment contracts and who have not yet reached the age of 52 at the start of the employment a company pension plan in the form of a direct pension commitment. After a vesting period of five years, pension benefits essentially include an old-age pension, a surviving dependents' pension and a pension due to a reduced ability to work. Pension commitments have been amended several times over the course of the years.

Those employees entitled to pensions whose working relationship commenced on or after January 1, 2001 receive a (guaranteed) modular pension entitlement per calendar year, which results by multiplying an age-dependent annuity rate by the pension expenditure of the respective year. For employees already employed before this time, this pension commitment applies in modified form, or prior pension commitments apply. The Company further grants employees covered by collective wage agreements an additional pension benefit, which is also converted into the company pension plan. In addition, upon application, the Company grants employees covered by collective wage agreements a company supplemental benefit in the form of deferred compensation.

With the introduction of the pension scheme in 2001, an agreement was made to establish for the first time a special securities fund exclusively for the purpose of company pension arrangements (a pension fund in the form of a dual trust structure), into which the annual compensation-based pension expenditure of the Company is paid. Assets are managed by the trustee, VW Pension Trust e.V., which invests assets transferred to it by individual companies of Volkswagen Aktiengesellschaft in the capital markets in accordance with defined investment guidelines. As the trustee-managed special securities fund qualifies as plan assets in accordance with IAS 19, the plan assets can be offset against the pension provisions in the balance sheet (reduction in net pension obligations). However, the existing pension obligations are not completely covered by the plan assets. If the fair value of the plan assets decreases (for example as a result of the negative effects of changes in the legal position, underlying economic conditions, financial markets, etc.), this may also require a significant increase in balance sheet pension provisions. If the fair value of the trustee-managed special securities fund assets after deducting administration costs, the fluctuation reserve and cash inflows or outflows is above the actuarial present value of the obligations, the surplus is used to increase current benefit payments and accruing benefits of active employees by assigning a modular pension entitlement from the profit participation reserve.

A detailed description of the pension obligations of the Volkswagen Group can be found in note 38 of the notes to the consolidated financial statements of the Company for the fiscal year ending December 31, 2009 which is printed in the *"Financial Section"* of this Prospectus.

12.9 Risk management

Volkswagen operates a risk management system that encompasses the identification and documentation of relevant areas of risk, including the organizational units with responsibility for them and the control and monitoring instruments they employ. Volkswagen defines risk as the danger of negative departures from corporate objectives due to internal and external factors. Volkswagen's risk management generally distinguishes between quantifiable risk types, usually meaning risk types that can be measured in the annual financial statements or in the capital employed, and non-quantifiable risk types. Quantifiable risk types include counterparty credit risk, market risk, operational risk, or refinancing risk. Non-quantifiable risk types include reputational risk, business strategy risk, organizational, personnel, or investment risk.

Risk management is a component of the organizational and operational structure and is embedded into Volkswagen's daily operating business processes. Events harboring a potential risk are first identified and evaluated locally in the divisions of the group, as well as in subsidiaries and other investees. In this process, a qualitative likelihood of occurrence and the relative amount of loss is allocated to each identified risk. For each risk category, suitable steps in the form of guidelines and organizational instructions are specified so as to counter the respective risk. The risk position of the Company is documented annually in accordance with the requirements of the Kontroll- und Transparenz-Gesetz (KonTraG – Control and Transparency in Companies Act). The ongoing updating of risk documentation is coordinated centrally by Volkswagen Group Controlling in coordination with Volkswagen Group Internal Audit. The risk reports and the risk early recognition system are reviewed on a sample basis via in-depth interviews with the divisions and companies involved regarding their plausibility and appropriateness. Countermeasures are introduced immediately, evaluated as to their effects and promptly integrated into the planning of the respective company and the Volkswagen Group.

The organizational regulations, guidelines, instructions and descriptions are systematically documented and are for the most part accessible online on Volkswagen's non-public accessible internal intranet. Adherence to these regulations is reviewed through the use of internal controls by the heads of the organizational units Volkswagen Group Internal Audit, Volkswagen Group Quality Assurance, Volkswagen Group Treasury, as well as by Volkswagen Brand and Group Controlling.

To update the overall picture of the potential risk position of its area of responsibility, the Company annually addresses standardized questionnaires to the risk managers of the individual functional areas, and also to the Boards of Management and managing directors of the subsidiaries and other investees.

Volkswagen is prepared to enter into manageable risks that are in an appropriate relation to the expected benefits from business activities.

The Financial Services Division, which operates the banking and leasing business, is subject to special risks and regulatory requirements for risk management. For this reason, the Financial Services Division maintains an autonomous risk management system in accordance with regulatory requirements (see "– *Group divisions and their products and services – Financial Services Division – Risk management*").

12.10 Environmental management

Volkswagen has implemented an environmental management system in the group. It is the task of environmental management to assess and consider in advance the effects of manufacturing processes and products on the environment. Within the environmental management system, Volkswagen has specified all responsibilities and processes in relation to environmental protection worldwide and continually reviews the environmental impact of the Volkswagen facilities. The process is continually improved by Volkswagen and satisfies the environmental requirements of the EU Eco-Management and Audit Scheme (EMAS) and/or the international standard DIN ISO 14001, respectively. Adherence to environmental requirements is evidenced by regular audits by internal and external auditors, with the corresponding certificates.

Volkswagen seeks to observe comparable environmental standards in manufacturing processes throughout the whole Company. At the European locations, this is supported, among other things, by a regular exchange of experience among those entrusted with environmental responsibility and by additional working groups. At locations in more distant regions, Volkswagen regularly conducts workshops regarding topical environmental issues. In these workshops, among other things, measures for improvement are developed and subsequently implemented together with local management and the group's Environmental unit. Across locations, the improvement process is supported by uniform environmental principles across the Volkswagen Group, which contain strategic guidelines and technical specifications.

12.11 Compliance management system

Volkswagen is currently in the process of setting up a compliance management system. This system will be integrated into operational business processes, will ensure compliance with legal provisions and, insofar as required with respect to existing or threatened violations of law, initiate appropriate countermeasures.

In 2007, a Chief Compliance Officer was appointed for the Volkswagen Group, who manages the Legal Affairs and Compliance department and reports directly to the Board of Management. The task of the Chief Compliance Officer of the Volkswagen Group is to advise the Board of Management on all matters of compliance, as well as to introduce, control and monitor preventive measures. In 2008, a central Compliance Office was established, which, in addition to its responsibility for setting up a group-wide compliance organization, will also implement individual steps to comply with regulations, such as the development and implementation of a code of conduct. A core compliance team was formed at the group level. In order to implement a uniform concept, the Compliance Office set up will establish a worldwide network of Chief Compliance Officers, compliance officers and compliance appointees, to support the brand parent companies, companies, locations and business units in promoting and assuring compliance. Implementation is planned for 2010.

Compliance topics such as anti-corruption measures will be addressed worldwide by regular continuing education of top management and employees. This will take place through e-learning programs, possibly on-site training sessions, presentations, various conferences and in the context of continuing education. In addition, the Volkswagen Group has implemented various measures to prevent corruption. Among these are the operating procedures issued in 2006 for the avoidance of conflicts of interest and corruption, which correspond to the principles of the Global Compact, the rules of the International Chamber of Commerce and the OECD guidelines for multinational companies. These are complemented by Volkswagen Aktiengesellschaft's internal rules for dealing with invitations and gifts to employees and third parties, which are aimed at ensuring the required transparency.

A group-wide ombudsman system has been in place since 2006. Two independent lawyers are available as ombudsmen to all employees, as well as to outside third parties, via a special hotline. The ombudsmen are bound to professional secrecy and provide – only after personal agreement with the party providing the information – information about situations involving corruption to Company investigators. In 2008, for example, 38 tips were pursued. The hotline was expanded in 2009 and today, it is available in German, English, Spanish, Portuguese, Czech, Italian and Chinese.

12.12 Insurance policies

The Company and its subsidiaries carry insurance protection in the form of various insurance policies. These include comprehensive general liability insurance, product liability insurance, environmental liability insurance, property insurance, transportation insurance and business interruption insurance policies. Furthermore, the Company has taken out directors' and officers' liability insurance (D&O insurance) for the members of the Board of Management and Supervisory Board of the Company, as well as for the members of the governing bodies of the subsidiaries (shareholdings of more than 50%).

In the opinion of the Company, the insurance policies and their respective conditions (amount of coverage, premiums, limitations of liability and exclusions, deductibles, etc.) are customary in the industry and provide sufficient and appropriate protection for Volkswagen while balancing costs and potential risks. The insurance protection is regularly reviewed and adjusted as necessary. It cannot be excluded, however, that losses will be incurred by Volkswagen, or that claims will be made against Volkswagen, that go beyond the type and scope of existing insurance cover. These could include claims associated with recall campaigns, which are not fully insurable. In addition no assurance can be given that it will be possible for Volkswagen to obtain adequate insurance protection on reasonable terms in the future (see *"Risk Factors – Regulatory, legal and tax-related risks – Volkswagen's existing insurance coverage may not suffice to cover the costs caused by events of loss. Insurance premiums may increase following a number of claims or one major claim"*).

12.13 Material agreements

The following sections describe other agreements which are of material significance to Volkswagen.

12.13.1 Agreements related to the creation of an integrated automotive group with Porsche

A central component of Volkswagen Aktiengesellschaft's strategy as a worldwide multibrand automotive group is the creation of an integrated automotive group with Porsche Automobil Holding SE and Dr. Ing. h.c. F. Porsche Aktiengesellschaft (Porsche Automobil Holding SE and Dr. Ing. h.c. F. Porsche Aktiengesellschaft, collectively also referred to as "**Porsche**"), including the operating trading business of Porsche Holding Gesellschaft m.b.H. and Porsche Gesellschaft m.b.H., both based in Salzburg (Porsche Holding Gesellschaft m.b.H. and Porsche Gesellschaft m.b.H., collectively also referred to as "**Porsche Holding Salzburg**").

The following sections describe the agreements that are central to the creation of an integrated automotive group with Porsche, i.e. the Comprehensive Agreement (including the amendment and supplemental agreements on the Comprehensive Agreement) as well as the significant implementation agreements that govern the detailed technical implementation of the Comprehensive Agreement.

Comprehensive Agreement for the creation of an integrated automotive group with Porsche

The Comprehensive Agreement contains the fundamental agreement concerning the creation of an integrated automotive group with Porsche and establishes the concept and the individual transaction steps. It was entered into after agreement in principle was reached in August 2009, signed as a private written agreement on September 18/22, 2009, and notarized, together with modifications since that date and the implementation agreements by way of deed dated November 29, 2009 (the "**Comprehensive Agreement**"). The parties to the Comprehensive Agreement are Volkswagen Aktiengesellschaft, Porsche Automobil Holding SE, Dr. Ing. h.c. F. Porsche Aktiengesellschaft, the ordinary shareholders of Porsche Automobil Holding SE excluding the Emirate of Qatar (i.e. Porsche GmbH, Stuttgart, Familie Porsche Beteiligung GmbH, Grünwald, Familien Porsche-Daxer-Piech Beteiligung GmbH, Grünwald, Ferdinand Piëch GmbH, Grünwald and Hans-Michel Piëch GmbH, collectively the "**SE Ordinary Shareholders**"), the Group Works Council of Volkswagen Aktiengesellschaft, the Group Works Council of Dr. Ing. h.c. F. Porsche Aktiengesellschaft, the Works Council of Porsche Automobil Holding SE, Porsche Holding Gesellschaft m.b.H., Salzburg and Porsche Gesellschaft m.b.H., Salzburg.

In the course of the negotiations of the implementation agreements until November 2009, it became necessary to modify the Comprehensive Agreement. Thus, in addition to the original parties to the Comprehensive Agreement, Porsche Zwischenholding GmbH ("**Porsche Zwischenholding**"), which holds all shares of the newly established Dr. Ing. h.c. F. Porsche Aktiengesellschaft, was also included as a new party to the Comprehensive Agreement, and it was agreed to increase the originally planned indirect investment by the Company in Dr. Ing. h.c. F. Porsche Aktiengesellschaft from 42.0% to 49.9%.

Milestone Concept with multi-tier transaction structure

The Comprehensive Agreement contains a milestone concept with a multi-tier transaction structure (the "**Milestone Concept**"). The central element of the Milestone Concept is, on the one hand, the repayment of Porsche's existing debt, particularly by way of restructuring and reduction of its loan liabilities and by increasing the share capital of Porsche Automobil Holding SE, a significant part of the proceeds from the planned sale of the operating trading business of Porsche Holding Salzburg to Volkswagen Aktiengesellschaft can be used for this increase. On the other hand, the Milestone Concept serves to safeguard the financial stability and flexibility of the Company as well as its good rating. The Comprehensive Agreement provides that Volkswagen Aktiengesellschaft will indirectly invest in Dr. Ing. h.c. F. Porsche Aktiengesellschaft, i.e. in Porsche's operating business, in order to ensure that in-depth collaboration can start without delay. At the same time, it was agreed that funds accruing to Porsche Zwischenholding as a result of the indirect investment by the Company in Dr. Ing. h.c. F. Porsche Aktiengesellschaft will be made available to Porsche Automobil Holding SE by way of a loan, and used by the latter for partial repayment of its debt. In the event that the intended merger with Porsche Automobil Holding SE does not occur, agreements were made for the complete acquisition of Porsche's operating business by the Company in the form of put and call options, so as to be able, if necessary, to acquire and integrate fully the operating business of Dr. Ing. h.c. F. Porsche Aktiengesellschaft in this way.

Thanks to the inclusion of key stakeholders of Volkswagen and Porsche as parties to the Comprehensive Agreement, the Milestone Concept, in the view of the Company, offers a sustainable transaction structure that not only opens up high growth, earnings and synergy potential while simultaneously offering job security, but also addresses Porsche's needs for autonomy and Volkswagen's need to safeguard its financial soundness.

At its core, the Milestone Concept encompases the following eight transaction steps:

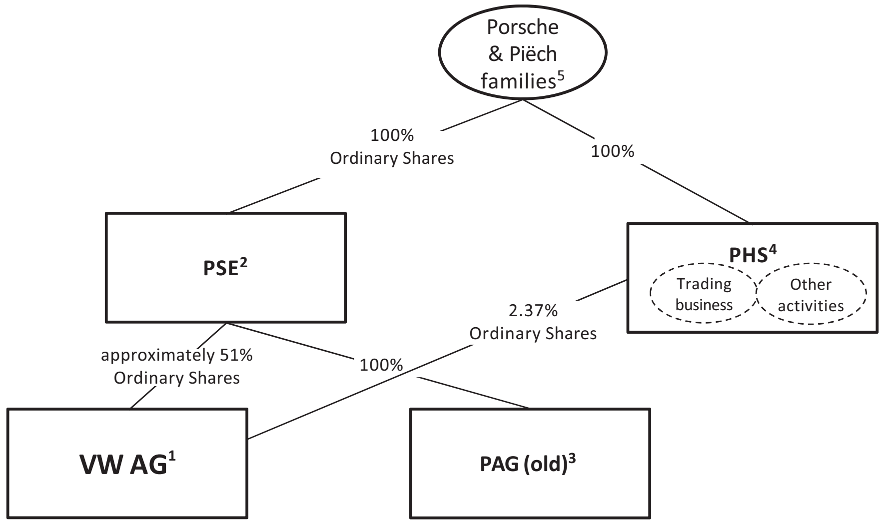
Transaction Step 1:	Transfer to an investor of the majority of the cash-settled portfolio of options on shares of Volkswagen Aktiengesellschaft held by Porsche Automobil Holding SE
Transaction Step 2:	Restructuring of the financing of Porsche Automobil Holding SE and Dr. Ing. h.c. F. Porsche Aktiengesellschaft
Transaction Step 3:	Volkswagen grants a put option on the operating trading business of Porsche Holding Salzburg
Transaction Step 4:	Volkswagen Aktiengesellschaft makes an indirect 49.9% investment in Dr. Ing. h.c. F. Porsche Aktiengesellschaft against cash contributions, as well as an agreement on call/put options on the remaining indirect 50.1% equity interest in Dr. Ing. h.c. F. Porsche Aktiengesellschaft held by Porsche Automobil Holding SE in the event that the merger does not occur
Transaction Step 5:	Increase of Volkswagen Aktiengesellschaft's preferred share capital against cash contribution to improve its capitalization against the background of the planned creation of the integrated automotive group and thereby maintaining the current rating of the Company
Transaction Step 6	To the extent that Porsche Gesellschaft m.b.H., Salzburg exercises its put option, sale of the operating trading business of Porsche Holding Salzburg to Volkswagen
Transaction Step 7:	Additional repayment of debt by Porsche Automobil Holding SE by means of a cash capital increase at Porsche Automobil Holding SE, if applicable, using the proceeds of the sale of the operating trading business of Porsche Holding Salzburg to Volkswagen
Transaction Step 8:	Merger of Porsche Automobil Holding SE with Volkswagen Aktiengesellschaft; in the event of the merger not being completed, the exercise, if applicable, of the call or put options on the remaining 50.1% indirect equity interest held by Porsche Automobil Holding SE in Dr. Ing. h.c. F. Porsche Aktiengesellschaft

Furthermore, the Comprehensive Agreement contains provisions prohibiting the entering into of a control and profit transfer agreement between Porsche Automobil Holding SE and the Company, confirming the qualified majority requirement for resolutions of the General Meeting of the Company, regarding nomination rights for the State of Lower Saxony, regarding the creation of an authorization for the Board of Management of the Company to issue up to 135 million new preferred shares with subscription rights (see the section *"Transactions and Legal Relationships with Related Parties – Relationships of the Volkswagen Group with Porsche and the Porsche and Piëch families"*) and for the establishment of a Volkswagen-Porsche-workforce-foundation through which the employees of the integrated automotive group shall participate in the voting capital of the Company.

Implementation status of the Milestone Concept

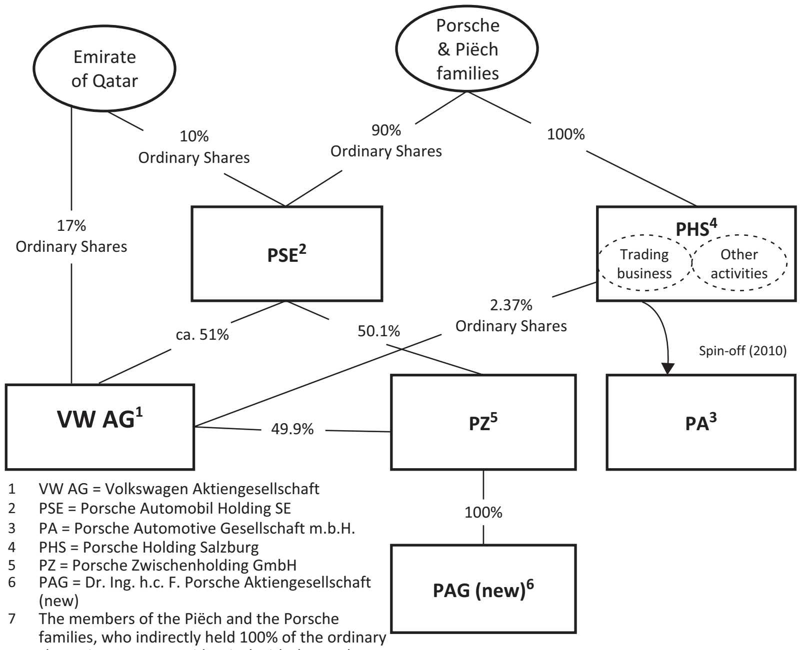
The eight transaction steps identified above have already been partially implemented as illustrated below. The diagrams show the initial situation, the current transition phase and the planned target structure.

Initial Situation 2009 (prior to execution of the Comprehensive Agreement and the investment by Qatar)



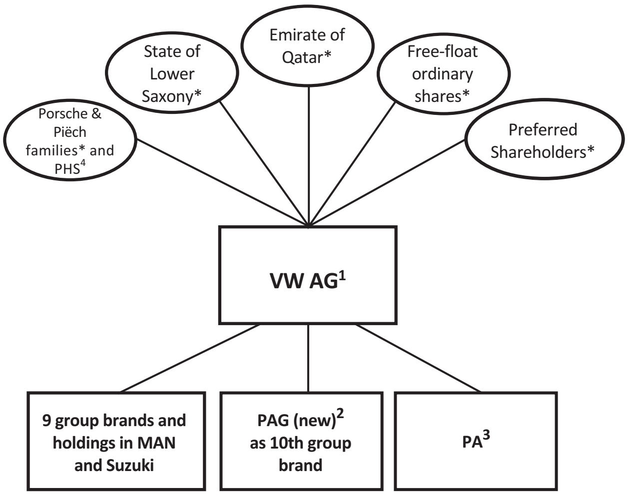
1 VW AG = Volkswagen Aktiengesellschaft
2 PSE = Porsche Automobil Holding SE
3 PAG = Dr. Ing. h.c. F. Porsche Aktiengesellschaft
4 PHS = Porsche Holding Salzburg
5 The members of the Piëch and the Porsche families, who indirectly held 100% of the ordinary shares in PSE, are not identical with those who indirectly hold the Porsche Holding Salzburg. 15% of the indirect shareholders of the Porsche Holding Salzburg do not hold shares in Porsche Automobil Holding SE

Transitional Phase (as of: March 23, 2010)



1 VW AG = Volkswagen Aktiengesellschaft
2 PSE = Porsche Automobil Holding SE
3 PA = Porsche Automotive Gesellschaft m.b.H.
4 PHS = Porsche Holding Salzburg
5 PZ = Porsche Zwischenholding GmbH
6 PAG = Dr. Ing. h.c. F. Porsche Aktiengesellschaft (new)
7 The members of the Piëch and the Porsche families, who indirectly held 100% of the ordinary shares in PSE, are not identical with those who indirectly hold the Porsche Holding Salzburg. 15% of the indirect shareholders of the Porsche Holding Salzburg do not hold shares in Porsche Automobil Holding SE

Planned Target Structure (aimed for end of 2011)



1 VW AG = Volkswagen Aktiengesellschaft
2 PAG = Dr. Ing. h.c. F. Porsche Aktiengesellschaft (new)
3 PA = Porsche Automotive Gesellschaft m.b.H.
4 PHS = Porsche Holding Salzburg
*Proportion of ordinary and preferred shares in Volkswagen Aktiengesellschaft dependent on merger ratio at the time of downstream merger of Porsche SE into Volkswagen Aktiengesellschaft

Transaction Step 1: Transfer of the option portfolio

The majority of the cash-settled option positions on shares of Volkswagen Aktiengesellschaft held by Porsche Automoil Holding SE was already transferred to an investor in 2009. The option positions were, to the knowledge of the Company, synthetic cash-settled call and put options relating to ordinary and preferred shares of Volkswagen Aktiengesellschaft, most of which were sold to Qatar Holding LLC, a company owned by the Emirate of Qatar.

Transaction Step 2: Restructuring of the financing of Porsche Automobil Holding SE and Dr. Ing. h.c. F. Porsche Aktiengesellschaft

The restructuring of Porsche Automobil Holding SE's financing has also already been implemented. Thus, to the knowledge of the Company, Porsche Automobil Holding SE reached an agreement in November 2009 on a new line of credit with an international banking syndicate. As collateral, Porsche SE pledged to the banking syndicate, among others, all of the shares it holds in Volkswagen Aktiengesellschaft. In this context, the financing of Dr. Ing. h.c. F. Porsche Aktiengesellschaft was also restructured, with this company agreeing new lines of credit with an international banking syndicate for this purpose.

Transaction Step 3: Granting of a put option relating to the operating trading business of Porsche Holding Salzburg by Volkswagen

For the technical implementation of the planned potential acquisition of the operating trading business of Porsche Holding Salzburg, Volkswagen Aktiengesellschaft and Porsche Holding Salzburg, among others, have agreed that Porsche Gesellschaft m.b.H., Salzburg will have the right to sell its operating trading business to Volkswagen (see detailed information below in the section entitled "– *Implementation agreements relating to the Comprehensive Agreement*").

Transaction Step 4: Indirect investment of Volkswagen Aktiengesellschaft in Dr. Ing. h.c. F. Porsche Aktiengesellschaft

The 49.9% indirect investment of Volkswagen Aktiengesellschaft in Dr. Ing. h.c. F. Porsche Aktiengesellschaft as well as the grant of call/put options on the remaining 50.1% indirect equity interest in Dr. Ing. h.c. F. Porsche Aktiengesellschaft have also already been implemented (see the detailed information below in the section entitled "– *Implementation agreements relating to the Comprehensive Agreement*").

Transaction Step 5: Capital increase at Volkswagen Aktiengesellschaft

The increase of the preferred share capital of Volkswagen Aktiengesellschaft against cash contributions of up to EUR 166,400,000 through the issue of up to 65,000,000 New Shares which is described in this Prospectus is designed to improve the capitalization of the Company against the background of the planned creation of the integrated automotive group and thereby maintain the current rating of the Company (for information on reasons for the Offering, see the section entitled "*Reasons for the Offering and Use of Proceeds*").

Transaction Step 6: Acquisition of the operating trading business of Porsche Holding Salzburg

To the extent that Porsche Gesellschaft m. b. H., Salzburg exercises its put option, Volkswagen will be obligated to purchase the operating trading business of Porsche Holding Salzburg, at the earliest effective January 1, 2011 (see the section "– *Implementation agreements relating to the Comprehensive Agreement*").

Transaction Step 7: Capital increase at Porsche Automobil Holding SE

The capital increase against cash contribution planned by Porsche Automobil Holding SE to enable further reduction of Porsche Automobil Holding SE's debt is planned for 2011. In this context, there is a subscription obligation of the SE Ordinary Shareholder and/or Porsche Gesellschaft m.b.H., Salzburg, subject to various conditions, for which they may use a significant part of the proceeds of the sale of the operating trading business of Porsche Holding Salzburg following the exercise of the put option.

Transaction Step 8: Merger of Porsche Automobil Holding SE into Volkswagen Aktiengesellschaft

The merger of Porsche Automobil Holding SE into Volkswagen Aktiengesellschaft by way of absorption in accordance with the Umwandlungsgesetz (UmwG – German Reorganization Act), during the course of which it is expected that, a capital increase will be implemented at the Company, is also planned for 2011, but only after Porsche SE's capital increase has taken place. The details of the structuring and implementation of the merger are, among other things, subject to additional legal and tax due diligence and will require the necessary shareholder resolutions of Porsche Automobil Holding SE and Volkswagen Aktiengesellschaft. The merger is the final step in creating an integrated automotive group with Porsche and will be completed, if possible, by the end of 2011.

Implementation agreements relating to the Comprehensive Agreement

The implementation agreements address the technical implementation of the Comprehensive Agreement and govern the legal, operational and technical details of creating an integrated automotive group with Porsche.

The material implementation agreements concerning transaction steps 4 (indirect investment of Volkswagen Aktiengesellschaft in Dr. Ing. h.c. F. Porsche Aktiengesellschaft), and 6 (acquisition of the operating trading business of Porsche Holding Salzburg) are described below.

Transaction Step 4: Indirect investment by Volkswagen Aktiengesellschaft in Dr. Ing. h.c. F. Porsche Aktiengesellschaft

Investment agreement

The investment agreement between Volkswagen Aktiengesellschaft and Porsche Automobil Holding SE governs the steps and terms of Volkswagen Aktiengesellschaft's indirect investment in Dr. Ing. h.c. F. Porsche Aktiengesellschaft. This has now been completed.

Technically, the indirect investment by Volkswagen Aktiengesellschaft in Dr. Ing. h.c. F. Porsche Aktiengesellschaft was implemented by first merging the former Dr. Ing. h.c. F. Porsche Aktiengesellschaft with Porsche Zwischenholding and then spinning off the operating trading business of the former Dr. Ing. h.c. F. Porsche Aktiengesellschaft from Porsche Zwischenholding to the present Dr. Ing. h.c. F. Porsche Aktiengesellschaft (formerly Porsche Fünfte Vermögensverwaltung AG). By way of a capital increase against cash contributions of EUR 3.9 billion, Volkswagen Aktiengesellschaft then acquired a 49.9% equity interest in Porsche Zwischenholding, which holds all shares of Dr. Ing. h.c. F. Porsche Aktiengesellschaft. The capital increase and thus the indirect investment in Dr. Ing. h.c. F. Porsche Aktiengesellschaft became effective upon registration of the resolution to increase the share capital on December 7, 2009 at the responsible commercial register in Stuttgart. As a result, the operating business of Porsche was thus placed under Porsche Zwischenholding, 49.9% of which is owned by Volkswagen Aktiengesellschaft and 50.1% by Porsche Automobil Holding SE.

The investment agreement contains customary warranties by Porsche Automobil Holding SE to Volkswagen Aktiengesellschaft. Among other things, these relate to the proper issuance of and full payment for the shares of Dr. Ing. h.c. F. Porsche Aktiengesellschaft, as well as to the existence of the material approvals, permissions and industrial property rights required to operate the business activities of Dr. Ing. h.c. F. Porsche Aktiengesellschaft, and are limited to EUR 750 million. The warranties also relate to the ownership of the shares in Porsche Zwischenholding and Dr. Ing. h.c. F. Porsche Aktiengesellschaft and are limited to approximately EUR 3.9 billion. In addition, Porsche Automobil Holding SE is obligated to indemnify Volkswagen Aktiengesellschaft against certain liabilities of Dr. Ing. h.c. F. Porsche Aktiengesellschaft and Porsche Zwischenholding in an unlimited amount. These relate, for example, to investor lawsuits against Porsche Automobil Holding SE, tax risks at Porsche, risks of claims for alleged market manipulation, as well as the occurrence of major damages/ losses exceeding EUR 1 billion. The question of whether these indemnity claims by Volkswagen Aktiengesellschaft against Porsche Automobil Holding SE are enforceable depends on the latter's net assets and liquidity situation, which in turn is quite significantly affected by the value of Porsche's investment in Volkswagen Aktiengesellschaft.

In accordance with the investment agreement, any claims under guarantees lapse two years after the capital increase has been registered in the relevant commercial register of Porsche Zwischenholding. Any indemnity claims lapse after three years or, in the case of alleged market manipulation, ten years after that date.

Call/put options

In the event that the merger of Porsche Automobil Holding SE into Volkswagen Aktiengesellschaft (see "*–Transaction Step 8: Merger of Porsche Automobil Holding SE with Volkswagen Aktiengesellschaft*") is not implemented, Volkswagen Aktiengesellschaft and Porsche Automobil Holding SE have agreed call and put options that can be exercised mutually.

The call option conveys the right of Volkswagen Aktiengesellschaft to require Porsche Automobil Holding SE to transfer the remaining 50.1% of the shares in Porsche Zwischenholding at precisely specified periods in 2013 and 2014. Conversely, Volkswagen Aktiengesellschaft has granted Porsche Automobil Holding SE a put option, i.e. the right of Porsche Automobil Holding SE's to sell the remaining 50.1% of the shares in Porsche Zwischenholding at particular specified times in 2012/13 and 2014/15 to Volkswagen Aktiengesellschaft. The consideration payable by Volkswagen Aktiengesellschaft for the 50.1% of the shares in Porsche Zwischenholding corresponds to the proportionate equity value of Porsche Zwischenholding of approximately EUR 3.9 billion; in the event that the call option is exercised early within the option period, tax burdens for Porsche Automobil Holding SE could accrue, which according to the contractual provisions should be borne by the Company.

Articles of Association and Shareholders' Agreement

The Articles of Association of Porsche Zwischenholding and the Shareholders' Agreement relating to Porsche Zwischenholding and Dr. Ing. h.c. F. Porsche Aktiengesellschaft contain detailed arrangements governing the management of Porsche Zwischenholding and Dr. Ing. h.c. F. Porsche Aktiengesellschaft. They are designed to ensure that Volkswagen has sufficient influence on the operating business of Dr. Ing. h.c. F. Porsche Aktiengesellschaft.

The Articles of Association of Porsche Zwischenholding therefore provide that material decisions concerning the operating business of Dr. Ing. h.c. F. Porsche Aktiengesellschaft can only be made jointly with Volkswagen Aktiengesellschaft. This applies particularly to decisions in relation to a significant change in the product program, the implementation of important investments or disinvestments, or the conclusion, amendment or termination of material cooperation agreements, production agreements or sales/distribution agreements, and decisions concerning dividend payments that exceed the minimum amount of 4% p.a. of EUR 7.75 billion (less certain adjustments), and concerning the appointment and dismissal of managing directors. The same applies to assignments, pledges and other acts of disposal of the shares in Porsche Zwischenholding, which can also only be effected with the consent of Volkswagen Aktiengesellschaft or Porsche Automobil Holding SE, as the case may be. In addition the Articles of Association provide that in particular in the event of the insolvency of one of the shareholders his shares can be reclaimed without the consent of the relevant shareholder.

With respect to the exercise of their shareholder rights in Porsche Zwischenholding, Volkswagen Aktiengesellschaft and Porsche Automobil Holding SE have also entered into a shareholders' agreement relating to Porsche Zwischenholding and Dr. Ing. h.c. F. Porsche Aktiengesellschaft. The shareholders' agreement contains various provisions to ensure that Volkswagen Aktiengesellschaft has an appropriate level of influence on Dr. Ing. h.c. F. Porsche Aktiengesellschaft and therefore provides, among others, for the composition of the corporate bodies of Porsche Zwischenholding and Dr. Ing. h.c. F. Porsche Aktiengesellschaft. The Supervisory Board of each of the Dr. Ing. h.c. F. Porsche Aktiengesellschaft and, as long as the SE Ordinary Shareholders indirectly hold at least a total of 25% of the ordinary shares in Volkswagen Aktiengesellschaft, taking into account the equity interest of Porsche Automobil Holding SE in Volkswagen Aktiengesellschaft, Porsche Automobil Holding SE or affiliated companies, but excluding dependent companies in accordance with section 17 of the Aktiengesetz (AktG – German Stock Corporation Act), shall each include four representatives of Volkswagen Aktiengesellschaft. With respect to the financing of Dr. Ing. h.c. F. Porsche Aktiengesellschaft, it has been agreed that this company will cover its financing needs by utilizing the banking and capital markets, other than by issuing new shares or other share-related financial instruments.

In addition, Volkswagen Aktiengesellschaft will indemnify Porsche Automobil Holding SE in the amount of Volkswagen Aktiengesellschaft's equity interest in Porsche Zwischenholding (i.e. 49.9%) in respect of certain obligations to third parties, in return for the simultaneous assignment of the relevant claims of Porsche Automobil Holding SE against these third parties. In essence, this relates to financial liabilities of Dr. Ing. h.c. F. Porsche Aktiengesellschaft for which Porsche Automobil Holding SE is jointly liable and which have already been taken into account in the reconciliation of the enterprise value with the equity value of Dr. Ing. h.c. F. Porsche Aktiengesellschaft.

Moreover, Volkswagen Aktiengesellschaft guarantees Porsche Automobil Holding SE the settlement of the liabilities of Porsche Zwischenholding of approximately EUR 2.7 billion and of Dr. Ing. h.c. F. Porsche

Aktiengesellschaft of approximately EUR 1.3 billion. These liabilities are largely offset by corresponding claims of Porsche Zwischenholding and Dr. Ing. h.c. F. Porsche Aktiengesellschaft against Porsche Automobil Holding SE. These claims are associated with the restructuring of Porsche undertaken in 2009 that led to the creation of Porsche Zwischenholding and enabled the Company to acquire a 49.9% interest in Porsche Zwischenholding by way of a capital increase. The liabilities will be offset against these claims when they fall due (in particular when they become contractually due in 2014). The obligation of Volkswagen Aktiengesellschaft to assume these liabilities only applies in the event that the claims of Porsche Automobil Holding SE fall due and cannot be recovered because of the insolvency of Porsche Zwischenholding or Dr. Ing. h.c. F. Porsche Aktiengesellschaft, to the extent that these claims could have been settled if Porsche Zwischenholding or Dr. Ing. h.c. F. Porsche Aktiengesellschaft had not been insolvent on the due date by offsetting them against the corresponding counterclaims of Porsche Zwischenholding or Dr. Ing. h.c. F. Porsche Aktiengesellschaft against Porsche Automobil Holding SE. As a consequence of this agreement, Volkswagen has an interest in ensuring that Porsche Zwischenholding and Dr. Ing. h.c. F. Porsche Aktiengesellschaft are adequately financed and do not become insolvent.

Trust Agreement with respect to the indirect 50.1% investment in Dr. Ing. h.c. F. Porsche Aktiengesellschaft (Trust Agreement)

A trust agreement (the "**Trust Agreement**") has been entered into in respect of the Milestone Concept. The parties to this Trust Agreement are Volkswagen Aktiengesellschaft, Porsche Automobil Holding SE and a company affiliated with B. Metzler seel. Sohn & Co. Holding AG (the "**Trustee**").

The Trust Agreement provides additional security for the banks financing Porsche Automobil Holding SE, and in the event that the conditions for the realization of the collateral arise in respect of the loan agreements, a provision for the purchase of the 50.1% interest in Porsche Zwischenholding by Volkswagen Aktiengesellschaft. Technically, the additional security was achieved by Porsche Automobil Holding SE assigning its 50.1% interest in Porsche Zwischenholding to the Trustee under the Trust Agreement. The assignment was in addition to the liens of the banks on these GmbH shares and the security assignment to the banks of the put option of Porsche Automobil Holding SE on those shares. The Trustee holds the equity interest in trust for Porsche Automobil Holding SE and as surety for the banks that are financing Porsche Automobil Holding SE. Porsche Automobil Holding SE remains the beneficial owner of the equity interest, exercises the voting rights and receives profit distributions.

To secure the purchase of the 50.1% interest in Porsche Zwischenholding by Volkswagen Aktiengesellschaft, there is a provision that the liens of the banks on the GmbH shares cannot be enforced before Volkswagen Aktiengesellschaft has had the opportunity to purchase the interest for a consideration of approximately EUR 3.9 billion, as agreed in the put option. At the same time, Volkswagen Aktiengesellschaft has agreed with the banks that, in the event that it does not acquire the equity interest in this manner, it will acquire the pledged shares in Porsche Zwischenholding in the context of a sale of this equity interest for the consideration agreed in the put option of approximately EUR 3.9 billion.

Transaction Step 6: Potential acquisition of the operating trading business of Porsche Holding Salzburg

Salzburg put option

As a part of Volkswagen's long-term strategy of extending the value chain in the automotive business and integrating the most important importers into the Volkswagen Group, an agreement was also entered into governing the potential purchase of the operating trading business of Porsche Holding Salzburg.

As a preparatory step, the operating trading business of Porsche Holding Salzburg, including its associated services such as the financing and leasing businesses, will first be spun off into an affiliated company of Porsche Holding Salzburg, Porsche Automotive Gesellschaft m.b.H. ("**Porsche Automotive**") during the course of 2010 (the "**Restructuring of the Trading Business**"). The transfer of the operating trading business to Volkswagen will be to be completed by way of a put option granted to Porsche Gesellschaft m.b.H., Salzburg.

The put option gives Porsche Gesellschaft m.b.H., Salzburg the right to transfer all shares in Porsche Automotive after the Restructuring of the Trading Business to Volkswagen Holding Österreich GmbH, Salzburg, or to a company to be named by Volkswagen Holding Österreich GmbH by December 31, 2010 at the latest. Porsche Gesellschaft m.b.H., Salzburg is not legally obligated to exercise the put option and Volkswagen does not have a right to require Porsche Gesellschaft m.b.H., Salzburg to transfer all of the shares in Porsche Automotive. In this regard, there is no legal certainty that Porsche Gesellschaft m.b.H., Salzburg will exercise its put option and that Volkswagen will acquire all shares in Porsche Automotive, thereby acquiring the operating trading business of Porsche Holding Salzburg.

Upon the exercise of the put option, Volkswagen is, in principle, obligated to purchase the shares in Porsche Automotive. The consideration payable by Volkswagen corresponds to the equity value of Porsche Automotive as defined in the Comprehensive Agreement, based on an enterprise value of EUR 3.55 billion after the restructuring of the trading business, deducting the adjustments for net debt, and determined on the basis of external valuations. The put option may be exercised from June 30, 2010 (with the earliest implementation on January 1, 2011) until December 31, 2013. Volkswagen Aktiengesellschaft is subject to certain restrictions with respect to a further restructuring of Porsche Automotive after the implementation of the put option, such as in respect of the tax indemnities vis-à-vis Porsche Gesellschaft m.b.H. and the continuation of Porsche Automotive as a shareholding based in Salzburg.

In the Comprehensive Agreement on creating an integrated automotive group with Porsche as well as in the put option, Volkswagen has committed itself to fill half of the seats of the shareholders in the Supervisory Board with members of the Porsche family, after the purchase of Porsche Automotive. This provision is valid as long as members of the Porsche family hold indirectly or directly at least a total of 25% of the ordinary shares in Volkswagen Aktiengesellschaft.

Simultaneously with the put option, Volkswagen entered into a corporate governance and liability agreement with the shareholders of Porsche Holding Salzburg, which secures an involvement of the Company in the management of Porsche Holding Salzburg even before the implementation of the potential purchase of Porsche Automotive. Accordingly, Volkswagen has the right to appoint two individuals as members of each of the Shareholders Committee of Porsche Holding Gesellschaft m.b.H., the Supervisory Board of Porsche Holding Gesellschaft m.b.H. and the Supervisory Board of Porsche Gesellschaft m.b.H.. Since the beginning of 2010, the Chairman of the Company, Prof. Dr. rer. nat. Martin Winterkorn, and the CFO of the Company, Hans Dieter Pötsch, are members of these bodies. In addition, the shareholders of Porsche Holding Salzburg have agreed with Volkswagen, that, with the exception of a one-off payment of up to EUR 510 million and an annual payment of up to EUR 250 million, they will not to approve any outflow of funds.

Capital Increase Commitment

In November 2009, the SE Ordinary Shareholders and the Porsche Gesellschaft m.b.H., Salzburg agreed a capital increase commitment with Porsche Automobil Holding SE concerning the planned capital increase at Porsche Automobil Holding SE (the "**Commitment to Implement a Capital Increase**"). In the Commitment to Implement a Capital Increase, the SE Ordinary Shareholders undertake, subject to certain requirements and conditions, to approve a capital increase at Porsche Automobil Holding SE with an issue volume of up to EUR 5 billion (half in ordinary shares and half in preferred shares). Porsche Gesellschaft m.b.H., Salzburg has agreed to assure the subscription of the new ordinary shares from the capital increase at Porsche Automobil Holding SE against contribution of an amount expected to be EUR 2.5 billion. Porsche Gesellschaft m.b.H. may provide the cash funds by exercising its put option. If it exercises the put option by the due date, its subscription obligation will be limited to the agreed portion of the amount effectively received from the transfer of the operating trading business of Porsche Holding Salzburg.

12.13.2 Agreements in connection with the equity interest in Scania AB

In fiscal year 2007, Volkswagen Aktiengesellschaft increased its equity interest in Scania AB, Södertälje, Sweden ("**Scania**") from 34.0% to 37.4% of the voting rights, and from 18.7% to 20.6% of the subscribed capital.

In fiscal year 2008, the purchase of all the shares previously held by Investor AB and the Wallenberg foundations in Scania was completed on July 22, 2008, once the most important merger-control approvals were received, on the basis of a purchase agreement between the Company, Investor AB and the Wallenberg foundations, for a purchase price of approximately EUR 2.8 billion. The Company thereby increased its share of voting rights in Scania from 37.98% to 68.60% and its capital interest from 20.89% to 37.73%. Moreover, additional shares in Scania that are held in trust by a bank, representing a 0.87% share of the voting rights and a capital interest of 3.63% are attributed to the Company. As a consequence of the increased equity interest in Scania, Scania was consolidated as the ninth brand in the consolidated financial statements for fiscal year 2008. This equity interest is intended to secure Volkswagen's strategic interest in the commercial vehicle business.

In fiscal year 2009, the Company finally purchased additional shares in Scania ("**Scania Shares**") on February 20, 2009, (2.34% of the voting rights or 7.93% of the capital interest) thereby increasing its equity interest in Scania to 49.29% of the capital and 71.81% of the voting rights. The shares were purchased from Porsche Automobil Holding SE.

The background to the purchase was that, on January 5, 2009, Porsche Automobil Holding SE increased its equity interest in Volkswagen Aktiengesellschaft to approximately 50.76% of the ordinary shares. As a result, Porsche Automobil Holding SE held more than 50% of all voting rights of the Company. Consequently, based on the fact that Volkswagen's equity interest in Scania exceeded the legally defined threshold of 30% of all voting rights, Porsche Automobil Holding SE had attained indirect control of Scania according to Swedish takeover law. Porsche Automobil Holding SE was therefore obligated to make a mandatory bid for those Scania shares that were not under its direct or indirect control. The mandatory bid was accepted for 4,398,139 A-shares and 59,037,822 B-shares. The offer price corresponded to SEK 68.52 (i.e. approximately EUR 6.34) per A-share and

SEK 67.10 (i.e. approximately EUR 6.21) per B-share. Porsche Automobil Holding SE had no strategic interest in having an equity interest in Scania and had submitted the mandatory bid, according to Porsche Automobil Holding SE, merely to satisfy the provisions of Swedish takeover law.

In contrast, for Volkswagen, the purchase of the Scania Shares acquired from Porsche Automobil Holding SE was in the interests of the Company because it thereby further increased its strategic investment in Scania. The purchase price paid by the Company to Porsche Automobil Holding SE per share corresponded to the offer price in the mandatory bid by Porsche Automobil Holding SE to the Scania shareholders and amounted to approximately EUR 391 million in total (see section *"Transactions and Legal Relationships with Related Parties – Relationships of the Volkswagen Group with Porsche and the Porsche and Piëch families"*).

12.13.3 Agreements in connection with the equity interest in Suzuki

On December 9, 2009, Volkswagen Aktiengesellschaft and Suzuki Motor Corporation, based in Hamamatsu, Japan ("**Suzuki**"), entered into a framework agreement for a close and long-term strategic partnership, as well as a share purchase agreement concerning a 19.89% shareholding in Suzuki. The purchase of these shares, following approval from the competent authorities, was completed for a purchase price of approximately EUR 1.7 billion on January 15, 2010. In return, and to fortify the strategic partnership, it is intended that Suzuki will purchase ordinary or preferred shares in Volkswagen Aktiengesellschaft for an amount of up to half of the purchase price received under the share purchase agreement relating to the Suzuki shares. Since the Company has no treasury shares, it will support Suzuki in buying shares of the Company on the stock exchange or over the counter. Suzuki also receives a preemption right for the Suzuki shares held by the Company.

The framework agreement envisages that the partnership will generate synergies in particular in the development and production of innovative and environmentally friendly small cars. The Company and Suzuki will therefore, under the framework agreement, collaborate primarily with respect to reducing fuel consumption and the development of hybrid engines and electric engines. Suzuki is expected, as the cooperation develops further, to act as a development center for small cars within the Volkswagen Group, without affecting the autonomy of Suzuki or Volkswagen. It is also intended that small cars will be developed jointly, which may then be sold under the brand of the relevant other party. Volkswagen will support Suzuki in this process, among other things, by providing access to its Financial Services Division. For additional details concerning Suzuki, see the section, *"– Group Divisions and their Products and Services – Automotive Division – Significant equity interests"*.

12.13.4 Granting of a loan to Porsche

In March 2009, Volkswagen granted a short-term loan for the operating business to Dr. Ing. h.c. F. Porsche Aktiengesellschaft, Stuttgart of EUR 500 million, initially for six months. The loan was subsequently extended to December 23, 2009, and was repaid in full on December 4, 2009. Collateral was provided to Volkswagen, first in the form of a guarantee from Porsche Holding GmbH, Salzburg, then in the form of a lien on the shares of Porsche Holding GmbH, Salzburg. The provision of collateral and the interest charged were on standard market terms and on an arm's length basis.

In addition, in March 2009, a factoring agreement was entered into between Volkswagen Group Services SA, Brussels (Belgium) ("**VGS**") and Porsche Financial Services SPA, Padua (Italy) ("**Porsche FS Italy**") enabling Porsche FS Italy to tender to the VGS trade receivables for purchase at net residual carrying amount. A portfolio of leasing receivables with a volume of EUR 190.5 million was sold at the end of March 2009 by Porsche FS Italy to VGS. The agreement has been concluded at arm's length and on market terms.

12.13.5 LeasePlan Corporation N.V.

LeasePlan Corporation N.V. ("**LeasePlan**") is a vendor-neutral leasing company focusing on the international fleet business of which 50% are indirectly owned by Volkswagen through Volkswagen Financial Services AG. The interest is structured as a pure financial interest and accounted for using the equity method.

The remaining 50% of LeasePlan is held by Fleet Investments B.V., Amsterdam ("**Fleet Investments**"), an investment company belonging to the von Metzler family. This interest was previously held by the Olayan Group from Saudi Arabia and Mubadala Investment from Abu Dhabi. In December 2008, the Olayan Group and Mubadala Investment exercised an existing put option vis-à-vis Volkswagen with respect to their interest in LeasePlan. In accordance with an agreement entered into in September 2009, at the request of Volkswagen, they transferred their interest to Fleet Investments on February 1, 2010 for a purchase price of approximately EUR 1.4 billion.

Fleet Investments has the right to tender its interest in LeasePlan to Volkswagen Aktiengesellschaft at the original purchase price plus pro-rata accumulated preference dividends or, where appropriate, a higher fair value.

To secure a loan granted by Bankhaus Metzler to Fleet Investments for the acquisition of the interest in LeasePlan, Volkswagen Aktiengesellschaft pledged to Bankhaus Metzler claims under certificates of deposit issued by Bankhaus Metzler amounting to EUR 1.4 billion.

12.13.6 2005 loan agreement

In 2005, the Company entered into a syndicated loan agreement with a banking syndicate granting the Company a credit line of EUR 12.5 billion. The credit line was reduced to EUR 10 billion in 2007. After Porsche Automobil Holding SE had announced an increase in its shareholding in Volkswagen Aktiengesellschaft in September 2008, individual members of the syndicate relating to this facility exercised their contractual right of termination. The credit line, which is due to mature in June 2012, was thereby reduced from EUR 10.0 billion to EUR 7.82 billion.

12.13.7 2009 loan agreement

In 2009, the Company entered into a loan agreement with the European Investment Bank, Luxembourg, for EUR 400 million. These funds are being used to help finance research expenses and measures to develop low-emission, more fuel-efficient drive units and drivetrain components for passenger cars and commercial vehicles. The facility is repayable by the Company in February 2014.

12.14 Significant legal disputes

Like other companies, the Company and its subsidiaries, as part of their national and international operating activities, were and are involved in legal disputes, arbitration proceedings and administrative proceedings. These legal disputes and proceedings can occur, in particular, in relationships with suppliers, dealers, customers, employees, investors or public authorities. For the companies involved, this may result in payment or other obligations. Particularly in cases where, for example, customers in the USA, either individually, or in a class action, allege defects in vehicles, very costly steps can become necessary, as well as the payment of high damages or punitive damages.

Insofar as it is possible, reasonable and economically expedient, insurance policies were taken out in order to safeguard against these risks and provisions were formed for the remaining identifiable risks. However, as some risks cannot be insured or cannot be estimated or only estimated to a limited extent, it is possible that losses may nevertheless occur that are not covered by the insured amounts or provisions.

The Company and its subsidiaries are currently not exposed to any government interventions or involved in any administrative, judicial or arbitration proceedings that could materially affect the financial position or profitability of the Company and/or its subsidiaries or that have had such an effect in the recent past. Such proceedings are not threatened or, as far as the Company is aware, anticipated, nor were any pending or completed in the past twelve months. The Company believes the proceedings described below also do not constitute such significant proceedings.

12.14.1 Administrative action for failure to act against the Trade Supervisory Office of Hanover (Staatliches Gewerbeaufsichtsamt Hannover)

An appeal against the Trade Supervisory Office of Hanover (*Staatliches Gewerbeaufsichtsamt Hannover*) has been made to compel it to enforce specified noise emission limits in connection with the Hanover production location of the Company at the Lower Saxon Higher Administrative Court of Lüneburg (*Niedersächsisches Oberverwaltungsgericht Lüneburg*). The background to the case is the state of emissions at the Hanover location resulting from a combination of various sources of noise. Whether the ascertained acoustic contributions by the Company exceed the permitted level depends, among other things, on whether a measuring deduction may be subtracted from the noise contributed. If the action is successful, there is a possibility of local restrictions on production during the night shift at the Hanover location.

12.14.2 Patent infringement actions in the USA

Volkswagen Aktiengesellschaft, Audi AG and the Volkswagen Group of America, Inc. are defendants in a US patent infringement action. In addition, five further patent infringement actions against the Volkswagen Group of America, Inc. are also pending in the USA. The lawsuits were, for the most part, filed by patent exploitation companies. Although the plaintiffs in these proceedings have not yet indicated the amount of the damages claimed in each case, the Company anticipates that, in the event of an adverse decision, damages and legal defense costs will be in the double-digit of millions of euros. Moreover, there are risks to the reputation of Volkswagen associated with these proceedings.

12.14.3 Payment claims under the Arbeitnehmererfindungsgesetz (German Employee Inventions Act)

At the Higher Regional Court of Frankfurt am Main (*Oberlandesgericht Frankfurt am Main*), lawsuits against the Company were pending that involved claims for payment under the Arbeitnehmererfindungsgesetz (ArbnErfG – German Employee Inventions Act). These lawsuits were settled between the parties in 2009. It was agreed to keep the settlement amount confidential.

12.14.4 Lawsuits in the USA relating to water ingress in the vehicle interior

In 2007, two class-action suits were brought in the USA against Volkswagen Aktiengesellschaft, Audi AG, Volkswagen de Mexico and Volkswagen Group of America, Inc. in connection with the ingress of water into the driver's compartment of certain vehicle models. The plaintiffs claim that water penetrated the vehicle interior due to blocked drains in the water tank and the sunroof as well as a deficient sealing of the pollen filter resulting in water entering the interior of the vehicle, potentially causing damage to, among other things, the roof lining, carpets and control units. In May 2008, the original lawsuit relating to any form of water ingress was limited to the aforementioned disputed points by the order of the court. The parties to the dispute have reached a settlement in February 2010, which the court with jurisdiction provisionally approved on February 17, 2010. The payments agreed in the settlement for the members of the group of current and former vehicle owners which were the basis of the class action are fully covered by provisions. The same applies to the expected legal costs of the other side. The current timetable envisages that the court with jurisdiction will hold a fairness hearing on July 26, 2010 as to the final approval of the settlement. If the settlement was, against expectations, not approved by the court, the proceedings would continue. In that case, the provisions which have been created may be insufficient as a result of the uncertainty and, as the case may be, considerable awards of damages (including so-called punitive damages) associated with the US legal system.

12.14.5 Lawsuits in the USA relating to oil sludging in engines

In 2006 and 2007, a total of eight class-action suits were brought in the USA against Volkswagen Aktiengesellschaft, Audi AG and Volkswagen Group of America, Inc. in connection with oil sludging in 1.8l turbo engines, which had been installed in certain Volkswagen and Audi vehicle models during the period from 1997 and 1998, respectively, through 2004. The plaintiffs claim the motor oil and oil filter requirements were unilaterally changed by Volkswagen and Audi in the US market. Following vehicle delivery, Volkswagen and Audi had allegedly changed the motor oil requirements from US standard motor oils to the European legally-standardized motor oils. The plaintiffs allege that use of the European standardized motor oils leads to higher costs for customers. The plaintiffs also claim that there is a risk of the oil sludging as the engine supposedly has an engine design defect (allegedly, an oil volume capacity that is too low, which, combined with a hot turbocharger leads to motor oil aging prior to reaching the number of oil changes prescribed in the USA, which, in turn, would lead to oil sludging).

At the date of this Prospectus, the parties to the dispute are close to agreeing on a settlement. The payments envisaged in the settlement for the members of the group of current and former vehicle owners which were the basis of the class action are expected to be fully covered by provisions. The same applies to the expected legal costs of the other side. If the parties agree on the settlement in its planned form, it must be approved by the court with jurisdiction. The approval process will probably take several months. If the settlement were, against expectations, not agreed on by the parties or approved by the court, the proceedings would continue. In that case, the provisions which have been created may be insufficient as a result of the uncertainty and, as the case may be, considerable awards of damages (including so-called punitive damages) associated with the US legal system.

12.14.6 Lawsuits in the USA relating to the use of asbestos in brakes

Every year for many years, a number of lawsuits are filed in the USA against Volkswagen Group of America, Inc. and sometimes also against Volkswagen Aktiengesellschaft and Audi AG in connection with the use of asbestos in brakes and clutch linings in Volkswagen's and Audi's vehicles over decades since the early 1980s. In the USA a number of people have brought actions for damages who are suffering from or who claim to suffer from asbestosis, lung cancer or mesothelioma. As many of the companies in the USA that manufactured and/or processed large quantities of asbestos in prior decades no longer exist, in recent years, plaintiffs' lawyers in the USA have focused on the automobile industry as the alleged cause of these illnesses. Large quantities of asbestos were used for many decades in the production of automobiles for clutch and brake linings. The plaintiffs assert, for example, that they came into contact with asbestos in connection with the transportation and/or the installation or removal of such components.

Each of these lawsuits entails a different risk. Many of the claims are retracted prior to court proceedings because it is not possible to show a link to Volkswagen Aktiengesellschaft or Audi AG products. Other claims in which there was a minimal link to Volkswagen Aktiengesellschaft or Audi AG products are settled for relatively limited sums. In individual cases, six-figure sums are agreed on in settlement. In the event that a reasonable settlement cannot be reached, the court with jurisdiction decides the individual case. Depending on the type of illness involved, the costs for such proceedings can be up to several million dollars. Reasonable safeguards have been created in the form of provisions against the risk of these types of lawsuits.

12.14.7 *Corporate law actions against resolutions of the General Meeting of the Company*

Corporate law actions against the resolutions of the Annual General Meeting of the Company on April 24, 2008

At the Annual General Meeting of the Company on April 24, 2008, the proposed resolutions under agenda item 9.1 (deletion of Article 12 (right of appointment) and of Article 25(4) of the Articles of Association (proxy voting) as well as the amendments of Article 24 of the Articles of Association (voting rights – restrictions on voting rights) and Article 26 (deletion of the 80% requirement for the qualified General Meeting majority)) as well as under agenda item 9.2 (deletion of Articles 12, 24(1) sentence 4, 24(2) and 25(4) of the Articles of Association) were rejected. Actions for annulment and avoidance as well as actions for a declaratory judgment were filed against the resolutions of the General Meeting rejecting the proposals. The Regional Court of Hanover (*Landgericht Hannover*) decided in its judgments of November 27, 2008, that the right of appointment, the restrictions on voting rights and the rule on proxy voting were, by way of the corresponding resolutions adopted by the General Meetings, effectively deleted from the Articles of Association, but not the 80% requirement for the qualified General Meeting majority. Appeals against the judgment are pending at the court of appeal at the Higher Regional Court of Celle (*Oberlandesgericht Celle*).

Corporate law actions against the resolutions of the Annual General Meeting of the Company on April 23, 2009

The Annual General Meeting of the Company on April 23, 2009 resolved, among other things, to grant discharge to the members of the Board of Management and the Supervisory Board. An avoidance action was filed in regard to these two discharge resolutions. In addition, an action requesting information was also filed. The actions are pending at the Regional Court of Hanover (*Landgericht Hannover*), 4. Kammer für Handelssachen (Chamber for Commercial Matters).

Corporate law actions against the resolutions of the Extraordinary General Meeting on December 3, 2009

The Extraordinary General Meeting of the Company on December 3, 2009 resolved to create authorized capital (with a corresponding amendment of the Articles of Association) (agenda item 1), to create appointment rights in favor of the State of Lower Saxony for the two members of the Supervisory Board (with a corresponding amendment of the Articles of Association) (agenda item 2), to largely confirm and to a certain extent redefine the requirements for the qualified majority of the General Meeting independent from the Gesetz über die Überführung der Anteilsrechte an der Volkswagenwerk Gesellschaft mit beschränkter Haftung (VW-Gesetz – German Act on the Privatization of Shares of Volkswagenwerk Gesellschaft mit beschränkter Haftung) (with a corresponding amendment to the Articles of Association) (agenda item 3), to elect Dr. jur. Hans Michel Piëch and Dr. jur. Ferdinand Oliver Porsche as members of the Supervisory Board (agenda item 4) and to amend the Articles of Association in order to adapt the Gesetz zur Umsetzung der Aktionärsrechterichtlinie (ARUG – German Act Implementing the Shareholders Rights Directive) (agenda item 5). Actions for avoidance and annulment were filed against these resolutions. The actions are pending at the Regional Court of Hanover (*Landgericht Hannover*), Sixth Chamber for Commercial Matters (*Kammer für Handelssachen*). An action requesting information was also filed with the Regional Court of Hanover (*Landgericht Hannover*), Seventh Chamber for Commercial Matters (*Kammer für Handelssachen*).

In respect of the resolution to create authorized capital (agenda item 1) the Company has initiated the release procedure at the Higher Regional Court of Braunschweig (*Oberlandesgericht Braunschweig*). With the release order of the Higher Regional Court of Braunschweig (*Oberlandesgericht Braunschweig*) of March 12, 2010 the recording of the resolution to create authorized capital was unblocked. As a result the resolution to create authorized capital was recorded in the Commercial Register on March 12, 2010.

12.15 Regulatory environment

Volkswagen's business activity is subject to a number of regulatory requirements in Germany and abroad (laws, regulations, administrative regulations, judicial and government orders etc.). These relate, among other things, to environmental law, intellectual property and copyright law, consumer protection law, product warranty and product liability law, energy law, labor and employment protection law, hazardous substances and chemicals law, banking and insurance law, competition and anti-trust law, construction and planning law and tax law. In addition, Volkswagen must comply with a large number of technical standard (such as DIN, ISO, CEN, CENELEC etc.). Moreover, there are voluntary commitments by the automotive industry itself, for example as part of the ACEA (European Automobil Manufacturers' Association) or the Verband der Automobilindustrie (German Association of the Automotive Industry, the "**VDA**").

Due to Volkswagen's multinational business operations, in addition to German or European regulations, additional obligations may arise in other legal systems in which the Company or its subsidiaries have a business address and/or operate. Moreover, as a consequence of its multinational business operations, international agreements, including bilateral and multilateral agreements between countries concerning customs duties or other regulations related to the import and export of products, are especially important for Volkswagen.

The Company is of the opinion that Volkswagen satisfies all material legal requirements applicable to its business activity. It cannot, however, rule out that a potential failure to meet legal requirements might lead to costs and/or sanctions. This applies, in particular, to product liability cases, environmental liability cases and disputes relating to anti-trust law or industrial property rights. This may negatively impact Volkswagen's reputation and general business activity as well as its net assets, financial position and results of operations.

The regulatory environment applicable to Volkswagen's business operations, broken down into the two Volkswagen divisions, is described below.

12.15.1 Regulatory environment of the group's Automotive Division

The regulatory environment of the automotive business in particular includes regulations associated with the development, design, production and sale/distribution of vehicles as well as product-related regulations.

12.15.1.1 Regulations associated with the development, design, production and sale/distribution of vehicles

The production facilities and the development, design, production and sales-related activities of Volkswagen in the individual countries in which Volkswagen carries out its business operations are subject in each case to a large number of regulations, including obligations relating to licenses, permits and approvals. The regulations are subject to continuous amendments and are frequently expanded and made more stringent. In particular, provisions for the protection of the environment and health are generally strict. Provisions of material importance for Volkswagen include those concerning technical safety and protection of the environment (primarily air pollution control, waste, water, soil, landscape and nature conservation, as well as hazardous substances and chemicals laws), which often contain liability regulations and thresholds for the use of certain substances in products, for air, soil and water pollution, as well as regulations for handling hazardous substances and waste and the disposal thereof. Construction and planning laws and regulations on safety and health at work are also particularly relevant to Volkswagen. Energy laws, including regulations for emission trading in the European Union, are also important, particularly because heat and power plants, as well as electricity and gas supply systems, are operated at the production facilities (see, in particular, the corresponding risk factors in the section *"Risk Factors – Regulatory, legal and tax-related risks"*).

The following regulations are currently of particular relevance for Volkswagen:

(i) Liability for business disruptions, environmental damage and other damages

Many of the relevant applicable regulations provide for consequences in the event that certain development, design, production or sales-related regulatory rules are not complied with and/or that business disruptions occur, or individuals, property or the environment are damaged or endangered; these include public, civil, criminal and/or administrative consequences such as removal and prohibition orders, monetary penalties and fines, contractual penalties, damages claims, temporary or permanent shutdowns of operations, withdrawal of approvals or even prohibition of business activities.

Requirements in Member States of the European Union

Each Member State of the European Union has detailed statutory regulations for the protection of the environment, especially in the area of air pollution law, water protection law, soil protection law and nature conservation law. These are in some cases (air pollution, waste and water legislation) based on directives and regulations of the European Union and are therefore in principle similar in all Member States of the European Union. In other cases (especially with respect to soil protection law) these are still original laws of the Member States of the European Union, which may deviate significantly from each other in both detail and implementation. All legal systems of the Member States of the European Union have in common that excessive pollution of the environment, especially of the air, soil, water and ground water, but also other excessive harmful influences on the environment (for example, noise), are subject to legal restrictions. If these restrictions are not complied with, liability is generally incurred with respect to the supervisory authorities, which are authorized to intervene, and under certain conditions, to impose monetary fines for regulatory offenses. In addition, in serious cases, criminal liability may be imposed (monetary penalty and imprisonment), which in some Member States is strictly related to individuals but in other Member States can also directly affect the Company and/or its subsidiaries. Finally, there are generally also damages provisions under civil law, which enable affected third parties to obtain compensation for possible damage to life, health or property. Sometimes these damages provisions do not depend on the fault of the perpetrator.

Further, in the European Union, Directive 2004/35/EC on environmental liability with regard to the prevention and remedying of environmental damage (the "**Environmental Liability Directive**") which is to be implemented by Member States into domestic law, must be complied with. The purpose of this Directive is to establish a comprehensive liability system for damage to natural resources "protected species and natural habitats", "waters" and "land", including insofar as these are not simultaneously also covered by the protection of property. If certain occupational activities cause damage or direct danger of damage to these natural resources, the company is liable regardless of fault, in an unlimited amount and regardless of whether there is personal loss or injury, for eliminating the damage to the ecosystem in question. Apart from that liability applies in case of intentional or negligent acts. Occupational activities in this sense include the operation of certain systems requiring approval, or the handling of hazardous substances. The company generally bears the costs of any prevention and remedial measures performed by it or by a government agency. The Member States of the European Union may grant exemptions from such rule in case of remedial measures, including in the event that the company proves that it was not at fault or negligent and that the environmental damage occurred within normal operations in conformity with the approvals. In Germany, the federal states were granted this option by the Umweltschadensgesetz (USchadG – German Environmental Damage Act) which implements the Environmental Liability Directive. At this point it has not been determined if and to what extent the federal states will avail themselves of this option.

Volkswagen engages in many activities that fall within the scope of the environmental protection legislation of the Member States of the European Union, as well as of the directives, regulations of the European Union and the implementing acts of the individual Member States of the European Union, and it is thus exposed to corresponding risks.

Requirements in other markets of significance to Volkswagen

Regardless of the differences in the implementation of the legislative provisions, in most other significant markets in which Volkswagen is active, provisions have been enacted pursuing legislative goals similar to those in Germany or the European Union.

(ii) Chemicals and hazardous substances law

Volkswagen is a producer and importer of products, as well as a user of various substances and mixtures within the meaning of the chemicals and hazardous substances law applicable in each case, and in this respect must rely on a comprehensive and complex materials management and safe working processes which meet the requirements of the individual countries in which it carries out business operations.

Requirements in Member States of the European Union

The European Union has detailed chemicals and hazardous materials legislation. The Regulation (EC) No 1907/2006 concerning the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH), establishing a European Chemicals Agency (the "**REACH Regulation**") is the main regulation relating to chemicals law in the Member States of the European Union. The REACH Regulation contains rules relating to the manufacturing, marketing and use of chemical substances in mixtures and products.

Manufacturers and importers must ensure that they produce and market chemical substances which do not adversely impact human health or the environment. A key requirement of the REACH Regulation is the registration of chemical substances at the European Chemicals Agency (ECHA); data requirements, with staggered volume requirements, and transitional periods are applicable from 2010 to 2018. Without prior registration in accordance with the REACH Regulation, it is generally prohibited to produce chemical substances or place them on the market in the European Union. The type and amount of data to be made available (for example, concerning toxicity, environmental fare properties, physical properties, use and safe handling) depend on the quantity and hazardousness of the respective substance. Especially dangerous chemical substances are subject to a licensing procedure, or bans or restrictions may be issued against them with respect to their production, import, sale and/or use.

The information about chemical substances and mixtures must be passed along the value chain, including by means of safety data sheets. The REACH Regulation has introduced an obligation to specifically identify chemical substances or mixtures that contain particularly dangerous substances.

The legal provisions in the chemicals and hazardous substances laws have often been amended and adapted in recent years. Besides the REACH Regulation, Regulation (EC) No 1272/2008 on classification, labelling and packaging of substances and mixtures, amending and repealing Directives 67/548/EEC and 1999/45/EC, and amending Regulation (EC) No 1907/2006 is of particular importance.

The chemicals and hazardous substances laws are monitored by the appropriate oversight agencies. In the event of violations, supervisory authorities can intervene and order measures to eliminate the violation, and also, in the case of administrative offences, impose fines; in serious cases, criminal prosecution is also possible. Volkswagen must also comply with these regulations.

Requirements in other markets of significance to Volkswagen

Regardless of the differences in the implementation of the legislative provisions, in most other significant markets in which Volkswagen is active, provisions have been enacted pursuing legislative goals similar to those in Germany and/or the European Union.

(iii) Cross-border import and export of vehicles

The import and export of goods across borders by Volkswagen is subject to the respective national and international regulations of foreign trade legislation and customs laws. The important foreign trade regulations applicable to Volkswagen in Germany are contained in the Außenwirtschaftsgesetz (AWG – German Foreign Trade and Payments Act), the Außenwirtschaftsverordnung (AWV – German Foreign Trade and Payments Regulation) and the Council Regulation (EC) No 428/2009 setting up a Community regime for the control of exports, transfer, brokering and transit of dual-use items (the "**Dual Use Regulation**") (including the respective export lists). Regulatory systems differ depending on whether the exchange of goods is between Member States of the European Union (so-called single market) or with non-Member States (so-called third-party countries). The AWG, the AVG and the Dual Use Regulation make certain goods subject in certain cases to export control by the Bundesamt für Wirtschaft und Ausfuhrkontrolle (Federal Office of Economics and Export Control) (the "**BAFA**"). Whether an export ban or the withholding of permission for a certain good applies depends on the circumstances of the individual case, i.e. on the type of goods, the country to which they are to be exported, to whom and for what purpose. For example, certain cross-country vehicles as a rule require an export license. In this specific case, the BAFA has, however, in accordance with the general administrative regulation dated January 22, 2009 (which has expired on January 31, 2010), generally granted such license subject to certain requirements. Other goods produced for export by Volkswagen are subject to export control. Application and monitoring of the EC and national foreign trade legal restrictions for the export of Community goods to third-party countries generally occur in the context of implementing the export procedure as a customs procedure. For cross-border import and export of goods in the simple market, there is, in principle, merely a duty to provide documentation and information. The legal import and customs provisions of the various countries to which Volkswagen goods are exported must also be observed by Volkswagen.

Requirements in other markets of significance to Volkswagen

Regardless of the differences in the implementation of the legislative provisions, in most other significant markets in which Volkswagen is active, provisions have been enacted pursuing legislative goals similar to those in Germany and/or the European Union.

(iv) Anti-trust law

Volkswagen must observe the regulations of anti-trust law applicable in the relevant countries in which it operates. Provisions on merger control, the prohibition of anti-competitive agreements and collusive behavior and the prohibition of abuse of a dominant position within the market are particularly relevant. Violations may result in termination orders, monetary fines and consequences under civil law (such as invalidity of contracts or claims for damages).

Requirements in Member States of the European Union

Within the European Union, the relevant European and national provisions must be observed. Compliance with such provisions is monitored by the European Commission and the national competition authorities. Article 101(2) of the Treaty on the Functioning of the European Union (the "**TFEU"**) (formerly: Article 81(2) of the Treaty establishing the European Community), provides for the invalidity of anti-competitive agreements which are covered by Article 101(1) of the TFEU to the extent that the requirements of Article 101(3) of the TFEU are not met.

Since the abolishment of the central registration and licensing system for anti-competitive agreements (which was established by Council Regulation (EEC) No 17/62 on implementing Articles 85 and 86 of the Treaty) through Council Regulation (EC) No 1/2003 on the implementation of the rules on competition laid down in Articles 81 and 82 of the Treaty which established a system of direct application of Article 101 and 102 of the TFEU, the assessment of whether the conditions of Article 101(3) of the TFEU are fulfilled in a particular case has to be made by the relevant companies. The abolishment of the registration and licensing system resulted in a loss of legal certainty for companies. For companies including Volkswagen, the self-assessment of anti-trust law aspects of, for example, agreements with dealers, suppliers or competitors which has now become necessary, generally carries the risk of a misjudgement or an assessment which the European Commission or the competent national competition authorities, if they were to assess the relevant agreement, would assess differently.

The direct application of Article 101 and 102 of the TFEU is facilitated through Regulations and further notifications, for example, on the implementation of Article 101(3) of the TFEU or on the implementation of Article 101 of the TFEU in respect of agreements about horizontal cooperation and through regulations. What are known as umbrella block exemptions (the "**UBE**") create a safe harbor for groups of agreements which can be assumed to meet these requirements without an individual review. European Commission Regulation (EC) No 1400/2002 on the application of Article 81(3) of the TFEU to categories of vertical agreements and concerted practices in the motor vehicle sector (the "**Automotive Block Exemption Regulation**") contains the general terms and conditions for vertical agreements (i.e. agreements between parties at various levels of the production and distribution chain) in various areas of the vehicle sector, especially for the sale/distribution of new vehicles, the sale/distribution of genuine parts and vehicle service (maintenance, repair). Its provisions sometimes deviate from the general non-sector-specific UBE for vertical agreements (European Commission Regulation (EC) No 2790/1999 of December 22, 1999 on the application of Article 81(3) of the TFEU to categories of vertical agreements and concerted practices, the "**General Block Exemption Regulation**").

Based on uniform model contracts which were adapted to the requirements of national law, the Volkswagen Group has established a selective sales and distribution system throughout Europe together with vehicle dealers and (associated) workshops. In the area of new vehicle sales and in accordance with the specifications of the Automotive Block Exemption Regulation, Volkswagen applies a qualitative and quantitative selection, i.e. the number of dealers, which must fulfill specified qualitative standards, can be limited. Such quantitatively selective sales system is, according to the provisions of the Automotive Block Exemption Regulation, however, only exempt from Article 101(1) of the TFEU if the market shares of the producer do not exceed 40%. In countries in which Volkswagen's market shares exceed 40% (such as in the past in the Czech Republic) Volkswagen therefore uses a purely qualitative selection in new vehicle sales, which is permissible according to the provisions of the Automotive Block Exemption Regulation even if the above mentioned market share threshold is exceeded. In these countries, all dealers that fulfill the qualitative standards are admitted into the authorized network on a non-discriminatory basis.

In the area of vehicle service, only a purely qualitative selection applies Europe-wide. Workshops that satisfy the qualitative requirements are admitted to Volkswagen's authorized workshop network. This sales system is in accordance with the provisions of the Automotive Block Exemption Regulation.

The Automotive Block Exemption Regulation and the General Block Exemption Regulation expire on May 31, 2010. In December 2009 the European Commission presented proposals for reorganizing the Automotive Block Exemption Regulation. With respect to the vehicle sector, these differentiate between the sale of new vehicles and the aftermarket (repair and maintenance services, deliveries and sales of genuine parts):

For new vehicle sales, the European Commission does not see any evidence of significant restrictions on competition. It recommends extending the Automotive Block Exemption Regulation transitionally up to May 31, 2013, but thereafter making the agreements subject to the General Block Exemption Regulation which is to be revised. Sector-specific directives are to continue to be worked out for specific matters.

In the aftermarkets, the European Commission considers competition to be less pronounced. For this reason, it has suggested to place these markets, as of June 1, 2010, under a new sector-specific "Mini" UBE in which the specific features of the motor vehicle aftermarket are taken into consideration, and in accordance with which, vertical agreements concerning the sale of genuine parts and concerning repair and maintenance services shall only fall under the group exemption if, in addition to the prerequisites of the exemption requirements set forth in the (new) general block exemption, they also fulfill stricter requirements in relation to certain types of serious restrictions on competition which might limit the supply of genuine parts in the motor vehicle aftermarket. The purpose of these stricter regulations for the aftermarket is to secure access for independent operators to contract repair networks and to prevent the motor vehicle aftermarkets being locked out or foreclosed to genuine parts producers.

The new regulations, the content of which has not yet been finalized in detail will, if they come into force in this form, affect Volkswagen's distribution agreements. At present, there are, however no significant short-term effects for Volkswagen in new vehicle sales, since there is a transition period for the previous Automotive Block Exemption Regulation which runs to May 31, 2013. Starting on June 1, 2013, however, Volkswagen might need to provide further justification in certain markets in the European Union in new vehicle sales as to whether the quantitatively selective sales operation satisfies the requirements for an exemption under Article 101(3) of the TFEU in individual cases. The lowering of the market share thresholds associated with making the corresponding sales systems subject to the general block exemption regulation would lead to the evaluation of the admissibility of a quantitatively selected sales system being subject to self-assessment under anti-trust law in the future in those countries in which the Volkswagen Group's market share exceeds 30%, and in which consequently the block exemption would not apply. To the extent that an amendment would be required because of the revision of the legal framework, Volkswagen will adapt its sales agreements accordingly.

There are currently no significant changes expected in relation to service as the new provisions also only provide for a purely qualitative selection. However, there may be a risk for Volkswagen in the current Euro 5/ Euro 6 legislation in conjunction with motor vehicle-specific directives, since it is planned to expand access to technical information (for example, raw data) for independent market participants.

A final decision as to whether and to what extent the sales agreements must be adapted can, however, only be made when the final version of the new regulation passed by the European Commission is available.

Requirements in other markets of significance to Volkswagen

Regardless of the differences in the implementation of the legislative provisions, in most other significant markets in which Volkswagen is active, provisions have been enacted pursuing legislative goals similar to those in Germany and/or the European Union, and according to which anti-competitive agreements (including certain anti-competitive sales practices) and collusive behavior and abuses of a dominant position are prohibited as a matter of principle.

(v) Emissions trading

As an operator of systems that are subject to the European and national emission trading system, the emission trading scheme described below applies to Volkswagen: Upon enactment of Directive 2003/87/EC establishing a scheme for greenhouse gas emission allowance trading within the EU (the "**Emission Trading Directive**"), the European Union established the basis for emission trading. This trading is based on the "cap and trade" principle which is designed to lead to a reduction in carbon dioxide emissions by limiting the number of emission allowances (cap) required for certain facilities and the possibility of purchasing shortfall or selling surplus emission allowances (trade). The Emission Trading Directive was transposed into German law, among others, by the Treibhausgas-Emissionshandelsgesetz (TEHG – Greenhouse Gas Emission Allowance Trading Act), the German Nationaler Aktionsplan (NAP – National Allocation Plan) and the Zuteilungsgesetz (ZuG – Allocation Act). The ZuG has come into force, regulating the allocation of emission allowances for the allocation period of 2008 to 2012.

The TEHG provides that all operators of facilities subject to the TEHG must submit to the competent authority by April 30 of each year the number of emission allowances corresponding to the emissions produced in the preceding calendar year by the relevant facility. The TEHG applies in particular, to certain energy generation systems (combined heat and power plants), as well as to various more specific types of iron and mineral processing industrial facilities, i.e. such facilities that are sometimes operated at Volkswagen production locations. Within the current allocation period (2008 to 2012), the relevant emission allowances are allocated largely free of charge to the respective facilities operators. With respect to energy generation facilities, however, the so-called benchmark system applies, according to which the quantity of the emission allowances allocated to a particular facility is calculated with an average value that is based on efficient new facilities. In addition, facility operators can also in some cases meet their obligation to submit emission allowances by participating in certain climate protection projects, so-called Joint Implementation (JI) Projects and Clean Development Mechanism (CDM) Projects, in the course of which emission allowances are created, or selling the emission allowances generated thereby to third parties, or purchasing those allowances from third parties.

With its enactment of Directive 2009/29/EC amending Directive 2003/87/EC so as to improve and extend the greenhouse gas emission allowance trading scheme of the Community (the "**Amending Directive**"), which has not yet been implemented into German law, the EU has provided the legal framework for the emission trading period after 2012. In addition to making a large number of further changes in terms of content and procedure, the Amending Directive extends the number of facilities that are subject to European emission trading. In addition, starting in 2013, all emission allowances will be auctioned at a charge, although there are exemptions for some parts of manufacturing trade and certain energy generation facilities. The Amending Directive also provides that certain (sub-)sectors yet to be determined by the European Commission, where, due to the amended emission trading requirements, there is a threat that production will relocate outside of Europe (so-called carbon leakage) can be allocated allowances free of charge for the period 2013 to 2020. On January 5, 2010 the European Commission published a list of (sub-)sectors affected by carbon leakage. The automotive sector is not on this list. There is no way of knowing whether the automotive sector will be included in updated versions of this list in the future. The precise extent of the emission allowances which will be allocated free of charge remains, however, subject to further decisions by the European Commission.

12.15.1.2 Product-specific regulations

Each country where Volkswagen develops, produces and sells its vehicles and vehicle components provides for diverse product-related regulatory requirements. In particular, licensing, certification, approval and permit requirements, as well as numerous (continually increasing) (technical) requirements for the products must be observed, particularly with regard to environmental protection and the safety of vehicle occupants and other road users. Moreover, the Volkswagen Group must comply with reporting requirements, among others, to government agencies, customers and third parties, as well as monitoring duties regarding the products it places in the market, as well as the external products considered as accessories.

Violations of the relevant laws can lead to consequences under public law, civil law, criminal law and/or administrative offences. Claims under the applicable standards of warranty law, product liability law and/or tort law may be brought against the Company and/or its subsidiaries. The Company and/or its subsidiaries may, if necessary, be obliged to issue warnings or recall products placed in the market, as a result of which the reputation of the Volkswagen Group could be damaged and significant costs incurred (see, in particular, the corresponding risk factors in section *"Risk Factors – Regulatory, legal and tax-related risks"*).

The following regulations are currently of particular relevance for Volkswagen:

(i) Type-approval procedure

Requirements in Member States of the European Union

Within the European Union, Directive 2007/46/EC establishing a framework for the approval of motor vehicles and their trailers, and of systems, components and separate technical units intended for such vehicles (the "**Framework Directive**") is of particular relevance for the Volkswagen Group. Within its scope of application, the Framework Directive obliges Member States to permit the registration, sale and operation of vehicles and vehicle systems, components and separate technical units only if these comply with the requirements of the Framework Directive. In particular, the Framework Directive provides for an EC type-approval system. With the EC type-approval the competent government agency of the Member State (for example, in Germany, the Kraftfahrt-Bundesamt (Federal Office for Motor Vehicles)) certifies that a type of motor vehicle or a type of a system (such as braking systems), components (such as tires), or an independent technical unit (for example, lateral safety devices) conforms to the relevant administrative regulations and technical requirements. To that extent, a valid EC type-approval is a prerequisite to registering, selling and operating motor vehicles, systems, components or separate technical units that are in conformity with the approved type in the Member States of the European Union. In this context, it is possible for the original approval authority to deny or withdraw the type-approval in the event of significant safety risks. The approval authorities of other Member States which are informed about the grant, refusal or withdrawal of the EC type-approval do not conduct any separate tests in this regard. However, it is possible that a Member State could suspend the sale of approved motor vehicles in its national territory for a certain period of time if it considers the approval to be flawed.

When it came into force in 2007, the approval system under the Framework Directive replaced the previous approval systems under European and national law. There are separate provisions in the EC type-approval for specific motor vehicles and tractor trucks. For new types of systems, components and separate technical units, the EC type-approval system under the Framework Directive has been binding since April 29, 2009. For new and existing vehicle types, depending on the class of motor vehicle, it will become binding in stages from April 29, 2009 to October 29, 2014.

The extensive administrative regulations and technical requirements that must be complied with in the EC type-approval procedure or in the approval procedures of the Member States, are contained in the Framework Directive, in various other regulations of the European Community and the United Nations Economic Commission for Europe (the "**UN/ECE**") and in national (implementing) standards. They are adapted on an ongoing basis and increasingly standardized throughout the EU, including by means of introducing the regulations adopted in the UN/ECE.

Requirements in other markets of significance to Volkswagen

Regardless of the differences in the implementation of the legislative provisions, in most other significant markets in which Volkswagen is active, provisions have been enacted pursuing legislative goals similar to as those in Germany and/or in the European Union.

(ii) Emission protection

Requirements in Member States of the European Union

The requirements concerning harmful emissions from motor vehicles are currently of particular relevance for Volkswagen; these standards were raised further in the light of global, European and national environment and climate protection programs. With respect to particle emissions, in the case of light passenger cars and commercial vehicles, new types of vehicles must comply with the Euro 5 standards from September 1, 2009, and new vehicles must comply with the Euro 5 standards from September 1, 2011; and new types of vehicles must comply with the Euro 6 standards from September 1, 2014, and new vehicles must comply with the Euro 6 standards from September 1, 2015; for certain classes of motor vehicles, the time limits are extended. Heavy passenger vehicles and commercial vehicles must currently meet the Euro 5 standard; in this vehicle class, as of December 31, 2012, new types of vehicles must adhere to the Euro 6 standard, and as of December 31, 2013, new vehicles must adhere to the Euro 6 standard.

The statutory limits must be observed by the vehicles placed in the market. Compliance with the limits is monitored by the competent government authorities in the Member States of the European Union. If the prescribed emission limits are not complied by a vehicle model, the manufacturer could, according to the statutory provisions, be required to take certain measures, potentially including a recall of the affected vehicles.

Automobile manufacturers must continue to reduce the CO_2 emissions of certain passenger car classes in the European Union gradually to 130g CO_2/km from 2012 to 2015 for the average of their fleet of new vehicles. As a result of additional EU measures that go beyond engine and drive technology, a decrease to 120g CO_2/km is to be achieved. A failure to meet the annual emission targets results in significant charges on the automobile manufacturer based on the level by which the emission limits were exceeded. The limit to be achieved by 2020 is set at 95g CO_2/km. The European Commission presented a legislative proposal in October 2009 for the CO_2 emissions of so-called light commercial vehicles, according to which manufacturers in the European Union must, for the average of their new fleet of cars, reduce the CO_2 emissions of light commercial vehicles gradually to 175g CO_2/km from 2014 to 2016. 135g CO_2/km is proposed as the limit to be achieved by 2020, subject to confirmation that it is achievable. It is not yet possible to predict if, and to what extent, the proposal will actually be enacted (see also *"Risk Factors – Regulatory, legal and tax-related risks – Volkswagen's business is subject to globally differentiated regulatory and legal requirements which are constantly changing. In particular, there are a multitude of environmental requirements in the area of production, as well as constantly increasing requirements for environmentally-specific product characteristics*").

Requirements in other markets of significance to Volkswagen

Regardless of the differences in the implementation of the legislative provisions, in most other significant markets in which Volkswagen is active, provisions have been enacted pursuing legislative goals similar to those in Germany and/or the European Union. For example, China, India, Russia, Australia and various other countries follow the emission classes and the emission requirements specified in the European Union in their respective national laws. The monitoring of the emission limits of vehicles placed in the market and the consequences generally correspond to those in the European Union.

The USA, in particular California, work according to the same principle. However, the emission requirements in the United States, and in particular California, are even stricter than those in the European Union. Vehicles placed in the market must comply with these requirements for 10 years or 100,000 miles, newer vehicles must do so for 10 years or 120,000 miles and individual concepts must do so for even 15 years or 150,000 miles. Certain components defined by statute, the failure of which leads to non-compliance with the limit for vehicles placed in the market, the manufacturer is required to warrant for the specified periods of time/mileage. If the limits specified for the vehicle model are not complied with for the specified periods of time, then, according to the statutory provisions, the manufacturer might be required to take measures, which might even include a recall of the affected vehicles. If the steps undertaken by the manufacturer are ineffective, the US authorities can levy extremely high monetary fines and prohibit sales.

(iii) Genuine parts

Requirements in Member States of the European Union

Genuine parts (and hence, also original parts sold by Volkswagen) may be protected by design patents in some European countries. Some years ago, however, efforts were made to limit this protection by introducing throughout Europe what is known as a "Repair Clause" in Directive 98/71/EC on the legal protection of designs (the "**Design Directive**"). But the process for amending the Design Directive was ultimately not pursued further by the European legislator. If this proposal were taken up again, however, it could result in the elimination of design protection for so-called "must-match" genuine parts. Genuine parts that are "must-match" are defined as "a component part of a complex product for the purpose of repair of that complex product so as to restore its original appearance" (COM (2004) 582 final, page 3). Thus, all genuine parts which must necessarily be identical with the original part would be affected by the introduction of a "Repair Clause". Eliminating design patent protection for "must-match" genuine parts would have far-reaching consequences for Volkswagen as it would lead to intensified competition in the genuine parts market.

Requirements in other markets of significance to Volkswagen

Regardless of the differences in the implementation of the legislative provisions, in most other significant markets in which Volkswagen is active, provisions have been enacted pursuing legislative goals similar to those in Germany and/or in the European Union.

(iv) Disposal, reuse, recyclability and recovery of motor vehicles

Requirements in Member States of the European Union

Directive 2000/53/EC on end-of-life vehicles (the "**End-of-Life Vehicles Directive**") governs the material recovery of motor vehicles within the European Union. The End-of-Life Vehicles Directive establishes the minimum proportions for recyclability and reusability of new or reused components and materials of new vehicles. This Directive aims to increase the reusability and recovery rate to 95% of the average vehicle weight by 2015 and, within the same period of time, to increase the annual rate of reusability and recycling to 85% of the average vehicle weight. For vehicles produced prior to 1980, less stringent targets apply.

A primary goal of the End-of-Life Vehicles Directive is the prevention of waste and it provides for various steps to achieve this. Automobile manufacturers must, among other things, (i) together with the materials and supplier industry, limit the use of hazardous substances in vehicles when designing them, (ii) as early as the vehicle design and production stage, take into consideration the dismantling, reuse, recovery and recycling of end-of-life vehicles, (iii) in the manufacture of vehicles, make increased use of recycled material and (iv) ensure that components of vehicles that were placed in the market after July 1, 2003 do not contain, for example, mercury, hexavalent chromium, cadmium or lead.

The End-of-Life Vehicles Directive also contains provisions concerning the collection of end-of-life vehicles. Member States must establish collection systems for end-of-life vehicles and waste end-of-life parts and ensure that all end-of-life vehicles are forwarded to the authorized recycling facilities. Upon delivery of a vehicle to an approved recycling facility, no costs are incurred by the last owner (principle of no-charge collection). All or most of the costs of implementing this step are born by the manufacturers.

The End-of-Life Vehicles Directive is supplemented by Directive 2005/64/EC of the European Parliament and of the Council of October 26, 2005 on the type-approval of motor vehicles with regard to their reusability, recyclability and recoverability, according to which vehicles may only be placed in the market if at least 85% of the mass of each vehicle is reusable and/or recyclable, and at least 95% of the mass of the vehicle is reusable and/or recoverable. The End-of-Life Vehicles Directive prohibits the reuse of certain components in the production of new vehicles, since reuse of such parts after they are dismantled from end-of-life vehicles represents a risk to traffic safety and the environment. The End-of-Life Vehicles Directive applies in its entirety in accordance with a time periods specified in the End-of-Life Vehicles Directive from July 15, 2010 to passenger cars, station wagons and MPVs, light commercial vehicles, new models and models in production. However, it does not, for example, apply to special purpose vehicles (armored vehicles, ambulances, etc.) or vehicles that are manufactured in small series (fewer than 500 vehicles per year in each Member State).

The End-of-Life Vehicles Directive was implemented in Germany by means of the Altfahrzeugverordnung (AltfahrzeugV – End-of-Life Vehicles Regulation).

Requirements in other markets of significance to Volkswagen

Regardless of the differences in the implementation of the legislative provisions, in most other significant markets in which Volkswagen is active, provisions have been enacted pursuing legislative goals similar to those in Germany and/or in the European Union.

(v) Use of biofuels

Requirements in Member States of the European Union

Directive 2003/30/EC on the promotion of the use of biofuels or other renewable fuels for transport (the "**Biofuels Directive**") obliges Member States to enact regulations and take the necessary measures to ensure that, from 2005, a minimum proportion of the fuel sold in its jurisdiction is derived from biofuels (liquid or gas fuels that are used in transport and are produced from biomass, i.e. from biodegradable waste and residues that originate, among other things, from agriculture and forestry).

The Biofuels Directive specifies a minimum percentage for the replacement of diesel and petrols by biofuels in the transport sector in the individual Member States. This is designed, first to reduce the previously customary emissions of CO_2 (carbon dioxide), CO (carbon monoxide), NOx (nitrogen oxide), VOC (volatile organic compounds) and other particles that are harmful to health and the environment, and second to reduce the dependence on the use of petroleum-based fuels. The Biofuels Directive provides that the minimum share of biofuels placed in the respective market must amount to 2% by December 31, 2005, and to 5.75% by December 2010, at the latest. Member States that specify lower targets must justify this by means of objective criteria.

Requirements in other markets of significance to Volkswagen

Regardless of the differences in the implementation of the legislative provisions, in most other significant markets in which Volkswagen is active, provisions have been enacted pursuing legislative goals similar to those in Germany and/or in the European Union.

(vi) Revision of motor vehicle tax

Requirements in Member States of the European Union

The proposed Council Directive dated July 5, 2005 on passenger car related taxes (COM (2005) 261) is intended to improve the functioning of the internal market and reduce the CO_2 emissions of passenger cars. The restructuring of the taxation systems for passenger cars in the Member States of the European Union is designed to remove the tax impediments to intra-Community transfers of passenger cars. In this context, the

European Commission specifically recommends that the assessment base of the annual motor vehicle tax be dependent on CO_2 emissions.

Requirements in other markets of significance to Volkswagen

Regardless of the differences in the implementation of the legislative provisions, in most other significant markets in which Volkswagen is active, provisions have been enacted pursuing legislative goals similar to those in Germany and/or in the European Union.

(vii) Road safety

Requirements in Member States of the European Union

The European Union intends to reduce the number of traffic fatalities by half by 2010 (COM (2003) 542). In the view of the European Union, this goal can be achieved by increased vehicle safety. In this context, the European Commission recommends that Information and Communication Technologies (ICT) be implemented systematically in the design of safer and smarter vehicles.

Regulation (EC) No 661/2009 concerning type-approval requirements for the general safety of motor vehicles, their trailers and systems, components and separate technical units intended therefor specifies requirements (i) for the type-approval of motor vehicles, their trailers and systems, components and separate technical units for these vehicles with respect to their safety, (ii) for the type-approval of motor vehicles in connection with tire pressure monitoring systems with respect to their safety, fuel efficiency and CO_2 emissions, as well as in connection with the gear change indicators with respect to their fuel efficiency and CO_2 emissions, (iii) for the type-approval of newly produced tires with respect to their safety, their road resistance and their noise emissions. These regulations are already partially in force or will be fully in force by November 1, 2011, at the latest. By December 1, 2012, and thereafter every three years, the European Commission will present a report to the European Parliament and the Council which may contain proposals to amend this regulation or other relevant legal instruments of the Community with respect to including additional new safety features.

Requirements in other markets of significance to Volkswagen

Regardless of the differences in the implementation of the legislative provisions, in most other significant markets in which Volkswagen is active, provisions have been enacted pursuing legislative goals similar to those in Germany and/or in the European Union.

12.15.2 Regulatory environment of the group's Financial Services Division

Together with its subsidiaries and investees, Volkswagen Financial Services AG forms a financial holding group within the meaning of section 10a(3) sentence 1 of the Kreditwesengesetz (KWG – German Banking Act). The consolidated group of companies of a financial holding group under supervisory law includes only subsidiaries and affiliates classified as credit institutions, financial services institutions, financing companies or providers of ancillary services. Volkswagen Bank GmbH, a subsidiary of Volkswagen Financial Services AG, is deemed to be a controlling company of the financial holding group according to section 10a(3) sentence 4 of the KWG.

Among the subsidiaries of Volkswagen Financial Services AG in Germany, Volkswagen Bank GmbH holds a license to carry out banking business and provide financial services in accordance with the KWG. Volkswagen Leasing GmbH operates as a financial services institution that provides finance leases in accordance with section 1(1a) sentence 2 no. 10 of the KWG. Volkswagen Reinsurance AG is a reinsurance company within the meaning of section 119 of the Versicherungsaufsichtsgesetz (VAG – German Insurance Supervision Act). It is, however, not consolidated within the financial holding group in accordance with sections 10 and 10a of the KWG.

The Volkswagen financial holding group includes a number of foreign institutions that are supervised by the supervisory authorities of the countries in which these institutions are based or provide their services. Key foreign subsidiaries of Volkswagen Financial Services AG with a banking license include LeasePlan Corporation N.V. (Amsterdam, Netherlands), Banco Volkswagen S.A. (São Paulo, Brazil), Volkswagen Finans Sverige AB (Södertälje, Sweden), VOLKSWAGEN BANK POLSKA S.A. (Warsaw, Poland), VOLKSWAGEN DOGUS TÜKETICI FINANSMANI ANONIM SIRKETI (Maslak-Istanbul, Turkey) and Volkswagen Bank, S.A. Institucion de Banca Multiple (Puebla, Mexico). Volkswagen Finance, S.A. – Establecimiento Financiero de Crédito, Alcobendas-Madrid (Spain) also holds a banking license. Furthermore, Volkswagen Bank GmbH maintains several branches within the EC, which are, to a limited extent, also subject to supervision by the host country in which they operate.

12.15.2.1 Banking supervision in Germany

The legal basis for government supervision of the business activities of the financial holding group, Volkswagen Bank GmbH as a credit institution and Volkswagen Leasing GmbH as a financial services institution is the KWG as well as related regulations and announcements (for example, circulars of the Bundesanstalt für Finanzdienstleistungsaufsicht (Federal Financial Supervisory Authority) (the "**BaFin**"). According to the KWG, a license is required for the operation of banking business and provision of financial services. The KWG also stipulates the regulatory requirements which must be observed by credit institutions and financial services institutions when operating these businesses.

The BaFin is the central supervisory authority both on a consolidated basis and at the level of the individual institutions (supervision of the individual institutions) for the Volkswagen financial holding group under the umbrella of Volkswagen Financial Services AG. As part of its statutory responsibilities, the BaFin may issue ordinances with respect to institutions, financial holding companies, their managing directors and their shareholders in order to prevent or remedy infringements of regulatory provisions. The admission to carry out business operations, appointment of managing directors, compliance with capital adequacy requirements, liquidity requirements and large exposure limits, as well as the proper business organization of the institutions, including appropriate risk management are subject to supervision by the BaFin.

The BaFin performs its responsibilities in collaboration with the Deutsche Bundesbank (German Central Bank). The collaboration involves in particular the ongoing monitoring of the institutions. This includes analyzing any data, audit reports and documents relating to the annual financial statements submitted by the institutions and performing and analyzing the banking transaction audits to evaluate the adequacy of the capital and risk control procedures, as well as evaluating audit findings. The BaFin and the Deutsche Bundesbank (German Central Bank) also utilize the findings of the auditor who is required, in accordance with section 29 of the KWG in conjunction with the Prüfberichtsverordnung (German Audit Report Regulation), to verify compliance by the institution with regulatory requirements and to provide information to the supervisory authorities. The BaFin may, with respect to the institution, also make special provisions concerning the content of the audit which are to be taken into consideration by the auditor in his audit of the annual financial statements.

12.15.2.2 Capital adequacy requirements

Institutions and financial holding groups domiciled in Germany are required to have adequate levels of own funds in the interest of meeting their obligations to creditors and, in particular, to secure the assets entrusted to them.

According to section 10 of the KWG, in conjunction with the Solvabilitätsverordnung (SolvV – German Solvency Regulation), an institution has the adequate level of own funds if, at close of business on each day, it is able to fulfill the capital adequacy requirements in relation to risks of counterparty default (danger of non-performance of debtors), operational risks (danger of losses based on the failure of internal systems or as a consequence of external events) and market risks. Market risks include foreign currency risks, commodity risks and trading book position risks. These requirements must also be fulfilled by the institutional and financial holding groups on a consolidated basis.

The KWG and the SolvV contain numerous detailed provisions for the calculation of own funds as well as the risk positions that are to be backed by own funds. For default risks the following principle applies: the ratio between the modified available liable capital (core capital plus supplementary capital less equity interests and other deductible items) and the risk-weighted assets may, at close of business on each day, not be lower than 8%, and the core capital ratio must be at least 4%. In addition, a large number of additional regulatory provisions tie in with the adequacy of the capital, such as the large exposure limits and special powers of the BaFin. The core capital ratio and overall ratio of the Volkswagen financial holding group under the umbrella of Volkswagen Financial Services AG amounts to 11.2% and 11.4% as of December 31, 2009 on a consolidated basis. The regulatory core capital ratio and the overall ratio are calculated using the standardized approach for determining credit risk and operational risk based on the SolvV.

12.15.2.3 Liquidity requirements

As a credit institution, Volkswagen Bank GmbH must invest its funds such that sufficient liquidity is ensured at all times. These liquidity requirements do not apply to Volkswagen Leasing GmbH, because as a financial services institution, it only engages in finance leases and is not authorized to acquire ownership or possession of funds or securities of customers or to trade financial instruments for its own account. The liquidity requirements are specified in more detail by the Liquiditätsverordnung (LiqV – Liquidity Regulation), according to which the liquidity of an institution is considered to be sufficient if the payment obligations becoming due within a month do not exceed the funds available during the same period. The institution must also calculate observation ratios for maturity bands over a period of up to twelve months that indicate, in each case, the ratio between funds and payment obligations in the respective maturity bands. The liquidity ratio and the observation ratios must be reported to the Deutsche Bundesbank (German Central Bank) on a monthly basis. Under certain circumstances, and with the approval of the BaFin, institutions may use a proprietary liquidity management procedure instead of the above mentioned procedure. Volkswagen Bank GmbH uses the standard procedure stipulated by law.

12.15.2.4 *Provisions regarding large exposure and loans of EUR 1.5 million or more*

The KWG and the Großkredit- und Millionenkreditverordnung (GroMiKV – German Large Exposures Regulation) limit the concentration of credit risks associated with the granting of large loans. For large loans that are to be attributed to the banking book (large exposures in the banking book) and for the aggregate amount of large exposures in the banking book and trading book (large exposures from overall business), certain upper limits apply in relation to the liable capital and own funds of the credit institution and the financial holding group.

Large exposures in the banking book are loans that can be associated with a single borrower or a single borrower unit and that may amount to up to 10% of the liable capital of the credit institution or the group. Large exposures in the banking book may not exceed 25% of the liable capital of the credit institution or the group. Large exposures from overall business are loans that can be associated with a single borrower or a single borrower unit amounting to 10% of the own funds of the credit institution or the group. Individual large exposures from overall business may not exceed 25% of the own funds of a credit institution or a group.

In addition to the above limits, the total amount of large exposures in the banking book may not exceed eight times the liable capital of the credit institution or the group, and the large exposures from overall business in aggregate may not exceed eight times the own funds of the credit institution or the group. A credit institution or a group may exceed these upper limits only with prior approval of the BaFin. The amount of the large exposure exceeding such limit must be completely backed by liable capital and/or own funds. There are also aggregate upper limits for the overall trading book exposures to an individual customer, as well as for all borrower-related aggregate positions which exceed an upper limit of 25% of the own funds for more than ten days.

Loans of EUR 1.5 million or more must be reported to the Deutsche Bundesbank (German Central Bank) on a quarterly basis.

Loans by the institution to its managing directors or to other individuals or companies that are closely related to the institution granting such loan through personal or financial relationships (loans to executive officers) may only be granted based on an unanimous resolution of all managing directors of the institution, on market terms and with the express approval of the supervisory board. In individual cases, the BaFin may specify upper limits for the granting of loans to executive officers.

12.15.2.5 *Organization and risk management*

According to section 25a(1) of the KWG, institutions must have a proper business organization that specifically includes appropriate and effective risk management. These requirements apply to financial holding groups *mutatis mutandis*. In addition, according to section 25a(2) of the KWG there are special requirements with respect to the outsourcing of typical banking activities and processes to another enterprise.

In its Circular 15/2009 (Mindestanforderungen an das Risikomanagement – MaRisk – Minimum Requirements for Risk Management), the BaFin provided a framework for the structure of the risk management of institutions and specified the requirements of risk management at group level and of outsourcing. The MaRisk is a non-legislative act, but by setting out provisions specifying administrative regulations, it provides a framework for the BaFin's administrative practice.

The MaRisk primarily focuses on establishing robust governance arrangements within institutions. In accordance with the MaRisk, appropriate and effective risk management includes specifying strategies and establishing internal monitoring procedures, taking into account the risk bearing capacity of the relevant institution. The internal monitoring procedures consist of internal control systems and internal auditing functions. The internal control system comprises rules regarding the structural and operational arrangements and processes for identifying, assessing, treating, monitoring and communicating risks. Risk management also creates the basis for the supervisory body to perform its supervisory duties properly and thus includes its appropriate involvement. Moreover, each credit institution must establish organizational guidelines specifying the areas of responsibilities of the employees and the operational processes. Compliance with those guidelines must be monitored by the internal auditing department of the credit institution. The MaRisk also includes special requirements for structural and operational arrangements for the lending and trading business, especially with respect to the separation of functions and processes for early detection of risks.

The MaRisk also contain provisions for risk management at group level. The group-related requirements extend to strategies, risk bearing capacity, risk management and risk controlling processes, procedural provisions and group auditing. The way risk management is implemented at group level depends on the nature, scope, complexity and level of risk, as well as the possibilities afforded by corporate laws. All major risks of the group must be considered regardless of whether or not such risks are created by companies that are required to be consolidated.

The structure and organization of risk management is also set out in the annual disclosure report at group level according to the provisions of section 26a of the KWG in conjunction with sections 319 ff. of the SolvV. For a description of the risk management see " *Group divisions and their products and services – Financial Services Division – Risk management*".

12.15.2.6 Information and audits, steps to be taken in special cases

The BaFin conducts audits of credit institutions randomly without any special reason or because of a particular incident. In order to ensure compliance with the KWG and the regulations enacted in accordance with the KWG, it may request information or documents from the relevant institution. Audits may also be performed at a foreign subsidiary belonging to the financial holding group if this is required in order to verify the accuracy of information concerning the consolidation, large exposure limits and any related reports. However, audits of foreign subsidiaries may only be conducted within the scope of the laws applicable at the domicile of the relevant subsidiary. The BaFin may additionally commission the Deutsche Bundesbank (German Central Bank) to perform the audit in individual cases. The BaFin may also participate in the meetings of the supervisory board of a credit institution or in general meetings. It may also require meetings or sessions of these committees to be convened.

If the BaFin discovers irregularities, it may, under certain conditions, revoke the license of the relevant institution or take a less severe action by dismissing managing directors and/or prohibiting them from continuing to perform their functions. If the capital adequacy or liquidity requirements are not satisfied and the credit institution does not remedy the deficiencies within a specified period of time, BaFin may prohibit or limit the distribution of profits, payments on equity instruments or the granting of further loans. Further, BaFin may instruct the credit institution to take measures in order to reduce risks resulting from certain types of businesses and products or the utilization of certain systems. These prohibitions can also be applied to the controlling company of a group if the own funds of the companies consolidated within the group do not comply with the statutory requirements.

If there is a danger that a credit institution will not meet its obligations vis-à-vis its creditors, and, in particular, if the safety of the assets entrusted to the institution is at risk, or if there is a legitimate suspicion that effective supervision of the credit institution is not possible, BaFin may take provisional measures in order to prevent these dangers, such as instructions to the management of the institution, prohibitions against accepting moneys or securities from customers or the granting of loans, prohibitions or limitations of the activities of the managing directors and owners, or the appointment of supervisors.

In order to prevent the insolvency of a credit institution, BaFin may order a ban on sales and payments, close the credit institution for business with customers and prohibit the acceptance of payments that are not designated for the discharge of debt to the credit institution. In the event that these measures are insufficient, BaFin may withdraw the credit institution's license to perform banking business and provide financial services and, if required, order the institution to be closed down.

12.15.2.7 Money laundering and compliance with the Wertpapierhandelsgesetz (WpHG – German Securities Trading Act)

The Geldwäschegesetz (GwG – German Money Laundering Act) requires credit institutions and financial services institutions to comply, for example, with certain identification and organizational duties. According to the GwG, the institution is required to verify the identity of relevant counterparty and to obtain information about the purpose and the intended type of the business relationship if a long-term business relationship is to be established, or if a transaction of EUR 15,000 or more outside of the scope of an existing business relationship is envisaged. As a part of the internal security measures for preventing money laundering and the financing of terrorism, entities to which the GwG applies must appoint a money laundering officer. The money laundering officer is required to report directly to the management and to act as a contact for the criminal prosecution authorities. Regardless of the size of the transaction, suspicious cases are to be reported to the competent criminal prosecution authority immediately.

According to section 25c of the KWG, institutions must also create within their business organization and risk management internal principles and appropriate business and customer-related safety systems for preventing fraudulent actions. The parent company of a financial holding group must ensure the implementation of corresponding group-wide internal security measures, as well as group-wide compliance with the due diligence and documentation obligations according to the GwG.

The BaFin supervises securities trading in Germany in accordance with the provisions of the Wertpapierhandelsgesetz (WpHG – German Securities Trading Act). In addition to the general provisions on insider trading and price and market price manipulation, the WpHG stipulates organizational duties and rules of conduct in connection with providing securities services, comprising, among other things, the prevention of conflicts of interests, duties to provide information to customers, the processing and execution of customer orders, benefits and employee transactions. Securities services include the purchase and sale of securities or derivatives for third parties and the brokerage of securities or derivatives trading transactions.

12.15.2.8 Group companies outside of the financial holding group

Holders of significant interests

The aforementioned requirements relating to capital adequacy, large exposures and organization apply to Volkswagen Bank GmbH as an institution within the financial holding group, as well as to the financial holding group as a whole. They do not apply to the companies of the Volkswagen Group outside of the financial holding group, to the extent that these companies do not themselves perform banking business requiring a license or offer financial services.

The KWG also includes a number of requirements and powers of the BaFin to take action with respect to individuals and companies owning a significant interest in an institution. An interest is considered to be significant if, directly or indirectly through one or more subsidiaries or a similar relationship or in collaboration with other individuals or companies, at least 10% of the capital or voting rights of an institution are held in a party's own interest or in the interest of third parties, or if a significant influence can be exerted upon the management of the institution. Accordingly, in relation to Volkswagen Bank GmbH and Volkswagen Leasing GmbH, the holders of a significant interest are Volkswagen Financial Services AG as their direct shareholder, and Volkswagen Aktiengesellschaft and Porsche Automobil Holding SE as their indirect parent companies.

The holder of a significant interest must immediately notify the BaFin and the Deutsche Bundesbank (German Central Bank) in writing of each new representative appointed either by law or according to the articles of association, together with the material facts to enable an assessments of the relevant individual's reliability.

The BaFin may suspend the license of an institution if there are facts justifying the assumption that the holder of a significant interest or a representative appointed by law or according to the articles of association is not reliable or does not, for other reasons, meet the requirements in the interest of a sound and prudent management of the institution.

The obligation to provide information and documents to the BaFin and the Deutsche Bundesbank (German Central Bank) according to section 44 of the KWG applies *mutatis mutandis* to any holder of a significant interest in an institution and to any companies controlled by, or affiliated with, that holder. Subject to certain additional requirements, the BaFin and the Deutsche Bundesbank (German Central Bank) may also conduct audits of the holder of a significant interest and for this purpose, enter and inspect its business premises during normal operating and business hours.

Deposit protection

As a deposit-taking credit institution, Volkswagen Bank GmbH is subject to the statutory deposit protection rules. It is a member of the Entschädigungseinrichtung deutscher Banken GmbH (Compensation Institution of German Banks). In case a creditor is entitled to compensation, such creditor has a direct claim against the Entschädigungseinrichtung deutscher Banken GmbH (Compensation Institution of German Banks), which is, however, limited to a maximum of EUR 50,000. This limit will be increased to EUR 100,000 as of December 31, 2010.

Volkswagen Bank GmbH is also a member of the Deposit Protection Fund (*Einlagensicherungsfonds*) of the Bundesverband deutscher Banken e.V. (Association of German Banks), which supplements the government deposit protection by means of a voluntary self-help arrangement. The task of the Deposit Protection Fund is to provide assistance in the interest of the creditors in the event of impending or existing financial difficulties of a participating credit institution. The Deposit Protection Fund (*Einlagensicherungsfonds*) protects deposits of creditors that are not themselves credit institutions, up to a limit of 30% of the liable capital of the credit institution relevant for deposit protection.

The Deposit Protection Fund is funded by an annual contribution from the participating banks. If the resources in the Deposit Protection Fund are not sufficient, or it is otherwise required in order to enable the Deposit Protection Fund to perform its tasks, the Bundesverband deutscher Banken e.V. (Federal Association of German Banks) may resolve to double the annual contribution or levy a special contribution up to the amount of the annual contribution for each fiscal year.

According to the by-laws of the Deposit Protection Fund, banks contributing to the Deposit Protection Fund must submit a mandatory declaration to the Bundesverband deutscher Banken e.V. (Federal Association of German Banks) of individuals or companies who own the majority of the shares in the relevant bank, or who can exercise a direct or indirect controlling influence on such bank. The declaration contains the obligation to indemnify the Bundesverband deutscher Banken e.V. (Association of German Banks) against any losses incurred by it as a result of assistance provided to such bank.

Accordingly, Volkswagen Financial Services AG, Volkswagen Aktiengesellschaft and Porsche Automobil Holding SE have submitted such declaration in respect of Volkswagen Bank GmbH.

12.15.2.9 Current topics

Current legal development regarding supervisory law

In response to the financial crisis, the European Commission has initiated several consultations since October 2008 with respect to potential changes in Directive 2006/48/EC relating to the taking up and pursuit of the business of credit institutions (the "**Banking Directive**") and Directive 2006/49/EC on the capital adequacy of investment firms and credit institutions (the "**Capital Adequacy Directive**").

As the result of this process, Directive 2009/111/EC amending Directives 2006/48/EC, 2006/49/EC and 2007/64/EC as regards banks affiliated to central institutions, certain own funds items, large exposures, supervisory arrangements, and crisis management was published in the Official Gazette of the European Union on November 17, 2009. The measures adopted in it concern in particular the amendment of the large exposure regimes to improve detection of risk concentrations, internationally uniform principles for the recognition of hybrid capital components as core capital, strengthening of the cooperation of supervisory authorities, the increase of capital requirements for securitizations, resecuritizations and counterparty credit risks in the trading book and improved liquidity processes of the institutions. These measures are to be implemented by the Member States by October 31, 2010 and be applied as of December 31, 2010. The discussion draft of a law implementing the amended Banking and Capital Adequacy Directive into German law has been available since early December 2009.

A further proposal for a directive was published by the European Commission on July 13, 2009. The proposal essentially addresses measures for amending the Basel II regulations suggested by the Basel Committee on Banking Supervision. It contains more extensive disclosure and information obligations in relation to resecuritizations, as well as new requirements for the compensation systems of banks. The European Parliament and the Council are expected to make a decision on the proposed directive by the middle of 2010.

The European Commission has also published a working document for consultation that was published on July 27, 2009, which deals, among other things, with the through-the-cycle expected loss provisioning by credit institutions in the event of an overall economic downturn and the removal of national options and discretions in implementing the Banking and Capital Adequacy Directive.

On December 17, 2009, the Basel Committee on Banking Supervision presented proposals to revamp the international regulation of the banking sector. These include stricter criteria for core capital instruments, the countercyclical build-up of capital buffers and quantitative minimum requirements for liquidity buffers. The Basel Committee will first carry out a quantitative impact assessment before a decision is made concerning further implementation.

Supervision Enhancement Act

On July 30, 2009, the Gesetz zur Stärkung der Finanzmarkt- und der Versicherungsaufsicht (EMVAStärkG – German Financial Market and Insurance Supervision Enhancement Act) entered into force. Among other things, the BaFin was given greater discretion in respect of capital and liquidity requirements in accordance with the KWG, and the reporting requirements of the institutions were supplemented by a modified balance-sheet equity ratio ("leverage ratio"). The list of measures the BaFin can take in case of insufficient own funds or liquidity was expanded by adding the power to prevent distributions of profits on equity instruments if these are not completely covered by net income. The BaFin can also prevent, limit or specify certain requirements for payments to companies belonging to the group if these are detrimental to the institution ("ring-fencing"). BaFin's discretion in respect of instructions for proper business organization was expanded. Moreover, power of dismissal was extended to members of supervisory boards or administrative bodies.

Compensation issues at banks

In its Circular 22/2009 (BA) dated December 21, 2009, the BaFin specified the supervisory requirements for the compensation systems of institutions.

According to the Circular, institutions must structure their compensation systems in a risk-oriented way and align them with sustainable business success. The compensation systems must be in range with the goals documented in the strategies and be aligned in such a way that the managing directors and employees do not have negative incentives (especially significant dependence on variable compensation, significant severance claims in spite of negative earnings contributions, determination of the compensation amount by control units and the units controlled by them according to the same parameters) to enter into disproportionately high risk positions.

The ratio of fixed and variable compensation of managing directors and those employees who can create high risk positions must be reasonable. Guaranteed bonus payments are, in principle, not permitted. In the case of variable compensation, in addition to the overall performance, the individual earnings contribution of the employee must be considered using sustainable success factors. At least 40% of the variable compensation must not be paid out prior to the expiration of a reasonable retention period of at least three years. Future negative earnings contributions and a negative overall performance of the company must be reflected in the variable compensation.

All institutions as defined in the KWG must comply with the requirements set out in the Circular. The holding company of a financial holding group must ensure that the requirements are also observed at group level. In doing so the holding company is responsible for determining independently and understandable for third parties on the basis of a risk analysis, which companies of the group, that are not themselves subject to the Circular, should be subject to these requirements.

Through the circulars the BaFin implements the standards developed by the Financial Stability Board at the behest of the G20 heads of state. The circulars are to be replaced by corresponding legal regulations by mid 2010.

Additional trends

On October 21, 2009, the European Commission published a consultation paper concerning a European-wide legal framework for cross-border crisis management in the banking sector. The goal of the consultation paper is to ensure that the national supervisors have adequate tools to identify problems at an early stage and to establish measures for an orderly winding-up of banks without negatively impacting the financial system. These include early intervention steps (internal group asset transfers, increased capital requirements), the simplification of the winding-up of the whole or part of the banks and reorganization and winding-up under the applicable insolvency regime.

On October 26, 2009, the European Commission published a draft directive establishing a European system of financial supervisors within which the national financial supervisors will work together with the new European supervisory authorities. The latter are to be created by transferring the existing European supervisory committees into a European banking authority, a European insurance and occupational pensions authority and a European securities and markets authority. In addition, a European systemic risk board is to be established that is to monitor and assess potential threats to financial stability arising from macro-economic developments.

According to the coalition agreement in 2009 between the German political parties of CDU (Christlich-Demokratische Union – Christian Democratic Union of Germany), CSU (Christlich-Soziale Union – Christian Social Union) and FDP (Freie Demokratische Partei – Free Democratic Party), banking supervision in Germany is in future to be consolidated by the German Bundesbank (German Central Bank).

Additional legal supervisory regulations to combat the ongoing financial crisis and to prevent further crises from occurring are anticipated. In the event of a change in supervisory regulations, the supervised companies may be made subject to additional requirements that make it more difficult or even preclude them from carrying out certain business areas. Compliance with amended supervisory requirements may also lead to an increase in administrative costs for the supervised companies and the companies affiliated with them.

13. PRINCIPAL SHAREHOLDERS

The following table contains the names of the legal and natural persons who hold direct or indirect voting rights in the Company as of the date of this Prospectus. The information is based on the notifications to the Company in accordance with sections 21 ff. of the Wertpapierhandelsgesetz (WpHG – German Securities Trading Act). According to these notifications, the following shareholders hold more than 3% of the ordinary voting shares of the Company:

Shareholders subject to the notification requirement	Residence or location	Number of voting rights: Held directly[1]	Attribution[1]	Total[1]
Porsche Gesellschaft m.b.H.	Salzburg	2.37%	50.76%	53.13%
Porsche Holding GmbH	Salzburg	–	53.13%	53.13%
Ahorner, Mag. Josef	Austria	–	50.76%	50.76%
Dipl.-Ing. Dr. h.c. Ferdinand Piëch GmbH	Salzburg	–	50.76%	50.76%
Dr. Hans-Michel Piëch GmbH	Salzburg	–	50.76%	50.76%
Familie Porsche Beteiligung GmbH	Stuttgart	–	50.76%	50.76%
Familie Porsche Holding GmbH.	Salzburg	–	50.76%	50.76%
Familie Porsche Privatstiftung.	Salzburg	–	50.76%	50.76%
Familien Porsche-Daxer-Piëch Beteiligung GmbH	Stuttgart	–	50.76%	50.76%
Ferdinand Alexander Porsche GmbH	Stuttgart	–	50.76%	50.76%
Ferdinand Karl Alpha Privatstiftung	Vienna	–	50.76%	50.76%
Ferdinand Piëch GmbH	Grünwald	–	50.76%	50.76%
Ferdinand Porsche Holding GmbH	Salzburg	–	50.76%	50.76%
Ferdinand Porsche Privatstiftung	Salzburg	–	50.76%	50.76%
Gerhard Anton Porsche GmbH	Salzburg	–	50.76%	50.76%
Gerhard Porsche GmbH.	Stuttgart	–	50.76%	50.76%
Hans-Michel Piëch GmbH	Grünwald	–	50.76%	50.76%
Hans-Peter Porsche GmbH	Grünwald	–	50.76%	50.76%
Ing. Hans-Peter Porsche GmbH	Austria	–	50.76%	50.76%
Kiesling, Mag. Louise	Austria	–	50.76%	50.76%
Louise Daxer-Piëch GmbH	Salzburg	–	50.76%	50.76%
Louise Daxer-Piëch GmbH	Grünwald	–	50.76%	50.76%
Piëch, Dipl.-Ing. Dr. h.c. Ferdinand	Austria	–	50.76%	50.76%
Piëch, Dr. Hans-Michel	Austria	–	50.76%	50.76%
Porsche Automobil Holding SE	Stuttgart	50.76%	–	50.76%
Porsche GmbH	Stuttgart	–	50.76%	50.76%
Porsche, Dr. Ferdinand Oliver	Austria	–	50.76%	50.76%
Porsche, Dr. Wolfgang	Germany	–	50.76%	50.76%
Porsche, Gerhard Anton	Austria	–	50.76%	50.76%
Porsche, Ing. Hans-Peter	Austria	–	50.76%	50.76%
Porsche, Kai Alexander	Austria	–	50.76%	50.76%
Porsche, Mark Philip	Austria	–	50.76%	50.76%
Porsche, Peter Daniell	Austria	–	50.76%	50.76%
Porsche, Prof. Ferdinand Alexander	Austria	–	50.76%	50.76%
Prof. Ferdinand Alexander Porsche GmbH	Salzburg	–	50.76%	50.76%
Dr. rer. comm. Wolfgang Porsche GmbH	Grünwald	–	50.76%	50.76%
State of Lower Saxony	Hanover	0.07%	20.19%	20.26%
Hannoversche Beteiligungsgesellschaft mit beschränkter Haftung	Hanover	20.19%	–	20.19%
Qatar Holding Germany GmbH	Frankfurt/Main	17.00%*	–	17.00%
Qatar Holding LLC	Doha	10.22%*	6.78%	17.00%
Qatar Holding Luxembourg II S.à.r.l.	Luxembourg	–	17.00%	17.00%
Qatar Holding Netherlands B.V.	Amsterdam	–	17.00%	17.00%
Qatar Investment Authority	Doha	–	17.00%	17.00%
Emirate of Qatar	Doha	–	17.00%	17.00%

[1] Percentages are rounded.

* These positions cannot be added

As the statutory notification to the Company in accordance with sections 21 ff. of the WpHG is only mandatory if the voting rights of the shareholder exceed, reach or fall below a certain threshold and preferred shares do not carry any voting rights, the Company is generally not aware of the identity of the persons holding an interest in the capital of the Company in the form of preferred shares as well as the extent of this interest as of the date of this Prospectus. To the knowledge of the Company, Qatar Holding Germany GmbH holds 26,356,568 preferred shares of the Company and Porsche Automobil Holding SE holds 68,262 preferred shares as of the date of this Prospectus.

The statutory notification regarding a change in the voting rights in Volkswagen Aktiengesellschaft which was made in English by the Emirate of Qatar in accordance with the WpHG, as set out in note 42 of the notes to the consolidated financial statements for the fiscal year ended December 31, 2009, and which is contained in the "*Financial Section*" of this Prospectus is reproduced in the following paragraphs:

"(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 olding 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.

(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.''

The capital of the Company is divided into ordinary voting shares and non-voting preferred shares. Insofar as there are distributable net retained profits, holders of preferred shares are granted a minimum preferred dividend of EUR 0.11 per preferred share carrying dividend rights. If the net retained profits are insufficient for the payment of the preferred dividend, the shortfalls are to be paid out of any net retained profits in subsequent years in accordance with specific provisions of the Articles of Association. To the extent the net retained profits are sufficient to also pay a dividend of EUR 0.11 to the ordinary shareholders, the preferred shareholders and ordinary shareholders will be paid additional dividends proportionate to their interest in the share capital carrying dividend rights, such that the dividend attributable to the preferred shares is EUR 0.06 higher per preferred share than the dividend attributable to the ordinary shares. (see ''*Description of the Share Capital of the Company – Appropriation of net retained profit and payment of dividends*'').

Each ordinary share in the Company confers one vote in the General Meeting. Neither ordinary shareholders nor majority shareholders in the Company have different voting rights.

Further, in accordance with a provision of the Articles of Association adopted by the Extraordinary General Meeting of the Company on December 3, 2009, the State of Lower Saxony is to be entitled to appoint two members to the Supervisory Board of the Company in the future, as long as the State of Lower Saxony directly or indirectly holds at least 15% of the ordinary shares of the Company. The resolution of the General Meeting regarding the rights of appointment was challenged by shareholders of the Company. Accordingly, the rights of appointment have not yet been registered in the Commercial Register. It is anticipated that they will only become effective once a judgment dismissing the action for avoidance has been passed by a court or the action for avoidance has been withdrawn and the amendment to the Articles of Association has been registered in the Commercial Register.

Contrary to the appointment rights formerly incorporated in the Gesetz über die Überführung der Anteilsrechte an der Volkswagenwerk Gesellschaft mit beschränkter Haftung (VW-Gesetz – German Act on the Privatization of Shares of Volkswagenwerk Gesellschaft mit beschränkter Haftung), which were the subject matter of the decision of the European Court of Justice dated October 23, 2007, the appointment rights that were resolved by the Extraordinary General Meeting on December 3, 2009 were not created by a special law but are based on a resolution of the General Meeting of the Company in accordance with the provisions of the German Stock Corporation Act.

Because resolutions of the General Meeting that by law require a majority of at least three quarters of the share capital represented at the adoption of the resolution and, by virtue of the provisions of Article 25(2) of the Articles of Association of the Company and section 4(3) of the VW-Gesetz, require a majority of more than four fifths of the share capital represented at the adoption of the resolution, shareholders who together hold 20% of the voting capital – current examples are Porsche Automobil Holding SE, the State of Lower Saxony or, if there is correspondingly low attendance at the General Meeting, the Emirate of Qatar – may prevent amendments to the Articles of Association. This blocking minority, however, is not a legal position conferred by law to individually named shareholders, but is merely a legal outcome, arising from the interaction between the percentage shareholding and the majority required to adopt a resolution.

A first-ranking pledge over the ordinary shares of Volkswagen Aktiengesellschaft held by Porsche Automobil Holding SE has been granted in favor of various banks, as security for loans made to Porsche Automobil Holding SE.

According to the notification of changes in voting rights of December 18, 2009, the Emirate of Qatar indirectly holds shares of Volkswagen Aktiengesellschaft representing 17.0% of the voting rights. There is a lock-up agreement between Porsche Automobil Holding SE and the Emirate of Qatar with respect to the ordinary shares in the Company that are indirectly held by the Emirate of Qatar. The holding obligation expires in August 2010.

The Assigning Shareholders have agreed with the Global Coordinators that for the period from March 23, 2010 up to 30 days (i) from the delivery of the New Shares subscribed in the Subscription Offer, (ii) but at the latest from April 20, 2010, they will not, either themselves or, with certain exceptions, through one of their dependent companies, without the prior written consent of the Global Coordinators, (x) offer or sell or enter into any obligations in this respect for the sale or transfer of shares of the Company (including New Shares acquired by them in the Pre-placement, if applicable) or other securities convertible into or exchangeable for shares of the Company (including New Shares) or with a right to subscribe or receive such shares (including New Shares) or (y) enter into any swaps or other agreements under which the economic consequences of ownership of shares of the Company (including New Shares) are transferred in whole or in part to another party, regardless of whether the transaction is settled through delivery of securities, in cash or in any other manner.

This lock-up agreement is without prejudice to the following: (i) the rights of the pledgees to whom Porsche Automobil Holding SE has pledged its ordinary and preferred shares of the Company and (ii) the further holding, roll-over, the dissolution or other termination of the cash-settled options and swap portfolios of Porsche Automobil Holding SE in respect of the ordinary shares in the Company which it holds as of March 23, 2010 or acquired thereafter by way of rollover.

14. TRANSACTIONS AND LEGAL RELATIONSHIPS WITH RELATED PARTIES

According to International Accounting Standard 24 (IAS 24), entities and persons are considered to be related to a company if the entity or person:

- Is controlled by the company or has an interest in the company which gives it significant influence over the company, or has joint control over the company;
- Is an associate of the company within the meaning of IAS 28 or is a joint venture in which the company is a venturer within the meaning of IAS 31;
- Is a member of the board of management or the supervisory board of the company, or a close member of the family of such a member;
- Is an entity that is controlled by a member of the board of management or of the supervisory board of this company or by a close family member of any such individual, is significantly influenced by these persons, or directly or indirectly holds a significant share of the voting rights in the company; or
- Is a post-employment benefit plan for the benefit of the employees of the company or for the benefit of an entity related to the company.

The material transactions and legal relationships which have existed between the Company or other companies in the Volkswagen Group and the aforementioned related persons and entities in fiscal years 2007 to 2009 and in fiscal year 2010 up to and including the date of this Prospectus are described below. Business relationships between companies of the Volkswagen Group are not included. The significant affiliated companies which are directly or indirectly controlled by the Company or over which significant influence can be exercised are listed in the section *"Significant Group companies"* of the notes to the consolidated financial statements of the Company for fiscal year ending on December 31, 2009, which is set out in the *"Financial Section"* of this Prospectus.

Persons related to the Company include the principal shareholders (see *"Principal Shareholders"*), including Porsche Automobil Holding SE, which is indirectly controlled by the Porsche and Piëch families, the State of Lower Saxony and the Emirate of Qatar. The Porsche and Piëch families also hold significant interests in Porsche Holding Gesellschaft m.b.H. and Porsche Gesellschaft m.b.H., both based in Salzburg (Porsche Holding Gesellschaft m.b.H. and Porsche Gesellschaft m.b.H. are collectively referred to as "**Porsche Holding Salzburg**"), whose operating trading business is to be acquired by the Company (see section "*Description of the Business Activities of the Volkswagen Group – Material agreements – Agreements related to the creation of an integrated automotive group with Porsche*").

In addition to the direct and indirect equity interests and voting rights in the Company held by Porsche Automobil Holding SE and the Porsche and Piëch families, members of the Porsche and Piëch families also serve on the governing bodies of the Company and Audi AG as well as Porsche Automobil Holding SE and its affiliated companies. Thus, Dr. jur. Hans Michel Piëch and Dr. jur. Ferdinand Oliver Porsche are members of the Supervisory Boards of both Volkswagen Aktiengesellschaft and Porsche Automobil Holding SE. Hon.-Prof. Dr. techn. h.c. Dipl.-Ing. ETH Ferdinand K. Piëch is both a member of the Supervisory Board of Porsche Automobil Holding SE and Chairman of the Supervisory Board of Volkswagen Aktiengesellschaft. Dr. rer. comm. Wolfgang Porsche, Chairman of the Supervisory Board of Porsche Automobil Holding SE, is also a member of the Supervisory Board of Volkswagen Aktiengesellschaft. Hon.-Prof. Dr. techn. h.c. Dipl.-Ing. ETH Ferdinand K. Piëch, Dr. jur. Hans Michel Piëch and Dr. jur. Ferdinand Oliver Porsche are also members of the Supervisory Board of Audi AG.

Moreover, Board of Management members Prof. Dr. rer. nat. Martin Winterkorn and Hans Dieter Pötsch are also members of the Porsche Automobil Holding SE Board of Management and members of the Shareholders Committee and the Supervisory Board of Porsche Holding Gesellschaft m.b.H., Salzburg and of the Supervisory Board of Porsche Gesellschaft m.b.H., Salzburg (see section "*Information on the Governing Bodies of the Company – Board of Management – Members of the Board of Management*").

The Company maintains diverse business and legal relationships with companies in the Volkswagen Group and related entities and persons, which, in the opinion of the Company, were entered into on customary market terms and conditions. In order to ensure that business and legal relationships are concluded on customary market terms and conditions, the Supervisory Board has established the Ausschuss für Geschäftsbeziehungen mit Aktionären (Shareholder Business Relationships Committee) (the "**AfGA**") and the Ausschuss für besondere Geschäfte (Committee for Special Business Relationships) (the "**AfbG**"). One of the main tasks of the AfGA is to supervise the business relationships of Volkswagen Aktiengesellschaft and its group companies with Volkswagen Aktiengesellschaft shareholders who hold at least 5% of voting rights. The AfbG is responsible for supervising transactions between Porsche Automobil Holding SE and its group companies on the one hand, and companies of the Volkswagen Group on the other, that, in accordance with the rules of procedure of the Board of Management, require the approval of the Supervisory Board. For further details on the tasks of the AfGA and the AfbG, see "*Information on the Governing Bodies of the Company – Supervisory Board – Legal position in the organizational structure of the Company – Internal organization and committees*".

In accordance with the requirements of German stock corporation law, dependent companies must prepare report on their relationships with affiliated entities on an annual basis (section 312 of the Aktiengesetz (AktG – German Stock Corporation Act) (the "**Dependent Company Report**"). The Dependent Company Report must be audited by the auditors. If no objections are raised after completion of the audit, the auditors must confirm that the actual disclosures in the Dependent Company Report are accurate, that the consideration paid by the Company for the transactions listed in the Dependent Company Report was not inappropriately high or that any disadvantages were compensated, and that no circumstance relating to the measures listed in the Dependent Company Report indicate an assessment which is substantially different from the assessment by the Board of Management. The Supervisory Board must review the Dependent Company Report and report to the Annual General Meeting on the results of its review, including the results of the audit by the independent auditors.

The Company did not prepare a Dependent Company Report for fiscal year 2007. The Company prepared a Dependent Company Report for a part of fiscal year 2008 and for fiscal year 2009 by virtue of the fact that it was controlled by Porsche Automobil Holding SE. These Reports were audited by the auditors of the Company. The audits did not result in any objections.

The auditor's report has not been made in accordance with US auditing standards or other US professional standards. The auditor does not issue an audit opinion in accordance with US auditing standards or other US professional standards in respect of the Dependent Company Report.

In fiscal year 2009, Volkswagen generated a total of 10.4% of its total sales revenue (trade receivables) through transactions with related parties (9.8% in 2008 and 8.6% in 2007).

14.1 General description of relationships with related parties

The following tables present the volumes of supplies and services rendered and received and outstanding receivables and payables between consolidated companies of the Volkswagen Group and related entities (unconsolidated subsidiaries, joint ventures, associates, Porsche Automobil Holding SE, Porsche Holding Gesellschaft m.b.H., Salzburg/Austria and its affiliates and other related companies) and persons:

Supplies and services rendered

	Period from January 1 to December 31		
	2009 (audited)	**2008 (audited)**	**2007 (audited)**
		in EUR million	
Porsche Automobil Holding SE	0	–	–
Board of Management members	0	0	0
Supervisory Board members	0	0	0
Unconsolidated subsidiaries	1,744	1,583	1,124
Joint ventures[1]	3,612	3,213	2,717
Associates	1,368	30	0
Pension plans	1	0	1
Other related parties	1	6	2
Porsche[2]	4,165	6,317	5,528
State of Lower Saxony and majority interests	11	6	2

[1] Including Porsche Zwischenholding GmbH, Stuttgart, and its subsidiaries from December 7, 2009.

[2] Includes in particular Porsche Holding Gesellschaft m.b.H., Salzburg/Austria, and its subsidiaries as well as Porsche Zwischenholding GmbH, Stuttgart, and its subsidiaries up to December 6, 2009.

Supplies and services received

	Period from January 1 to December 31		
	2009 (audited)	2008 (audited)	2007 (audited)
	in EUR million		
Porsche Automobil Holding SE	392	–	–
Board of Management members	0	1	–
Supervisory Board members	0	0	0
Unconsolidated subsidiaries	828	739	411
Joint ventures[1]	464	492	284
Associates	191	201	3
Pension plans	1	3	0
Other related parties	31	41	41
Porsche[2]	250	389	178
State of Lower Saxony and majority interests	0	1	1

1 Including Porsche Zwischenholding GmbH, Stuttgart, and its subsidiaries from December 7, 2009.

2 Includes in particular Porsche Holding Gesellschaft m.b.H., Salzburg/Austria, and its subsidiaries as well as Porsche Zwischenholding GmbH, Stuttgart, and its subsidiaries up to December 6, 2009.

Receivables from

	As of December 31		
	2009 (audited)	2008 (audited)	2007 (audited)
	in EUR million		
Porsche Automobil Holding SE	–	–	–
Board of Management members	0	0	–
Supervisory Board members	0	0	0
Unconsolidated subsidiaries	653	324	446
Joint ventures	2,395	3,843	1,497
Associates	24	33	1
Pension plans	1	0	0
Other related parties	0	0	0
Porsche	155	185	407
State of Lower Saxony and majority interests	1	0	1

Payables to

	As of December 31		
	2009 (audited)	2008 (audited)	2007 (audited)
	in EUR million		
Porsche Automobil Holding SE	–	–	–
Board of Management members	14	14	13
Supervisory Board members	5	5	4
Unconsolidated subsidiaries	303	339	109
Joint ventures	309	46	17
Associates	16	14	0
Pension plans	0	0	0
Other related parties	2	1	0
Porsche	10	10	46
State of Lower Saxony and majority interests	0	–	0

All business relations with unconsolidated subsidiaries, joint ventures, associates and other related entities are, in the opinion of the Company, carried out on arm's length terms.

14.2 Relationships of the Volkswagen Group with Board of Management and Supervisory Board members

The following table presents the remuneration of and payments to members of the Board of Management and Supervisory Board of the Company.

	Period from January 1 to December 31		
	2009 (audited)	2008 (audited)	2007 (audited)
		in EUR	
Short-term benefits	22,588,862	22,508,592	19,936,903
Termination benefits	–	–	5,950,000
Post-employment benefits[1]	3,025,899	3,237,434	1,647,415
Share-based payment	–	39,000	78,000
TOTAL	**25,614,761**	**25,785,026**	**27,612,318**

1 Post-employment benefits relate to additions to pension provisions for current members of the Board of Management.

Members of the Supervisory Board and/or Board of Management of the Company are members of supervisory boards and/or boards of management of other companies or are shareholders of other companies with which Volkswagen Aktiengesellschaft maintains relationships in the ordinary course of business. All transactions with these companies are conducted on arm's length terms.

14.3 Relationships of the Volkswagen Group with Porsche and the Porsche and Piëch families

14.3.1 Relationships with Porsche

Volkswagen maintains legal and business relationships with Porsche Automobil Holding SE, which holds approximately 51% of the voting capital in Volkswagen Aktiengesellschaft.

Relationships under company law, dual mandates

Porsche Automobil Holding SE is the legal successor to Dr. Ing. h.c. F. Porsche Aktiengesellschaft. It was created in 2007 through the reorganization of the (former) Dr. Ing. h.c. F. Porsche Aktiengesellschaft as a European company (Societas Europaea, SE), now Porsche Automobil Holding SE. During the reorganization, the operating business of Dr. Ing. h.c. F. Porsche Aktiengesellschaft was spun off into a new company, Porsche Vermögensverwaltung AG, which has since been renamed Dr. Ing. h.c. F. Porsche Aktiengesellschaft.

Fiscal year 2007

In fiscal year 2007, the (former) Dr. Ing. h.c. F. Porsche Aktiengesellschaft, predecessor to Porsche Automobil Holding SE, held approximately 31% of the voting rights in the Company. This was preceded by a mandatory bid after the former Dr. Ing. h.c. F. Porsche Aktiengesellschaft announced on March 28, 2007 that its share of the voting rights of Volkswagen Aktiengesellschaft was 30.93% as of that date and had thereby exceeded the threshold of 30% of the voting rights. This triggered the statutory obligation to offer to acquire all other shares of Volkswagen. On June 4, 2007, Dr. Ing. h.c. F. Porsche Aktiengesellschaft announced that the mandatory bid had been accepted for a total of 172,218 ordinary shares and 68,262 preferred shares, which (including the ordinary shares held prior to the acceptance) corresponded to approximately 30.97% of the Volkswagen ordinary shares and voting rights and approximately 0.06% of the Volkswagen preferred shares, and approximately 22.69% of the share capital of Volkswagen Aktiengesellschaft.

In fiscal year 2007, Holger P. Härter and Dr. Ing. Wendelin Wiedeking, two members of the Board of Management of Dr. Ing. h.c. F. Porsche Aktiengesellschaft and Porsche Automobil Holding SE, were also members of the Supervisory Board of Volkswagen Aktiengesellschaft. Dr. Ing. Wendelin Wiedeking was appointed as a member of the Supervisory Board of Volkswagen Aktiengesellschaft on January 28, 2006. Holger P. Härter was appointed on May 3, 2006. In addition, Hon.-Prof. Dr. techn. h.c. Dipl.-Ing. ETH Ferdinand K. Piëch was simultaneously a member of the Supervisory Board of the (former) Dr. Ing. h.c. F. Porsche Aktiengesellschaft (currently Porsche Automobil Holding SE) and Chairman of the Supervisory Board of Volkswagen Aktiengesellschaft.

Fiscal year 2008

In September of fiscal year 2008, Porsche Automobil Holding SE announced it had acquired an additional 4.89% of Volkswagen's ordinary shares, so that it held an interest amounting to 35.14%. On October 26, 2008, Porsche Automobil Holding SE then gave notice that it had increased its holding of ordinary shares of Volkswagen Aktiengesellschaft to 42.6%, and announced its intention to increase its share of voting capital in Volkswagen Aktiengesellschaft to 75% in 2009, thereby clearing the way for a control agreement.

In fiscal year 2008, Holger P. Härter and Dr. Ing. Wendelin Wiedeking, two members of the Board of Management of Porsche Automobil Holding SE, were also members of the Supervisory Board of Volkswagen Aktiengesellschaft. In addition, Hon.-Prof. Dr. techn. h.c. Dipl.-Ing. ETH Ferdinand K. Piëch was at the same time a member of the Supervisory Board of Porsche Automobil Holding SE and Chairman of the Supervisory Board of Volkswagen Aktiengesellschaft. Dr. rer. comm. Wolfgang Porsche, Chairman of the Supervisory Board of Porsche Automobil Holding SE, was also a member of the Supervisory Board of Volkswagen Aktiengesellschaft from April 24, 2008.

Fiscal year 2009

On January 5, 2009, Porsche Automobil Holding SE finally announced that its share of voting rights in Volkswagen Aktiengesellschaft had exceeded the 50% threshold and was 50.76% on that date, which corresponded to 149,696,680 voting rights.

In fiscal year 2009, Holger P. Härter and Dr. Ing. Wendelin Wiedeking, two members of the Board of Management of Porsche Automobil Holding SE, were also members of the Supervisory Board of Volkswagen Aktiengesellschaft. Upon the termination of their service as members of the Porsche Automobil Holding SE Board of Management, they also ceased to be members of the Supervisory Board of Volkswagen Aktiengesellschaft. Effective as of August 7, 2009, Dr. jur. Hans Michel Piëch and Dr. jur. Ferdinand Oliver Porsche, who were and continue to be at the same time members of the Supervisory Board of Porsche Automobil Holding SE, were appointed as members of the Supervisory Board of Volkswagen Aktiengesellschaft. In addition, Hon.-Prof. Dr. techn. h.c. Dipl.-Ing. ETH Ferdinand K. Piëch was at the same time a member of the Supervisory Board of Porsche Automobil Holding SE and Chairman of the Supervisory Board of Volkswagen Aktiengesellschaft. Dr. rer. comm. Wolfgang Porsche, Chairman of the Supervisory Board of Porsche Automobil Holding SE, was also a member of the Supervisory Board of Volkswagen Aktiengesellschaft (see the section entitled "*Information on the Governing Bodies of the Company – Board of Management*").

In addition to his previous functions in the Company, effective as of November 25, 2009, Prof. Dr. rer. nat. Martin Winterkorn joined the Board of Management of Porsche Automobil Holding SE and became Chairman. Also effective as of November 25, 2009, in addition to his previous functions in the Company, Hans Dieter Pötsch joined the Board of Management of Porsche Automobil Holding SE and became its CFO. By way of its internal rules, the Company ensures that both members of the Board of Management, in the performance of their duties, separate their functions as member of the Board of Management of the Company and as member of the Board of Management of Porsche Automobil Holding SE carefully and act in accordance with the statutory provisions.

Contractual relationships

Research, development and production partnership between the Company and Porsche

Volkswagen and Porsche have been linked for many years by a mutually advantageous partnership on the basis of numerous framework and individual agreements, primarily in the areas of research, development and production.

Examples are the joint development of the Touareg and Porsche Cayenne, including a hybrid-drive, the delivery of the body shell for the Porsche Cayenne and Panamera and engines and components by Volkswagen, as well as mutual development and advisory services.

Care has been taken to ensure that the contractual relationships in connection with this partnership and all transactions with Porsche Automobil Holding SE itself and other companies affiliated with Porsche Automobil Holding SE are implemented on arm's length terms. The auditors of the Company issued an auditors' report for the Dependent Company Reports in accordance with section 312 of the AktG for fiscal years 2008 and 2009, confirming that the actual disclosures contained in the Dependent Company Report were accurate and that the consideration paid by the Company was not inappropriately high.

Acquisition of shares in Audi AG from Porsche

On December 1, 2008, Volkswagen Aktiengesellschaft acquired 0.41% of the shares in Audi AG from Porsche Automobil Holding SE and thus increased its interest in Audi AG to 99.55%. Porsche Automobil Holding SE had previously acquired the shares in the course of a mandatory bid to the shareholders of Audi AG published on September 29, 2008. The purchase price per share corresponded to the offer price under the mandatory bid of EUR 485.83 per share.

Acquisition of shares in Scania AB from Porsche

In fiscal year 2009, the Company acquired additional shares in Scania from Porsche Automobil Holding SE on February 20, 2009 and increased its interest in Scania AB ("**Scania**") to 49.29% of the share capital and 71.81% of the voting rights. The shares were purchased from Porsche Automobil Holding SE in the course of a mandatory bid. See "*Description of the Business Activities of the Volkswagen Group – Material agreements – Agreements related to the investment in Scania AB*".

Loan to Porsche

In March 2009, Volkswagen granted Dr. Ing. h.c. F. Porsche Aktiengesellschaft a EUR 500 million loan for the operating business of Dr. Ing. h.c. F. Porsche Aktiengesellschaft which has now been repaid. In addition, Volkswagen Group Services SA, Brussels, Belgium, ("**VGS**") and Porsche Financial Services SPA, Padua/Italy ("**Porsche FS Italy**") entered into a factoring agreement. Both agreements were entered into on standard market terms and on an arm's length basis (see "*Description of the Business Activities of the Volkswagen Group – Material agreements – Granting of a loan to Porsche*").

Agreements relating to the creation of an integrated automotive group with Porsche

In the second half of 2009, comprehensive agreements were entered into by the Company, Porsche Automobil Holding SE, Dr. Ing. h.c. F. Porsche Aktiengesellschaft, the ordinary shareholders of Porsche Automobil Holding SE except for the Emirate of Qatar (i.e. Porsche GmbH, Stuttgart, Familie Porsche Beteiligung GmbH, Grünwald, Familien Porsche-Daxer-Piëch Beteiligung GmbH, Grünwald, Ferdinand Piëch GmbH, Grünwald and Hans-Michel Piëch GmbH, Grünwald, collectively the "**SE Ordinary Shareholders**") and certain other parties. These agreements included a Comprehensive Agreement on creating an integrated automotive group with Porsche. See "*Description of the Business Activities of the Volkswagen Group – Material agreements – Agreements relating to the creation of an integrated automotive group with Porsche*".

In the Comprehensive Agreement, Porsche Automobil Holding SE and the SE Ordinary Shareholders agreed, among other things, that they would not, at least up to and including 2020, take any steps, undertake any actions or submit any declarations that would serve to enter into a control and profit and loss transfer agreement with Volkswagen Aktiengesellschaft. In accordance with the Comprehensive Agreement, Porsche Automobil Holding SE voted at the Extraordinary General Meeting of Volkswagen Aktiengesellschaft on December 3, 2009 to confirm the existing majority requirement of more than 80% of the share capital represented in adopting resolutions, to create a right for the State of Lower Saxony to appoint members to the Supervisory Board and to authorize the issuance of up to 135 million new preferred shares with subscription rights for all shareholders of Volkswagen Aktiengesellschaft.

Memorandum of Understanding for the collaboration in the research and development area

On 15 March 2010, the Company and Qatar Holding LLC, Qatar Foundation for Education, Science and Community Development and Porsche Automobil Holding SE entered into a Memorandum of Understanding for collaboration in the area of research and development. The collaboration agreement deals with, among other things, the establishment of laboratory and test facilities and of training programs as well as studies on fuel and materials science in the automotive field. It is intended to create a Steering Committee for the coordination of the future joint research and development projects, which is to convene several times a year and will be composed of representatives of Porsche Automobil Holding SE, Volkswagen Aktiengesellschaft, Qatar Holding LLC and Qatar Foundation for Education, Science and Community Development.

14.3.2 Porsche and Piëch families

Relationships under company law, dual mandates

The Porsche and Piëch families have significant interests in Porsche Automobil Holding SE as well as in Porsche Holding Gesellschaft m.b.H. and in Porsche Gesellschaft m.b.H., both based in Salzburg (Porsche Holding Gesellschaft m.b.H. and Porsche Gesellschaft m.b.H. are also collectively referred to as "**Porsche Holding Salzburg**").

With respect to Porsche Automobil Holding SE, a distinction must be made between ordinary bearer shares and non-voting preferred shares. The ordinary bearer shares in Porsche Automobil Holding SE are owned by the SE Ordinary Shareholders, which hold 90% of the ordinary shares, and the Emirate of Qatar, which indirectly holds 10% of the ordinary shares. The shares have not been admitted to trading on the stock exchange. The SE Ordinary Shareholders are held indirectly through intermediate holding companies and, in part, through private foundations of members of the Porsche and Piëch families or private foundations controlled by members of the Porsche and Piëch families. The section entitled "*Principal Shareholders*" contains an overview of the shareholders. The preferred bearer shares of Porsche Automobil Holding SE are admitted to trading on the General Standard segment of the regulated market of the Frankfurt Stock Exchange and are also traded over-the-counter on various German stock exchanges.

In addition, members of the Porsche and Piëch families are represented on the Supervisory Board of the Company. These are Hon.-Prof. Dr. techn. h.c. Dipl.-Ing. ETH Ferdinand K. Piëch, Dr. jur. Hans Michel Piëch, Dr. jur. Ferdinand Oliver Porsche and Dr. rer. comm. Wolfgang Porsche (see the overview in the section

"*Information on the Governing Bodies of the Company – Supervisory Board – Members of the Supervisory Board*").

Hon.-Prof. Dr. techn. h.c. Dipl.-Ing. ETH Ferdinand K. Piëch, Dr. jur. Hans Michel Piëch and Dr. jur. Ferdinand Oliver Porsche are also members of the Supervisory Board of Audi AG. Hon.-Prof. Dr. techn. h.c. Dipl-Ing. ETH Ferdinand K. Piëch is also the Chairman of the Supervisory Board of MAN SE. Hon.-Prof. Dr. techn. h.c. Dipl.-Ing. ETH Ferdinand K. Piëch, Dr. Wolfgang Porsche, Hans-Michel Piëch and Hans Peter Porsche also hold positions with Porsche Gesellschaft m.b.H., Salzburg and Porsche Holding Gesellschaft m.b.H., Salzburg.

Contractual relationships with Porsche Holding Salzburg as distributor

Porsche Holding Salzburg is indirectly held by members of the Porsche and Piëch families. Porsche Holding Salzburg primarily distributes Volkswagen Group automobiles and maintains one of the largest distribution networks in Europe with a focus on networks of importers and dealers for vehicles of the Volkswagen Group in Eastern and Southeastern Europe. Volkswagen and Porsche Holding Salzburg have had business relationships with respect to the trading activities of Porsche Automobil Salzburg since 1950. Care has been taken to ensure that the contractual relationships within these business relationships with Porsche Holding Salzburg are entered into on arm's length terms.

Agreements relating to the creation of an integrated automotive group with Porsche, particularly the potential acquisition of the trading business of Porsche Holding Salzburg

In the second half of 2009, the Company, Porsche Automobil Holding SE, Dr. Ing. h.c. F. Porsche Aktiengesellschaft, the SE Ordinary Shareholders and certain other parties entered into extensive agreements for the creation of an integrated automotive group with Porsche. In this context, Porsche Automobil Holding SE and the SE Ordinary Shareholders agreed in the Comprehensive Agreement that they would not, at least up to and including 2020, take any steps, undertake any actions or submit any declarations that would serve to enter into a central and profit and loss transfer agreement with Volkswagen Aktiengesellschaft. With respect to the planned acquisition of the trading business of Porsche Holding Salzburg in connection with the creation of an integrated automotive group with Porsche in the form of a put option in favor of Porsche Gesellschaft m.b.H., Salzburg see "*Description of the Business Activities of the Volkswagen Group – Material agreements – Agreements related to the creation of an integrated automotive group with Porsche – Salzburg put option*").

14.4 Relationships of the Volkswagen Group with the State of Lower Saxony

The Volkswagen Group maintains business and legal relationships with the State of Lower Saxony, which holds approximately 20% of the voting capital of the Company directly and indirectly (through Hannoversche Beteiligungsgesellschaft mit beschränkter Haftung).

Transactions with the State of Lower Saxony and with private-law entities of the State of Lower Saxony are being and have been carried out on standard market terms during the last three fiscal years. The Volkswagen Group has not, at the request or in the interest of the State of Lower Saxony or its affiliated entities, entered into or refrained from entering into any transactions in the last three years.

The State of Lower Saxony currently appoints two members to the Supervisory Board. In addition, in accordance with a provision of the Articles of Association adopted by the Extraordinary General Meeting of the Company on December 3, 2009, the State of Lower Saxony is to be entitled to appoint two members to the Supervisory Board of the Company in the future, as long as the State of Lower Saxony directly or indirectly holds at least 15% of the ordinary shares of the Company. The resolution of the General Meeting regarding the rights of appointment was challenged by shareholders of the Company. Accordingly, the rights of appointment have not yet been registered in the Commercial Register. It is anticipated that they will only become effective in the event that a judgment dismissing the action for avoidance has been passed by a court or the action for avoidance has been withdrawn and the amendment to the Articles of Association has been registered in the Commercial Register.

Contrary to the appointment rights formerly incorporated in the Gesetz über die Überführung der Anteilsrechte an der Volkswagenwerk Gesellschaft mit beschränkter Haftung (VW-Gesetz – German Act on the Privatization of Shares of Volkswagenwerk Gesellschaft mit beschränkter Haftung) which were the subject of a decision of the European Court of Justice dated October 23, 2007, the appointment rights adopted at the Extraordinary General Meeting on December 3, 2009 were not created by a special law, but are based on a decision of the General Meeting of the Company in accordance with the provisions of the Aktiengesetz (AktG – German Stock Corporation Act).

Because resolutions of the General Meeting that by law require a majority of at least three quarters of the share capital represented at the adoption of the resolution and, by virtue of the provisions of Article 25(2) of the Articles of Association of the Company and section 4(3) of the VW-Gesetz, require a majority of more than four fifths of the share capital represented at the adoption of the resolution, shareholders who together hold 20% of the voting capital – current examples are Porsche Automobil Holding SE, the State of Lower Saxony or, if there is correspondingly low attendance at the General Meeting, the Emirate of Qatar – may prevent amendments to the Articles of Association. This blocking minority, however, is not a legal position conferred by law to individually named shareholders, but a mere legal outcome, arising from the interaction between the percentage shareholding and the majority required to adopt a resolution. This provision was confirmed by a resolution of the Extraordinary General Meeting of Volkswagen Aktiengesellschaft on December 3, 2009 (see the detailed discussion in the section entitled ''*Information on the Governing Bodies of the Company – General Meeting – Responsibility; adoption of resolutions*'').

In the opinion of the Company, this provision does not interfere with the free movement of capital under European law. Pursuant to the wording of the decision of the European Court of Justice on the VW – Gesetz dated October 23, 2007, a maximum voting rights provision, under which no shareholder may hold more than 20% of the voting rights regardless of their percentage interest in the Company, in combination with the requirement of a qualified majority of 80% of the share capital represented at the adoption of a resolution, interferes with the free movement of capital under European law. In the opinion of the Bundesregierung (German Federal Government), this decision does not, however, mean that the requirement of a qualified majority of 80% is *per se* contrary to European law. Therefore, in adapting the VW – Gesetz to the case law of the European Court of Justice, the Bundesregierung (German Federal Government) only deleted the maximum voting right and the appointment rights provisions, but did not amend the provision relating to the qualified majority of 80%.

14.5 Relationships of the Volkswagen Group with the Emirate of Qatar

The Emirate of Qatar indirectly holds 17% of the voting capital of the Company. In its announcement under section 27a of the WpHG on January 21, 2010, the Emirate of Qatar states that its investment was long-term and its purpose was to implement strategic goals. The Emirate of Qatar also stated in the announcement that it did not intend to obtain any additional voting rights within the next 12 months through acquisition or otherwise, other than in connection with a merger in which Volkswagen Aktiengesellschaft participates or through the exercise of subscription rights in the case of a capital increase. Moreover, the Emirate of Qatar announced that it intends to seek representation on the Supervisory Board of the Company, but will not otherwise seek to exert influence on the composition of the Supervisory Board and/or Board of Management of the Company and/or materially change the capital structure of the Company, particularly with respect to the ratio of equity and debt financing and the dividend policy.

According to the agenda of the Annual General Meeting of the Company on April 22, 2010, the Supervisory Board is proposing to the Annual General Meeting to elect Dr. Hussain Ali Al-Abdulla, Vice Chairman of Qatar Holding, for a full term of office as successor to Roland Oetker, who will step down from his position on the Supervisory Board as of the end of the Annual General Meeting on April 22, 2010.

On January 29, 2010 at the Annual General Meeting of Porsche Automobil Holding SE, in which the Emirate of Qatar indirectly holds 10% of the voting capital and which is one of the majority shareholders in Volkswagen Aktiengesellschaft, Sheikh Jassim Bin Abdulaziz Bin Jassim Al-Thani was elected to the Supervisory Board of Porsche Automobil Holding SE.

On 15 March 2010, the Company and Qatar Holding LLC, Qatar Foundation for Education, Science and Community Development and Porsche Automobil Holding SE entered into a Memorandum of Understanding for collaboration in the area of research and development. The collaboration agreement deals with, among other things, the establishment of laboratory and test facilities and of training programs as well as studies on fuel and materials science in the automotive field. It is intended to create a Steering Committee for the coordination of the future joint research and development projects, which is to convene several times a year and will be composed of representatives of Porsche Automobil Holding SE, Volkswagen Aktiengesellschaft, Qatar Holding LLC and Qatar Foundation for Education, Science and Community Development.

There are no other business and legal relationships between the Company and the Emirate of Qatar or between the Company and any company in which, to the knowledge of the Company, the Emirate of Qatar holds a majority interest. In the last three fiscal years, no legal transactions have been entered into or refrained from at the request or in the interest of the Emirate of Qatar or any of its affiliated companies.

15. GENERAL INFORMATION ON THE COMPANY

15.1 Formation and history of the Company

The founding of "Volkswagen Aktiengesellschaft" dates back to 1937, when the "Gesellschaft zur Vorbereitung des deutschen Volkswagens mbH" was incorporated. In 1938, the Company changed its name to "Volkswagen Gesellschaft mit beschränkter Haftung".

The legal status and ownership structure of the Company has been substantially determined by the agreement concluded on November 11 and 12, 1959 between the Federal Republic of Germany and the State of Lower Saxony, by the Gesetz über die Regelung der Rechtsverhältnisse bei der Volkswagenwerk Gesellschaft mit beschränkter Haftung (VWGmbHG – German Act on the Legal Relationships of Volkswagenwerk Gesellschaft mit beschränkter Haftung) dated May 9, 1960, as well as by the Gesetz über die Überführung der Anteilsrechte an der Volkswagenwerk Gesellschaft mit beschränkter Haftung in private Hand (VW-Gesetz – German Act on the Privatization of Shares of Volkswagenwerk Gesellschaft mit beschränkter Haftung) dated July 21, 1960, by the Einführungsgesetz zum Aktiengesetz (AktGEG – Introductory Act to the Stock Corporation Act) dated September 6, 1965, the Amendment Act to the VW-Gesetz dated August 2, 1966, by the Second Amendment Act to the VW-Gesetz dated July 31, 1970, by the Einführungsgesetz zum Aktiengesetz (AktGEG – Introductory Act to the Stock Corporation Act) dated July 31, 1970, the Amendment Act to the VW-Gesetz dated December 8, 2008 and by section 14c of the Gesetz zur Umsetzung der Aktionärsrechterichtlinie (ARUG – German Act Implementing the Shareholder Rights Directive) dated July 30, 2009.

The reorganization of the Company into a stock corporation was entered into the commercial register of the Local Court of Wolfsburg (*Amtsgericht Wolfsburg*) on August 22, 1960. The Company was originally incorporated under the commercial name "Volkswagenwerk Aktiengesellschaft". By way of a resolution by the General Meeting on July 4, 1985, the Company changed its name to "Volkswagen Aktiengesellschaft".

As to the current structure of the Volkswagen Group, see the section "– *Group structure and material shareholdings*''.

15.2 Legal form, registered name, domicile, fiscal year and duration of the Company

The Company is a stock corporation established under German law and is subject to, among others, the rules of the German stock corporation laws.

The Company is registered with the commercial register at the Local Court of Braunschweig (*Amtsgericht Braunschweig*) under registration number HRB 100484. The Company's registered name is "Volkswagen Aktiengesellschaft". The Company has its registered office in Wolfsburg, Germany, with its business address at Berliner Ring 2, 38440 Wolfsburg (Tel: +49-5361-9-0).

The fiscal year of the Company corresponds to the calendar year. The Company is established for an indefinite term. The Company – as well as other companies of the Volkswagen Group – uses the commercial name "Volkswagen".

15.3 Corporate purpose

In accordance with Article 2 of the Articles of Association, the corporate purpose of the Company is the manufacturing and sale of vehicles and engines of all kinds, their accessories as well as equipments, machinery, tools and other technical products.

The Company is entitled to carry out all transactions and measures which are associated with or appear to be beneficial for its corporate purpose, both directly or indirectly. The Company may also establish branches, or establish, acquire and participate in other companies, both in Germany and abroad.

15.4 Group structure and material shareholdings

15.4.1 General description of the group structure

The Company is the parent company of the Volkswagen Group. On the one hand, it develops cars and car components for the group, on the other hand it manufactures and sells, in particular, passenger cars and commercial vehicles under the Volkswagen brand. The Company, as the ultimate parent company, holds directly or indirectly interests in Audi AG, Scania AB, SEAT S.A., Skoda Auto a.s., Volkswagen Financial Services AG and in numerous other companies in Germany and abroad.

Except for the brands of Volkswagen Passenger Cars and Volkswagen Commercial Vehicles, each brand is managed by a legally independent company whose board of management acts independently and on its own responsibility. The group targets and requirements laid down by the Board of Management of the Company or the Group Board of Management must be complied with in accordance with the applicable legal framework. Matters that are of importance to the group as a whole are submitted to the Group Board of Management in order – to the extent permitted by law – to reach agreement between the parties involved. The companies of the Volkswagen Group are managed separately by their respective managements. In addition to the interests of their own companies, each individual company management takes into account the interests of the group and of individual brands in accordance with the framework laid down by law.

15.4.2 Material shareholdings

The following description provides an overview of significant subsidiaries as of December 31, 2009 within the meaning of European Commission Regulation (EC) No 809/2004. Significant subsidiaries within this meaning are subsidiaries in which the Company has a direct or indirect shareholding interest whose carrying amount is at least 10% of the group equity or which generates at least 10% of the consolidated net income of the group or whose business is otherwise considered to be of significant importance to the Company. The financial information is unaudited and has been prepared in accordance with IFRS as applied in respect of the relevant company for the consolidated financial statements of the Volkswagen Group as of December 31, 2009. For more information, see section *"Significant Group companies"* set out in the *"Financial Section"* of this Prospectus. Apart from the acquisition of a 19.89% interest in the shares of Suzuki Motor Corporation by the Company on January 15, 2010, no significant changes have occurred with respect to the subsidiaries and shareholdings of the Company since December 2009 (the Company does not consider the acquisition of the MAHAG-Group through Volkswagen Retail GmbH, a 100% subsidiary of Volkswagen Aktiengesellschaft, as of January 1, 2010 to be significant).

Audi AG, Ingolstadt

Automotive Division

Equity interest of Volkswagen Aktiengesellschaft in percent	99.55%
Subscribed share capital as of December 31, 2009 (in EUR thousands)	110,080
Reserves as of December 31, 2009 (in EUR thousands)	4,801,929
Profit after tax (before profit transfer to Volkswagen AG) in fiscal year 2009 (in EUR thousands)	962,646
Payables to Volkswagen Aktiengesellschaft as of December 31, 2009 (in EUR thousands)	2,599,930
Receivables from Volkswagen Aktiengesellschaft as of December 31, 2009 (in EUR thousands)	6,121,606

SEAT S.A., Martorell/Barcelona (Spain)

Automotive Division

Equity interest of Volkswagen Aktiengesellschaft in percent	100%
Subscribed share capital as of December 31, 2009 (in EUR thousands)	120
Reserves as of December 31, 2009 (in EUR thousands)	928,006
Profit after tax in fiscal year 2009 (in EUR thousands)	−126,390
Payables to Volkswagen Aktiengesellschaft as of December 31, 2009 (in EUR thousands)	76,490
Receivables from Volkswagen Aktiengesellschaft as of December 31, 2009 (in EUR thousands)	3,855

Skoda Auto A.S., Mladá Boleslav (Czech Republic)

Automotive Division

Equity interest of Volkswagen Aktiengesellschaft in percent[1]	100%
Subscribed share capital as of December 31, 2009 (in EUR thousands)	477,470
Reserves as of December 31, 2009 (in EUR thousands)	2,136,486
Profit after tax in fiscal year 2009 (in EUR thousands)	127,512
Payables to Volkswagen Aktiengesellschaft as of December 31, 2009 (in EUR thousands)	140,599
Receivables from Volkswagen Aktiengesellschaft as of December 31, 2009 (in EUR thousands)	8,141

[1] Indirect interest via Volkswagen International Finance N.V.

Scania AB, Södertälje (Sweden)

Automotive and Financial Services Divisions

Percentage of voting rights of Volkswagen Aktiengesellschaft	71.81%
Equity interest of Volkswagen Aktiengesellschaft in percent	49.29%
Subscribed share capital as of December 31, 2009 (in EUR thousands)	211,053
Reserves as of December 31, 2009 (in EUR thousands)	1,953,333
Profit after tax (before effects from purchase price allocation) in fiscal year 2009 (in EUR thousands)	108,676
Payables to Volkswagen Aktiengesellschaft as of December 31, 2009 (in EUR thousands)	0
Receivables from Volkswagen Aktiengesellschaft as of December 31, 2009 (in EUR thousands)	0

Volkswagen do Brasil Ltda., Sao Bernardo do Campo (Brazil)

Automotive Division

Equity interest of Volkswagen Aktiengesellschaft in percent[1]	100%
Subscribed share capital as of December 31, 2009 (in EUR thousands)	526,591
Reserves as of December 31, 2009 (in EUR thousands)	62,137
Profit after tax in fiscal year 2009 (in EUR thousands)	318,119
Payables to Volkswagen Aktiengesellschaft as of December 31, 2009 (in EUR thousands)	60,367
Receivables from Volkswagen Aktiengesellschaft as of December 31, 2009 (in EUR thousands)	43,370

[1] Indirect interest via Volkswagen International Finance N.V.

Volkswagen Financial Services AG (Holding), Braunschweig

Financial Services Division

Equity interest of Volkswagen Aktiengesellschaft in percent	100%
Subscribed share capital as of December 31, 2009 (in EUR thousands)	441,280
Reserves as of December 31, 2009 (in EUR thousands)	2,396,114
Profit after tax (before profit transfer to Volkswagen AG) in fiscal year 2009 (in EUR thousands)	483,964
Payables to Volkswagen Aktiengesellschaft as of December 31, 2009 (in EUR thousands)	956,591
Receivables from Volkswagen Aktiengesellschaft as of December 31, 2009 (in EUR thousands)	1,563

Volkswagen Bank GmbH, Braunschweig

Financial Services Division

Equity interest of Volkswagen Aktiengesellschaft in percent[1]	100%
Subscribed share capital as of December 31, 2009 (in EUR thousands)	318,279
Reserves as of December 31, 2009 (in EUR thousands)	3,491,954
Profit after tax (before profit transfer to Volkswagen Financial Services AG) in fiscal year 2009 (in EUR thousands)	121,351
Payables to Volkswagen Aktiengesellschaft as of December 31, 2009 (in EUR thousands)	927,401
Receivables from Volkswagen Aktiengesellschaft as of December 31, 2009 (in EUR thousands)	2,444

[1] Indirect interest via Volkswagen Financial Services AG.

Volkswagen Leasing GmbH, Braunschweig

Financial Services Division

Equity interest of Volkswagen Aktiengesellschaft in percent[1]	100%
Subscribed share capital as of December 31, 2009 (in EUR thousands)	76,004
Reserves as of December 31, 2009 (in EUR thousands)	2,168,311
Profit after tax (before profit transfer to Volkswagen Financial Services AG) in fiscal year 2009 (in EUR thousands)	65,909
Payables to Volkswagen Aktiengesellschaft as of December 31, 2009 (in EUR thousands)	33,904
Receivables from Volkswagen Aktiengesellschaft as of December 31, 2009 (in EUR thousands)	19,544

1 Indirect interest via Volkswagen Financial Services AG.

Volkswagen International Finance N.V., Amsterdam (Netherlands)

Automotive Division

Equity interest of Volkswagen Aktiengesellschaft in percent[1]	100%
Subscribed share capital as of December 31, 2009 (in EUR thousands)	102,985
Reserves as of December 31, 2009 (in EUR thousands)	100,057
Profit after tax in fiscal year 2009 (in EUR thousands)	44,368
Payables to Volkswagen Aktiengesellschaft as of December 31, 2009 (in EUR thousands)	0
Receivables from Volkswagen Aktiengesellschaft as of December 31, 2009 (in EUR thousands)	9,441,478

1 Indirect interest via Global Automotive C.V.

15.5 Auditors

The auditors of the Company are PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft ("**PwC**"), Fuhrberger Straße 5, 30625 Hanover, Germany. PwC is a member of the German Wirtschaftsprüferkammer (Chamber of Public Accountants).

PwC has audited the consolidated financial statements prepared in accordance with IFRS for the fiscal years ended December 31, 2007, 2008 and 2009 and the annual financial statements of the Company for the fiscal year ended December 31, 2009 prepared in accordance with the Handelsgesetzbuch (HGB – German Commercial Code), and, in each case, issued an unqualified auditors' report.

15.6 Notifications and paying agent

In accordance with Article 3(1) of the Articles of Association, all notifications of the Company will be published in the electronic version of the Bundesanzeiger (German Federal Gazette), unless otherwise stipulated by law.

Notifications relating to the approval of this Prospectus or supplements thereto will be published in the form specified in this Prospectus in compliance with the rules of the Wertpapierprospektgesetz (WpPG – German Securities Prospectus Act), i.e. in particular by means of publication on the Company's website. Printed copies of the Prospectus may be obtained from Volkswagen Aktiengesellschaft, K-FR-2 Finanzpublizität, Berliner Ring 2, 38440 Wolfsburg, Germany, and from Citigroup Global Markets Limited c/o Citigroup Global Markets Deutschland AG & Co. KGaA, Reuterweg 16, 60323 Frankfurt/Main, Germany, Deutsche Bank Aktiengesellschaft, Große Gallusstr. 10-14, 60311 Frankfurt/Main, Germany, HSBC Trinkaus & Burkhardt AG, Königsallee 21/23, 40212 Düsseldorf, Germany, J.P. Morgan Securities Ltd., Junghofstraße 14, 60311 Frankfurt/Main, Germany, and Merrill Lynch International Bank Limited, Frankfurt/Main Branch, Neue Mainzer Str. 52, 60311 Frankfurt/Main, Germany.

Paying agent is Commerzbank Aktiengesellschaft, Kaiserplatz, 60311 Frankfurt/Main, Germany.

15.7 Annual General Meeting

The Annual General Meeting of the Company in 2010 will take place on April 22, 2010 at the Congress Center Hamburg. Among other things, the Company will propose to pay a dividend of EUR 1.60 per ordinary share and a dividend of EUR 1.66 per preferred share (including the New Shares). The invitation to the Annual General Meeting was published in the electronic version of the Bundesanzeiger (German Federal Gazette) on March 11, 2010.

16. DESCRIPTION OF THE SHARE CAPITAL OF THE COMPANY

16.1 Share capital and shares

Share capital

At the date of this Prospectus, the share capital of the Company, as recorded in the Commercial Register, amounts to EUR 1,024,623,813.12 and is divided into 295,005,397 ordinary bearer shares and 105,238,280 non-voting preferred bearer shares. The shares are no-par value shares; each share represents a notional interest of EUR 2.56 in the share capital. The share capital is fully paid in.

Over the past three years, the registered share capital has increased from EUR 1,004,078,968.32 (on January 1, 2007) to EUR 1,015,233,400.32 (on January 1, 2008) to EUR 1,024,405,726.72 (on January 1, 2009). Currently, i.e. at the date of this Prospectus, the share capital, as recorded in the Commercial Register, amounts to EUR 1,024,623,813.12. These increases of share capital resulted from the exercise of stock options as part of the stock option plan (as to the stock option plan see also the remarks in section "—*Stock option plan*"). As the stock corporation law provisions (section 201(1) of the Aktiengesetz (AktG – German Stock Corporation Act)) provide that increases in share capital resulting from an exercise of subscription rights are, in principal, registered in the Commercial Register in relation to the previous fiscal year but not during the relevant fiscal year, the further ordinary shares which were created since January 1, 2010 by the exercise of stock options under the stock option plan are not contained in the share capital amount which is currently recorded in the Commercial Register. At the date of this Prospectus, the share capital of the Company amounts to 1,024,625,681.92 and is divided into 295,006,127 ordinary bearer shares and 105,238,280 non-voting bearer shares.

In the event that the capital increase is fully implemented to the maximum volume of EUR 166,400,000, the share capital of the Company, as registered in the Commercial Register, will amount to EUR 1,191,023,813.12 and be divided into 295,005,397 ordinary bearer shares and 170,238,280 non-voting preferred bearer shares. Taking into account the new ordinary shares which were created under the stock option program since January 1, 2010, if the capital increase is fully implemented to the maximum volume of EUR 166,400,000, the share capital of the Company will amount to EUR 1,191,025,681.92 and be divided into 295,006,127 ordinary bearer shares and 170,238,280 non-voting preferred bearer shares.

Ordinary and preferred shares

Holders of ordinary shares and/or preferred shares have pecuniary and administrative rights. The pecuniary rights include, in particular, the right to participate in profits, to participate in liquidation proceeds and subscription rights to shares in the event of a capital increase. Administrative rights include the right to speak, to ask questions and to propose motions and – for ordinary shareholders – to exercise voting rights at the General Meeting. Shareholders can enforce these rights, in particular, through actions seeking disclosure, actions for avoidance and actions for annulment.

Article 23 of the Articles of Association provides that each ordinary share grants the holder one vote at the General Meeting. The General Meeting resolves, in particular, the appropriation of net retained profits, formally approves the actions of the Board of Management and the Supervisory Board, elects the auditors and decides on certain key issues such as capitalization measures and company agreements (see also the information in the following section "*Information on the Governing Bodies of the Company – General Meeting").*

In accordance with Article 25(2) of the Articles of Association, resolutions of the General Meeting in respect of which the law requires there to be a majority comprising at least three quarters of the share capital represented when the resolution is adopted, require a majority of more than four fifths of the share capital of the Company represented at such time.

Furthermore, the Extraordinary General Meeting of Volkswagen Aktiengesellschaft of December 3, 2009 confirmed this provision with the following resolution: "Resolutions of the General Meeting that are required by law to be adopted by a majority consisting of at least three quarters of the share capital represented when the resolution is adopted, require a majority of more than four fifths of the share capital of the Company represented when the resolution is adopted. This applies in particular, but not exclusively, to all measures to increase and decrease the share capital, other amendments to the Articles of Association and measures in accordance with the Umwandlungsgesetz (UmwG – German Reorganization Act) as well as for resolutions in accordance with the Wertpapiererwerbs- und Übernahmegesetz (WpÜG – German Securities Acquisition and Takeover Act) for which the law requires a majority of at least three quarters of the share capital represented when the resolution is adopted". This confirming resolution has not yet been registered in the Commercial Register and is therefore not yet effective (see also the section "*Information on the Governing Bodies of the Company – General Meeting – Responsibility; adoption of resolutions*").

Preferred shareholders have no voting rights at the General Meeting except in the exceptional cases stipulated by law. As compensation for this, preferred shareholders participate in the profit of the Company in a preferred way.

According to Article 27(2) of the Articles of Association, the dividends due to the shareholders are distributed in proportion to the payments made on the shareholders' share of the share capital and in proportion to the time elapsed since the point in time prescribed for such payment, subject to the proviso that

(a) a preferred dividend of EUR 0.11 is paid to preferred shareholders per preferred share eligible for dividend. If the net retained profits available for distribution are insufficient to pay the preferred dividend, the deficit is to be paid without interest out of the net retained profits available for distribution in the subsequent fiscal years prior to the distribution of any dividend to the ordinary shareholders, such that the earlier arrears are to be paid before the more recent ones and the preferred dividend of EUR 0.11 per preferred share to be paid out of the net retained profits of a fiscal year in respect of said fiscal year is not to be distributed until all arrears have been paid;

(b) dividends of up to EUR 0.11 per ordinary share eligible for dividend attributable to all ordinary shares are paid to the ordinary shareholders;

(c) further dividends are paid to the preferred shareholders and ordinary shareholders in proportion to their share of the share capital eligible for dividend, in such a manner that the preferred shares are eligible for a dividend which is higher than that for the ordinary shares by EUR 0.06 per preferred share.

If the preferred dividend is not paid or is paid only in part in any given year and the deficit remains unpaid or only partially paid in the following year, then the holders of the preferred shares will have voting rights until the arrears have been paid. In such cases, the preferred shares must be taken into account when calculating the required capital majority for statutory purposes or for the purposes of the Articles of Association.

A resolution to abolish or restrict the preference rights requires the consent of the holders of preferred shares. Such consent is also required for a resolution to issue preferred shares which have priority over or are treated equally to preferred shares without voting rights in relation to the distribution of the profit or assets of the Company. The consent is, however, not necessary if, as stated explicitly in Article 4(2) of the Articles of Association, the right to undertake such an issuance was explicitly reserved when the preference was granted and the subscription right of the shareholders to new shares or convertible bonds and/or bonds with warrants is not excluded. The holders of preferred shares must adopt a special resolution to give their consent in a special meeting.

Rights in connection with the General Meeting

With regard to further rights in connection with the General Meeting reference is made to the section "*Information on the Governing Bodies of the Company – General Meeting.*"

16.2 Certification and transferability of the shares

The Board of Management decides, with the approval of the Supervisory Board, on the form of share certificates, dividend coupons and renewal talons. Any right of the shareholders to request certification of their respective individual interests is excluded unless such certification is required by the rules of a stock exchange where the shares are listed. Global share certificates may be issued. The shares are freely transferable.

The shares of the Company are represented by global share certificates. The global share certificates are deposited at Clearstream Banking AG, 60485 Frankfurt am Main, Germany.

16.3 Admission to the stock exchange

The ordinary and preferred shares of Volkswagen Aktiengesellschaft have been admitted to exchange trading and listing at the stock exchange of the regulated market with simultaneous admission to the sub-segment of the regulated market with additional post-admission obligations (Prime Standard) at the Frankfurt Stock Exchange as well as to the regulated markets at the German stock exchanges in Berlin, Düsseldorf, Hamburg, Hanover, Munich and Stuttgart.

In addition, the ordinary and preferred shares of the Company are admitted to exchange trading and listing at the stock exchanges in London and Luxembourg as well as at the SIX Swiss Exchange AG. In Luxembourg and London, the shares were admitted to the respective regulated markets.

The Wertpapier-Kenn-Nummer (WKN – Securities Identification Number) 766400 and the International Securities Identification Number (ISIN) DE0007664005 are assigned to the ordinary shares of the Company. The Wertpapier-Kenn-Nummer (WKN – Securities Identification Number) 766403 and the International Securities Identification Number (ISIN) DE0007664039 are assigned to the preferred shares of the Company.

From 1988 until December 2009, the ordinary shares of the Company were continuously part of the DAX® of Deutsche Börse AG. In December 2009, Deutsche Börse AG announced an unscheduled change of the composition of the DAX®. After the free float of Volkswagen Aktiengesellschaft's ordinary shares fell below the required minimum of 10%, the ordinary shares of the Company no longer fulfilled the criterion (at least 10% free float) of Deutsche Börse AG in relation to membership of the DAX®. The preferred shares of the Company were added to the DAX® to replace the ordinary shares. It is possible that the sales of ordinary shares by shareholders holding more than 3% of the ordinary shares of the Company could lead to an increase of the free float so that it would again exceed the required minimum of 10%, and thus displace the preferred shares in the DAX®.

16.4 General provisions governing the change in the share capital

Ordinary capital increase

In accordance with the Aktiengesetz (AktG – German Stock Corporation Act), the share capital of a stock corporation can be increased by a resolution of the General Meeting that, in principle, requires a majority of at least three quarters of the share capital represented at such resolution. Under section 4(3) of the VW-Gesetz and Article 25(2) of the Articles of Association, such resolutions of the General Meeting require a majority of more than four fifths of the share capital represented at such resolution. To the extent that preferred shares are to be issued, a resolution of a special meeting of preferred shareholders may also be necessary.

Authorized capital

In accordance with the AktG, the General Meeting may, in principle, resolve to issue authorized capital. Such a resolution must be adopted by a majority of at least three quarters of the share capital represented at such resolution, pursuant to which the Board of Management is authorized to issue shares up to a specific amount within a period of not more than five years beginning with the registration of the amendment to the Articles of Association. The nominal value of the authorized capital may not exceed half of the share capital existing at the time of authorization. Section 4(3) of the VW-Gesetz and Article 25(2) of the Articles of Association provide that such resolutions of the General Meeting require a majority of more than four fifths of the share capital of the Company represented at such resolution. To the extent that the authorization is to include the issuance of preferred shares, a resolution of a special meeting of preferred shareholders may also be necessary.

Contingent capital

The General Meeting may also resolve to issue contingent capital for the purpose of issuing shares to the holders of convertible bonds or other securities that grant the bearers a subscription right to shares, or for the purpose of issuing shares that serve as payment for a merger with another company, or for the purpose of issuing shares that are offered to executive mangers or employees. The AktG provides that such a resolution of the Annual General Meeting generally requires a majority of three quarters of the share capital represented at such resolution. The nominal value of the contingent capital may not exceed one tenth of the share capital existing at the time of the resolution if the contingent capital is being raised to issue shares to executive managers or employees. In all other cases, it may not exceed half of the share capital existing at the time of the resolution. Section 4(3) of the VW-Gesetz and Article 25(2) of the Articles of Association provide that such resolutions require a majority of more than four fifths of the share capital of the Company represented at such resolution. To the extent that the authorization relates to preferred shares, a resolution of a special meeting of the preferred shareholders is necessary.

Capital decrease

The AktG also provides for share capital decreases. In general, the AktG provides that such a resolution requires a majority of three quarters of the share capital represented at such resolution. It is possible for the articles of association to set a greater majority and further requirements. Section 4(3) of the VW-Gesetz and Article 25(2) of the Articles of Association provide that such resolutions require a majority of more than four fifths of the share capital of the Company represented at such resolution.

16.5 Capital increase with regard to the New Shares

The New Shares which are subject to German law and offered as set forth in this Prospectus will be issued in accordance with the shareholders' resolution of December 3, 2009 on the creation of authorized capital. Actions for avoidance and annulment have been filed against the General Meeting's resolution to create authorized capital. Nevertheless, on the basis of the release order of the Higher Regional Court of Braunschweig (*Oberlandesgericht Braunschweig*) of March 12, 2010 the resolution of the General Meeting was recorded in the Commercial Register on March 12, 2010.

16.6 Authorized capital

At the date of this Prospectus, the authorized capital of the Company amounts to a total of EUR 435,600,000 and was created by two separate authorizing resolutions:

16.6.1 *Authorized capital in accordance with Article 4(4) of the Articles of Association*

Under Article 4(4) of the Articles of Association, the Board of Management is authorized to increase the share capital up to December 2, 2014, with the consent of the Supervisory Board, by issuing new non-voting preferred bearer shares, conveying the same rights under the Articles of Association as the preferred shares described in Articles 23 and 27(2) of the Articles of Association of Volkswagen Aktiengesellschaft, against cash contribution on one or more occasions by up to a maximum of EUR 345,600,000. The shareholders are to be granted subscription rights to the new shares issued. The Board of Management decides, with the consent of the Supervisory Board, on the further details of the rights attaching to the shares and the conditions applicable to the issuance of the shares.

16.6.2 *Authorized capital in accordance with Article 4(5) of the Articles of Association*

Under Article 4(5) of the Articles of Association, the Board of Management is authorized, with the consent of the Supervisory Board, to increase the share capital until May 2, 2011 by the issue of new ordinary bearer shares against cash and/or non-cash contribution on one or more occasions by up to a total of EUR 90,000,000.

The Board of Management is authorized, with the consent of the Supervisory Board, to exclude shareholders' subscription rights when shares are issued against non-cash contribution. Shareholders' subscription rights may also be excluded to settle any fractional amounts arising. The Board of Management is also authorized to exclude shareholders' subscription rights to the extent necessary to grant the holders of bonds with warrants and convertible bonds the right to subscribe for new shares in the amount to which they would be entitled following exercise of the option or conversion right. The Board of Management decides, with the consent of the Supervisory Board, on the further details of the rights attaching to shares and the conditions applicable to the issuance of shares.

16.7 Contingent capital

Article 4(7) of the Articles of Association provides that the share capital is conditionally increased by up to EUR 7,081,427.20 by issuing new ordinary bearer shares. The contingent capital increase can only be effected to the extent that the holders of convertible bonds issued by the Company pursuant to the authorization of the Annual General Meeting on April 16, 2002 for the purpose of implementing a stock option plan excluding the shareholders' subscription rights, exercise their right to convert the bonds into new ordinary shares. The new ordinary shares receive dividends from the beginning of the fiscal year in which they are created by exercising the conversion rights.

Moreover, the Company has further contingent capital of up to EUR 100,000,000 in accordance with Article 4(6) of the Articles of Association. This contingent capital was created in connection with the authorization of the Board of Management on April 22, 2004 to issue convertible bonds and/or bonds with warrants. As this authorization expired on April 21, 2009, and had not been utilized by this date, no new shares can be issued using this contingent capital.

As set out in the agendas for the Annual General Meeting and the special meeting of preferred shareholders which will both take place on April 22, 2010 and which were published in the electronic version of the Bundesanzeiger (German Federal Gazette) on March 11, 2010, the share capital of the Company is to be conditionally increased by up to EUR 102,400,000 with the issuance of new non-voting preferred bearer shares. The contingent capital increase is designed to grant rights to the bearers or creditors of convertible bonds and bonds with warrants which are to be issued in accordance with the resolution which will be proposed to the Annual General Meeting and the special meeting of the preferred shareholders of April 22, 2010 (see the section "*—Convertible bonds and bonds with warrants*"); the proposed resolution would authorize the Board of Management to carry out such issuance of convertible bonds and/or bonds with warrants by the Company or through a direct or indirect majority investee of the Company until April 21, 2015.

16.8 Convertible bonds and bonds with warrants

The Board of Management is currently not authorized to issue convertible bonds and/or bonds with warrants. The authorization of the Board of Management resolved by the Annual General Meeting on April 22, 2004 expired on April 21, 2009. The proposal for a new authorization of the Board of Management to issue convertible bonds and/or bonds with warrants at the Annual General Meeting on April 23, 2009 was supported by the required majority of the General Meeting but was not approved at the special meeting of preferred shareholders on the same day.

As set out in the agenda for the Annual General Meeting and the special meeting of preferred shareholders which will both take place on April 22, 2010 which was published in the electronic version of the Bundesanzeiger (German Federal Gazette) on March 11, 2010, the Board of Management of the Company is to be authorized to issue, on one or more occasions until April 21, 2015, convertible bearer bonds and/or bearer bonds with warrants with a maximum maturity of 20 years and up to a total of EUR 5 billion and to be authorized to grant the bearers or the creditors of bonds with warrants and convertible bonds options and conversion rights, respectively, to new non-voting preferred bearer shares of the Company up to a proportional amount of the share capital of up to EUR 102,400,000, as further specified in the relevant terms and conditions of such convertible bonds or bonds with warrants.

The proposed resolution also provides that the authorization to issue convertible bonds and/or bonds with warrants may only be utilized by the Board of Management to the extent that, at the time of issuance, the number of shares to be issued or subscribed, as provided in this authorization and in the authorization of the Board of Management from the General Meeting of December 3, 2009 to increase the share capital of the Company, with the approval of the Supervisory Board, by up to a total of EUR 345,600,000 (corresponding to 135,000,000 non-voting preferred shares), does not exceed 135,000,000 shares.

In accordance with the proposed resolution, the convertible bonds or bonds with warrants are to be underwritten by a syndicate of banks with an obligation to offer them for subscription to the shareholders. However, the Board of Management is to be authorized, with the approval of the Supervisory Board, to exclude the shareholders' subscription rights to the extent that the issue price is not materially lower than the theoretical market value of the bonds, calculated using recognized actuarial techniques. Furthermore, the Board of Management is to be authorized, with the approval of the Supervisory Board, to exclude fractional amounts which arise as a result of the Subscription Ratio from the shareholders' subscription rights and to exclude subscription rights to the extent necessary to grant the bearers/creditors of options or conversion rights or of convertible bonds with conversion obligations, a subscription right with the same scope as they would have following the exercise of their options or conversion rights or after the fulfillment of the conversion obligations, respectively. To the extent that fractional amounts of shares arise, there is to be provision for such fractional amounts to be added together in accordance with the terms and conditions of the options, if necessary against additional payment, for the subscription of full shares.

16.9 Stock option plan

The Board of Management, with the approval of the Supervisory Board, used the authorization from the General Meeting on April 16, 2002 to launch a stock option plan. The stock option plan entitles the optionees – the Board of Management, group senior executives and management as well as the employees of Volkswagen Aktiengesellschaft covered by collective pay agreements – to purchase options on shares of the Company by subscribing convertible bonds at a price of EUR 2.56. Each bond is convertible into ten ordinary shares. The stock option plan is divided into eight tranches, of which six have expired. The seventh tranche will expire on July 1, 2010 and the eighth on July 30, 2011. As of December 31, 2009, a total of 8,484 of such stock options, which would give an entitlement to 84,840 shares, had not been exercised.

16.10 Authorization to acquire own shares

By resolution of the Annual General Meeting on April 23, 2009,

(a) The Board of Management, with approval of the Supervisory Board, is authorized to acquire at its discretion, ordinary shares and/or non-voting preferred shares of the Company in one or more tranches, up to a maximum of 10% of the share capital, i.e. up to a maximum of 40,016,362 shares, via the stock market, by way of a public purchase offer addressed to all shareholders, or by way of derivatives in the form of put or call options, or a combination of both. In addition, the Board of Management is authorized, with the approval of the Supervisory Board, in one or more tranches,

- to resell the shares in accordance with the principle of equal treatment of all shareholders, provided that such resale is not carried out for the purposes of trading in the own shares of the Company, or
- to list the shares on stock exchanges outside Germany on which the shares of the Company have not been traded previously, or
- to offer and transfer them in the context of a merger or an acquisition of companies or equity interests in companies, or
- to utilize them to settle bearer bonds with warrants and/or convertible bonds, with the exception of stock option plans for the Board of Management and employees, or
- to offer them for sale to persons employed by, or having a contract of service with the Company or one of its affiliated companies, or

- to sell them for cash consideration to a third party at a price that is not materially lower than the quoted market price of the shares of the Company at the time of sale, or

- to retire them without a further resolution by the General Meeting.

If the share capital was lower at the time of purchase of the shares than it is at present, the stated number of shares to be purchased would be reduced accordingly. Together with other shares of the Company that the Company has already acquired and still holds, or which are attributable to the Company in accordance with sections 71d and 71e of the AktG, shares in the Company that the Company itself acquires by virtue of this authorization may not account for more than 10% of the share capital at any time.

Shares may also be acquired, held and utilized in accordance with the other requirements mentioned in this resolution by other group companies and/or by third parties for the account of the Company or other group companies. Derivatives, such as options on shares, may also be used.

The authorization came into effect on October 25, 2009 and is valid until October 23, 2010.

(b) In the event of an acquisition via the stock exchange, the price paid per share (excluding transaction costs) may not be more than 5% higher or 10% lower than the price of the ordinary shares or preferred shares calculated in the opening auction in XETRA (or a comparable successor system) on the trading day.

(c) In the event of a public purchase offer to all shareholders, the purchase price offered or the limits of the purchase price range offered per share (excluding transaction costs) may not be more than 20% higher or lower than the closing price of the ordinary or preferred shares on XETRA (or a comparable successor system) on the trading day prior to the publication of the offer. If the quoted market price exceeds the purchase price offered following the publication of a formal offer, the purchase price offered may be adjusted. In such cases, the price on the last trading day prior to publication of the adjustment to the offer is applied. The volume of the offer may be limited. If the offer is oversubscribed, acceptance must be based on a quota system.

Provision may be made for preferential acceptance of small volumes of up to one hundred tendered shares per shareholder.

(d) If the Company acquires its own shares by means of derivatives in the form of put or call options or a combination of both, all such acquisitions performed under this authorization are limited to a maximum of 5% of the share capital. The options must expire no later than October 23, 2010, and must be designed in such a way that the shares may not be acquired after October 23, 2010 by exercising the options. The terms and conditions of the options must ensure that the options may only be settled by shares that have been acquired via the stock exchange, in accordance with the principle of equal treatment, at the quoted market price of the shares in XETRA (or a comparable successor system) at the time of such acquisition. The acquisition price paid by the Company for options may not exceed, and the sale price for options received by the Company may not be lower than, the theoretical market price of the options in question, calculated using recognized actuarial techniques; the calculation of the theoretical market price must take into account the agreed exercise price. If the Company has acquired its own shares using derivatives in accordance with the requirements set out above, the shareholders' right to enter into such option transactions with the Company is excluded by application *mutatis mutandis* of section 186(3) sentence 4 of the AktG. Furthermore, shareholders have no right to enter into such option transactions to the extent that the option transaction provides for a preferential offer to enter into option transactions for small numbers of shares. Shareholders have a right to tender their shares only to the extent that the Company is obliged to acquire their shares under the option transactions. Shareholders have no further tender rights.

(e) The price at which the shares of the Company may be listed on additional stock exchanges may not fall below 5% of the price of the ordinary or preferred shares (not including transaction costs) in XETRA (or a comparable successor system) calculated at the end of the placement period. The price at which they are issued to third parties in the context of a merger or an acquisition of companies or equity interests in companies must not fall below 5% of the price of the ordinary or preferred shares (not including transaction costs) in XETRA (or a comparable successor system) calculated on the day of the binding agreement with the third party.

The price at which they are sold to third parties for cash consideration may not be materially lower than the quoted market price of the shares of the Company at the time of sale.

(f) Subscription rights of shareholders to own shares of the Company are excluded in the event that these shares are admitted to foreign (i.e. outside of Germany) stock exchanges, offered and transferred to third parties in the context of a merger or in the context of the acquisition of companies or equity interests in companies, utilized to settle bearer bonds with warrants and/or convertible bonds, offered for sale to employees of group companies, or sold to third parties for cash consideration. This authorization has not been utilized up to the date of this Prospectus.

16.11 Treasury shares

The Company as well as companies of which the Company is the majority shareholder or which are controlled by the Company (section 71d sentence 2 of the AktG) do not hold any own shares at the date of this Prospectus.

16.12 Appropriation of net retained profit and payment of dividends

In accordance with Article 27 of the Articles of Association the net retained profits are distributed to the shareholders unless the General Meeting resolves upon some other manner of appropriation.

The dividends due to the shareholders are distributed in proportion to the payments made on the shareholders' share of the share capital and in proportion to the time elapsed since the point in time prescribed for such payment, subject to the proviso that

(a) a preferred dividend of EUR 0.11 is paid to preferred shareholders per preferred share eligible for dividends. If the net retained profits available for distribution are insufficient to pay the preferred dividend, the deficit is to be paid without interest out of the net retained profits available for distribution in the subsequent fiscal years prior to the distribution of any dividend to the ordinary shareholders such that the earlier arrears are to be paid before the more recent ones and the preferred dividend of EUR 0.11 per preferred share to be paid out of the net retained profits of a fiscal year in respect of said fiscal year is not to be distributed until all arrears have been paid;

(b) dividends of up to EUR 0.11 per ordinary share eligible for dividend attributable to all ordinary shares are paid to the ordinary shareholders;

(c) further dividends are paid to the preferred shareholders and ordinary shareholders in proportion to their share of the share capital eligible for dividend in such a manner that the preferred shares are eligible for a dividend which is higher than that for the ordinary shares by EUR 0.06 per preferred share.

When new shares are issued, an arrangement may be made with regard to dividend entitlement which deviates from the provisions of section 60 of the AktG.

The Annual General Meeting resolves on the distribution of dividends on shares of the Company for the previous fiscal year with a simple majority following a proposal by the Board of Management and the Supervisory Board regarding the application of the net retained profits. A resolution on dividend payment can be brought either by shareholders that hold a substantial interest, depending on their presence at the General Meeting, or by Porsche Automobil Holding SE irrespective of its presence at the General Meeting due to its majority interest.

Under German law, a resolution regarding dividends as well as any distribution thereof can only be made on the basis of the net retained profits reported in the annual financial statements of the Company. When determining the net retained profits that are available for distribution the net income/loss for the period must be adjusted to take account of profit/loss carry forwards from the previous year and releases of or allocations to reserves. The creation of certain reserves is required by law and must be deducted when calculating the net retained profits available for distribution.

Under Article 26 of the Articles of Association, the Board of Management must prepare and submit to the auditors the annual financial statements and the annual report in respect of the preceding fiscal year within the first three months of the current fiscal year. Immediately following receipt of the auditors' report, the Board of Management must submit the annual financial statements, the annual report and the auditors' report to the Supervisory Board together with a proposal on the appropriation of net earnings available for distribution.

In accordance with legal requirements governing stock corporations, the Board of Management and the Supervisory Board may, when approving the annual financial statements, pay into the revenue reserves an amount of up to 50% of the net income which remains after the deduction of any amounts that have to be paid into the statutory reserves and any losses carried forward. It is not permitted to allocate an amount of more than 50% of the net income, if and to the extent that the other revenue reserves would exceed 50% of the share capital following such allocation.

Dividends resolved by the Annual General Meeting are disbursed annually shortly after the Annual General Meeting in accordance with the rules of the respective clearing system.

Dividend claims are subject to the standard three-year statute of limitations. Details regarding any dividends resolved by the Annual General Meeting and on paying agents which are to be named by the Company are published in the electronic version of the Bundesanzeiger (German Federal Gazette) and in at least one pan-regional newspaper authorized by the Frankfurt Stock Exchange.

16.13 General provisions governing the liquidation of the Company

Apart from a liquidation resulting from insolvency proceedings, the Company can only be liquidated by a resolution of the General Meeting. In accordance with Article 25(2) of the Articles of Association, such resolution by the General Meeting requires a majority of more than four fifths of the share capital of the Company represented at the time of such resolution. In this case, the assets remaining after all liabilities of the Company have been settled will be distributed, according to the provisions of the Aktiengesetz (AktG – German Stock Corporation Act) among the shareholders proportionally to their interest in the share capital. In particular, provisions concerning the protection of creditors must be taken into account in this process.

16.14 General provisions governing subscription rights

In accordance with the Aktiengesetz (AktG – German Stock Corporation Act), in principle, every shareholder, i.e. each holder of ordinary shares and each holder of preferred shares, has subscription rights regarding the issuance of new shares in connection with a capital increase, except in the case of a contingent capital increase, irrespective of whether the new shares are ordinary or preferred shares. This also applies to convertible bonds, bonds with warrants, profit participation rights, or participation bonds. Concrete subscription rights are freely transferable, so that they can be traded on the German stock exchanges during the subscription period until a fixed date prior to the expiration of this period if such subscription rights trading is set up. In general, there is no right to demand the setting up of such subscription rights trading. To the extent that the Articles of Association do not require a greater capital majority, the General Meeting of the Company may, completely or partly, exclude shareholders' subscription rights in the determination resolution which must be passed with a majority of at least three quarters of the share capital of the Company represented at such resolution. In the case of authorized capital, the right to exclude shareholders' subscription rights may be transferred to the Board of Management by an authorizing resolution. In accordance with Article 25(2) of the Articles of Association and section 4(3) of the VW-Gesetz, such resolutions of the General Meeting have to be passed with a majority of more than four fifths of the share capital of the Company represented at such resolution. A valid exclusion of subscription rights further requires a report by the Board of Management and an objective justification for the exclusion. In relation to the objective justification for the exclusion of subscription rights, the report of the Board of Management must show that the reasons for the interest of the Company in excluding the subscription rights outweighs the shareholders' interest in retaining their subscription rights. In accordance with section 186(3) sentence 4 of the AktG (so-called simplified exclusion of subscription rights), it is permitted to exclude subscription rights, in particular, if and to the extent that the capital is increased through cash contribution, the amount of the capital increase does not exceed 10% of the existing share capital and the issue price of the new shares is not materially lower than the quoted market price.

Subscription rights are not considered to have been excluded if, pursuant to the resolution, the new shares are subscribed by a credit institution or an enterprise active in the banking sector in accordance with section 53(1) sentence 1 or section 53b(1) sentence 1 or section 53b(7) of the Kreditwesengesetz (KWG – German Banking Act) with the obligation of offering them to shareholders (section 186(5) sentence 1 of the AktG (so-called indirect subscription right).

16.15 Squeeze-out of minority shareholders

Stock corporation law squeeze-out

In accordance with sections 327a ff. of the AktG (so-called stock corporation law squeeze-out) the general meeting of a stock corporation may, by request of a shareholder who holds 95% of the share capital of the company (majority shareholder), pass a resolution that the shares held by the remaining shareholders (minority shareholders) be transferred to the majority shareholder against payment of adequate cash compensation.

Takeover law squeeze-out

In accordance with sections 39a f. of the Wertpapiererwerbs- und Übernahmegesetz (WpÜG – German Securities Acquisition and Takeover Act) (so-called takeover law squeeze-out), a bidder who holds at least 95% of the voting share capital of the target company after a takeover or mandatory bid, must receive the remaining voting shares by court order upon his or her application and against payment of adequate compensation.

An application for the transfer of the shares has to be filed within three months of the expiration of the acceptance deadline. The Local Court of Frankfurt am Main (*Amtsgericht Frankfurt am Main*) has exclusive jurisdiction. The compensation must correspond to the takeover bid or the mandatory bid. Cash payments always have to be offered as an alternative.

Integration

In accordance with sections 319 ff. of the AktG (integration), a stock corporation's general meeting can resolve its integration into another stock corporation based in Germany (principal company), if the future principal company holds at least 95% of the shares of the company to be integrated. The former shareholders of the integrated company are entitled to adequate compensation. Generally, compensation has to be granted in the form of shares of the principal company. Where compensation is granted in the form of shares of the principal company, the compensation is, in principle, considered adequate, when the shares are granted in an exchange ratio which would have to be granted in the event of a merger of the two corporations. Fractional amounts may, however, be compensated for with additional cash contribution.

16.16 Shareholding notification requirements

Notification of changes in voting rights

Due to the listing of its shares for official trading to the regulated market of the German stock exchanges, the Company is subject to, amongst other provisions, the provisions of the Wertpapierhandelsgesetz (WpHG – German Securities Trading Act) concerning disclosure requirements in connection with voting rights of shares held in the Company. Every domestic issuer must publish the total amount of its voting rights at the end of each calendar month in which an increase or a decrease of voting rights occurs. Furthermore, every shareholder who, through purchase sale or otherwise, reaches, exceeds or falls below a 3%, 5%, 10%, 15%, 20%, 25%, 30%, 50%, or 75% threshold with regard to voting rights in a listed company, must provide the respective company and the Bundesanstalt für Finanzdienstleistungsaufsicht (Federal Financial Supervisory Authority) (the "**BaFin**") without undue delay, and no later than within four trading days, with this information (so-called notification of changes in voting rights).

To determine whether the threshold has been met, exceeded or undercut, the WpHG contains various rules intended to ensure the attribution of the shareholdings to those persons who actually control the voting rights of the shares or who might control them from an abstract point of view. For example, shares held by a third-party company are attributed to a company if the company controls the other company; the same applies to shares held by a third-party company for the account of the first company or for a company controlled by it. German issuers must publish any notification of changes in voting rights which it receives without undue delay, and no later than three trading days after having received the information. The publication has to be realized by means of media, including media that can be expected to distribute the information throughout the whole of the European Union and the rest of the Member States of the Agreement creating the European Economic Area (the "**EEA Agreement**").

If a shareholder who holds voting rights does not comply with the disclosure requirements, he will be precluded from exercising any rights associated with his or her shares until proper notice has been given (including voting rights and the right to draw dividends; but in relation to the latter only if the disclosure was omitted willfully and has not been rectified by subsequent notification). This also applies if voting rights of a subsidiary or a third party, who holds the voting rights for the account of the person responsible for disclosure, are attributed to the shareholder. As far as the proportion of voting rights is concerned, the period is extended by six months if the breach has been committed willfully or with gross negligence. If the disclosure requirements for notifications of changes in voting rights are not complied with, the BaFin can impose a fine irrespective of the relevant attribution provisions.

Obligations to disclose interests in financial instruments

The holding, directly or indirectly, of financial instruments, which give the bearer the right to purchase, unilaterally and under a legally binding agreement, shares which have already been issued and which are associated with voting rights, of an issuer whose country of origin is the Federal Republic of Germany, must be disclosed to the issuer and the BaFin without undue delay when reaching, exceeding or falling below the respective thresholds of 5%, 10%, 15%, 20%, 25%, 30%, 50%, or 75% of the voting rights. Holdings in such financial instruments are aggregated with holdings which must be disclosed in the context of notifications of changes in voting rights.

Disclosure of transactions by persons discharging managerial responsibilities

Persons discharging "managerial responsibilities" within the meaning of the WpHG in an issuer of shares must notify the company and the BaFin within five working days of transactions undertaken on their own account relating to the shares of such issuer or to financial instruments based thereon, particularly derivatives. This also applies to persons who are "closely related to such persons" within the meaning of the WpHG.

Disclosure obligations of persons with material interests

In general, any person whose shareholding reaches or exceeds the threshold of 10% or more of the voting shares is obliged to inform an issuer, whose country of origin is the Federal Republic of Germany, within 20 trading days of the purpose of its investment and the origin of the funds used for such investment. A change of these purposes must be disclosed within 20 trading days.

Publication of a change of control

Furthermore, any person who acquires direct or indirect control of a company listed in Germany must publish this fact and specify the percentage of the acquired voting rights without undue delay, and in any case, within seven calendar days of such acquisition. Control in the sense of the WpÜG means an interest of at least 30% of the voting rights of a company listed in Germany. Subsequently, a mandatory bid must be made to all shareholders of the company unless an exemption from this requirement has been granted by the BaFin. As with disclosure requirements concerning notification of changes in voting rights, the WpÜG contains a number of provisions according to which shareholdings are attributed to those who actually control the voting rights attached to the shares.

16.17 Restrictions on acquisitions in accordance with the Außenwirtschaftsgesetz (AWG – German Foreign Trade and Payments Act)

The Bundesministerium für Wirtschaft und Technologie (Federal Ministry of Economics and Technology) may prohibit the acquisition of a company which falls within the scope of the Außenwirtschaftsgesetz (AWG – German Foreign Trade and Payments Act) or the acquisition of a direct or indirect investment in such a company by persons who are not established in the European Community, according to Article 4(2) of the Regulation (EEC) No 2913/92 establishing the Community Customs Code (non-Community purchaser). Furthermore, it may issue orders if and to the extent that this is necessary to ensure public order and the safety of the Federal Republic of Germany. Purchasers not established in the European Community from member states of the European Free Trade Association (Iceland, Liechtenstein, Norway, Switzerland) are treated as purchasers established in the European Community. The approval of the Bundesregierung (German Federal Government) is necessary for the prohibition or the issuance of such orders. Acquisitions are subject to the condition subsequent of prohibition until the review process is completed. The Federal Ministry of Economics and Technology can take the necessary actions to enforce such prohibitions.

Ordering such prohibition generally requires the direct or indirect investment of the non-Community purchaser in the company to amount to at least 25% of the voting rights after completion of the purchase. In the context of the calculation of the non-Community purchaser's proportion of voting rights, the shares of other companies in the target company are also attributed to the purchaser if it holds at least 25% of the voting rights of such other company. In the event that the non-Community purchaser agreed with third parties on the mutual exercise of voting rights, voting rights held by such third party might also have to be attributed to the purchaser. The acquisition by a company established within the Community, of which a non-Community entity holds at least 25% of the voting rights, may also be prohibited if there are signs of abusive structuring or an intention to circumvent the law.

17. INFORMATION ON THE GOVERNING BODIES OF THE COMPANY

The governing bodies of the Company are the Board of Management (*Vorstand*), the Supervisory Board (*Aufsichtsrat*) and the General Meeting (*Hauptversammlung*). The responsibilities of these bodies are primarily governed by the Aktiengesetz (AktG – German Stock Corporation Act), the Articles of Association of the Company and the Rules of Procedure of the Board of Management and the Supervisory Board, each in their current version.

Provisions relating to both the Board of Management and the Supervisory Board

The members of the Board of Management and of the Supervisory Board owe a duty of care and loyalty to the Company. The members of these governing bodies must take into account a broad spectrum of interests, especially those of the Company, its shareholders, its employees and its creditors when discharging these duties. The Board of Management must also take into account the rights of shareholders with respect to equal treatment and equal information. Members of the Board of Management or the Supervisory Board that breach their duties, are jointly and severally liable to the Company for compensatory damages. The members of the Board of Management and Supervisory Board of the Company are, up to a certain limit of indemnity, covered for breaches of their duties as Board members by a D&O insurance policy. As part of the annual renewal of Volkswagen's D&O group insurance policy as of January 1, 2010, an appropriate deductible was agreed upon in accordance with the Gesetz zur Angemessenheit der Vorstandsvergütung (VorstAG – German Act on the Appropriateness of Executive Board Remuneration). The costs of the D&O group policy are borne by the Company and the other co-insured group affiliates.

If members of the Board of Management or the Supervisory Board have breached their duties towards the Company and if the Company suffers a loss, the Company can file damage claims in court against the members of the Board of Management or the Supervisory Board. In such cases, in the event of claims against members of the Supervisory Board, the Company will be represented by the Board of Management and in the event of claims against the members of the Board of Management it will be represented by the Supervisory Board. According to a decision of the German Federal Supreme Court (*Bundesgerichtshof*), the Supervisory Board is required to bring damages claims against the Board of Management if they appear to be enforceable, unless significant grounds relating to the welfare of the Company speak against such action and unless these grounds outweigh the grounds in favor of the pursuit of such claims or are at least of equal weight. If the relevant body with the power to represent the Company decides not to pursue a damages claim, the claims for damages of the Company against members of the Board of Management or the Supervisory Board must nevertheless be brought if the General Meeting so decides by a simple majority vote. The General Meeting can appoint a special representative to pursue these claims. Shareholders whose combined shareholding constitutes 10% of the share capital of the Company or a pro rata share of the share capital of the Company of EUR 1 million may also request the court to appoint a special representative to assert these claims for damages. If such a representative is appointed, he will be responsible for pursuing the claims instead of the governing bodies of the Company. If there are facts justifying a strong suspicion that the Company has suffered losses due to dishonesty or gross breaches of duty, shareholders whose shares collectively constitute 1% of the share capital or a proportionate total of EUR 100,000, may, under certain conditions, be permitted by the court with jurisdiction to assert the claims for damages of the Company against members of the Board of Management in their own names on behalf of the Company. Such a claim becomes impermissible if the Company itself files a claim for damages.

The Company may only waive or settle any damage claims against members of the Board of Management if three years have elapsed since the claims came into existence, and only if a simple majority of the shareholders votes in favor of such waiver or settlement at the General Meeting and provided that a minority of the shareholders whose shares collectively reach the level of 10% of the share capital does not raise an objection which is entered in the minutes of the meeting.

Under German law, individual shareholders like any other persons, are prohibited from using their influence on the Company to instruct a member of the Board of Management or Supervisory Board to take an action detrimental to the Company. Shareholders with a controlling influence may not use their influence to cause a controlled stocks corporation with which no management control agreement (*Beherrschungsvertrag*) exists to enter into a legal transaction that is disadvantageous to such corporation or to take or refrain from taking any measures that are disadvantageous to such corporation, unless the disadvantages are compensated. Any person who intentionally uses its influence over the Company to cause members of the Board of Management or the Supervisory Board, an authorized signatory (*Prokurist*), or an authorized agent (*Handlungsbevollmächtigter*) to act to the detriment of the Company or its shareholders must compensate the Company for any resulting losses. Moreover, in this case the members of the Board of Management and the Supervisory Board will be jointly and severally liable if they have acted in breach of their duties.

17.1 Board of Management

17.1.1 Legal position in the organizational structure of the Company

Composition of the Board of Management and appointment of Members of the Board of Management

In accordance with Article 6 of the Articles of Association of the Company, the number of members of the Board of Management is determined by the Supervisory Board. The Board of Management must consist of at least three persons. As of the date of this Prospectus, the Board of Management of the Company has seven members.

The members of the Board of Management are appointed by the Supervisory Board for a maximum term of five years. The Supervisory Board may also reappoint a member of the Board of Management or extend such member's term of office, in each case for a maximum of five years. The Supervisory Board can revoke the appointment of a member of the Board of Management before the expiration of his term of office for good cause, e.g. for gross violation of duties or if the General Meeting declares it has no confidence anymore in a member of the Board of Management, unless the vote of "no confidence" was based on obviously unobjective grounds. The Supervisory Board is also responsible for entering into, amending and terminating employment contracts with the members of the Board of Management.

Allocation of responsibilities and internal structure

The Board of Management conducts the business of the Company in accordance with the law, the Articles of Association and the Rules of Procedure of the Board of Management. The Board of Management is directly responsible for managing the Company. Under the Rules of Procedure of the Board of Management, every member of the Board of Management is, in particular, responsible for his own area of responsibility. However, members are jointly responsible for the management of the Company.

According to Article 7 of the Articles of Association of the Company, the Company is represented by two members of the Board of Management or by one member of the Board of Management and an authorized signatory.

The Board of Management must ensure that an appropriate risk management and risk control system is established within the Volkswagen Group, so that developments which may jeopardize the existence of the Company can be recognized at an early stage.

The Board of Management adopts resolutions by a simple majority of the votes cast. If there is a tied vote, the Chairman shall have the casting vote.

According to the Articles of Association of the Company, the Board of Management requires the prior approval of the Supervisory Board to take certain measures and to enter into certain transactions which are of particular importance to the Company or which entail exceptional economic risks. Article 9 of the Articles of Association contains a list of transactions requiring the approval of the Supervisory Board, such as establishing and closing branch offices, setting up and relocating production facilities, or investing under investment programs that must be regularly submitted to the Supervisory Board and investing outside these investment programs, insofar as the costs exceed certain thresholds in the individual case. In addition, the Rules of Procedure of the Board of Management contain details and additions to these approval reservations. Moreover, the Supervisory Board may require its approval for additional types of transactions. It may also generally give its approval to certain types of transactions in advance or subject to certain conditions (e.g. approvals of limits).

Duty to report to the Supervisory Board

The Board of Management provides the Supervisory Board with regular, timely and comprehensive information on all matters relevant to the Company and the Volkswagen Group with regard to planning, business developments, risks, and risk management. It reports on deviations of the course of business from agreed plans and goals and identifies the relevant reasons. In general, the Board of Management must provide the Supervisory Board with a long-term plan for the group on an annual basis and must report on significant deviations from the existing plan. As a rule, the Board of Management must make its reports to the Supervisory Board in text form.

Moreover, the Supervisory Board may request special reports from the Board of Management at any time. In addition, the Board of Management and the Supervisory Board report on the corporate governance of the Company in the Annual Report.

17.1.2 Members of the Board of Management

The names of the members of the Board of Management of the Company, their respective age, the year they were first appointed and the areas for which they are responsible are listed in the following overview.

Name	Age in years	Year first appointed	Area of responsibility
Prof. Dr. rer. nat. Martin Winterkorn . . .	62	2000	Chairman of the Board of Management; Research and Development
Dr. rer. pol. h. c. Francisco Javier Garcia Sanz.	52	2001	Procurement
Prof. Dr. rer. pol. Jochem Heizmann . . .	58	2007	Production
Christian Klingler	41	2010	Sales and Marketing
Prof. Dr. rer. pol. Horst Neumann	60	2005	Organization and HR
Dipl. Wirtsch.-Ing. Hans Dieter Pötsch	58	2003	Finance and Controlling
Rupert Stadler	47	2010	Chairman of the Board of Management of Audi AG

Prof. Dr. rer. nat. Martin Winterkorn – On January 1, 2007 Prof. Dr. rer. nat. Martin Winterkorn became Chairman of the Board of Management of Volkswagen Aktiengesellschaft. With effect from February 1, 2007, the Supervisory Board of the Company put him in charge of the new area "Group Research and Development". At the same time, he took the chair of the Board of Management of the Volkswagen brand.

Prof. Dr. rer. nat. Martin Winterkorn was born on May 24, 1947 in Leonberg, Germany. He studied metallurgy and metal physics at the University of Stuttgart from 1966 to 1973. From 1973 to 1977, he was a doctoral student at the Max-Planck-Institute for Metal Research, where he received his doctorate in 1977. Prof. Dr. rer. nat. Martin Winterkorn's professional career began in 1977 as a specialist assistant in the research division "Process Engineering" at the Robert Bosch GmbH. From 1978 to 1981 he headed the refrigerant compressor development group "Substances and Processes" at the Robert Bosch GmbH and at the Bosch-Siemens-Hausgeräte GmbH. In 1981, Prof. Dr. rer. nat. Martin Winterkorn joined Audi AG as assistant to the member of the Board responsible for Quality Assurance. Two years later, he assumed responsibility for "Measuring Technology/Sampling and Test Laboratory" at Audi AG. At the beginning of 1988, he was made department head of Central Quality Assurance, and in 1990 head of Audi Quality Assurance. In 1993, Prof. Dr. rer. nat. Martin Winterkorn became head of Group Quality Assurance at Volkswagen Aktiengesellschaft and was appointed General Representative of the Company in March 1994. He was also responsible for Volkswagen Group Product Management from June 1995 on. In January 1996, Prof. Dr. rer. nat. Martin Winterkorn became a member of the Board of Management of the Volkswagen brand in the area of "Technical Development". From July 2000 he was the member of the Board of Management of Volkswagen Aktiengesellschaft responsible for Research and Development.

Prof. Dr. rer. nat. Martin Winterkorn became Chairman of the Board of Management of Audi AG on March 1, 2002. In addition, Prof. Dr. rer. nat. Martin Winterkorn was given responsibility for Technical Development at Audi AG on January 1, 2003. In his capacity as Chairman of the Board of Management of Audi AG, Prof. Dr. rer. nat. Martin Winterkorn was also a member of the Board of Management of Volkswagen Aktiengesellschaft. In 2003, Prof. Dr. rer. nat. Martin Winterkorn was awarded an honorary professorship from the Budapest University of Technology and Economics. On August 1, 2004 he was awarded an honorary professorship at the Technical University of Dresden for the subject area lightweight materials in automotive engineering. On July 18, 2007 Prof. Dr. rer. nat. Martin Winterkorn received an honorary professorship from Tongji University, Shanghai, with which Volkswagen has maintained a close scientific partnership for many years.

Since 2007, Prof. Dr. rer. nat. Martin Winterkorn has also been Chairman of the Board of Directors of Scania AB. With effect from November 25, 2009, Prof. Dr. rer. nat. Martin Winterkorn has, in addition to his previous functions, joined the Board of Management of Porsche Automobil Holding SE and has become Chairman thereof. For his further activities, please see "*– Overview of additional activities of the members of the Board of Management*", below.

Dr. rer. pol. h.c. Francisco Javier Garcia Sanz – Effective July 1, 2001, the Supervisory Board of the Company appointed Dr. rer. pol. h.c. Francisco Javier Garcia Sanz as member of the Board of Management of the Company with responsibility for Procurement. He performs this function in addition to his duties as member of the Volkswagen brand Board of Management responsible for Procurement, a function assigned to Dr. rer. pol. h.c. Francisco Javier Garcia Sanz by the Board of Management of the Company on November 30, 1996. In addition to his tasks at Volkswagen, Dr. rer. pol. h.c. Francisco Javier Garcia Sanz was appointed Chairman of the Board of Directors of SEAT, S.A. (Barcelona) in June 2007. He is also President of ANFAC, the Spanish automobile manufacturers association.

Dr. rer. pol. h.c. Francisco Javier Garcia Sanz was born on May 6, 1957 in Madrid, Spain. After obtaining a secondary school certificate in 1974, he began his training as a wholesale- and export merchant at Rewe Handelsgesellschaft mbH in Mainz-Hechtsheim, completing it in 1976. He then studied business management at the Business School in Wiesbaden. Dr. rer. pol. h.c. Francisco Javier Garcia Sanz began his professional career as a purchasing clerk at Adam Opel AG in Rüsselsheim in 1979. In 1980, he was appointed purchasing coordinator at GM España in Zaragoza, Spain, and three years later Group Leader for Purchasing M + E at Adam Opel AG in Rüsselsheim. From 1986 to 1988 he was the chemicals purchasing agent at Opel in Rüsselsheim, subsequently holding the position of Director Supply and Export at GM Turkey in Izmir, Turkey for two years. In 1990, Dr. rer. pol. h.c. Francisco Javier Garcia Sanz was appointed Purchasing Executive GM Europe (Electric) at GM Europe. From 1992 to March 1993, he was Executive Director for World Wide Purchasing at GM Corporation in Detroit, USA.

At Volkswagen, he was appointed Head of Electric/Electronic Procurement on March 22, 1993. Dr. rer. pol. h.c. Francisco Javier Garcia Sanz was the Head of Group Electric/Electronics Procurement from December 1993 to the end of 1996. In addition, he was a member of the management of SEAT, S.A. in Spain from September 8, 1995 to December 31, 1996. Since 2007, Dr. rer. pol. h.c. Francisco Javier Garcia Sanz is also a member of the Board of Directors of Scania AB. For his further activities, please see "*– Overview of additional activities of the members of the Board of Management*", below.

On November 19, 2008, Dr. rer. pol. h.c. Francisco Javier Garcia Sanz was awarded an honorary doctorate by the Institute of Business Administration at the University of Stuttgart.

Prof. Dr. rer. pol. Jochem Heizmann – Effective February 1, 2007, the Supervisory Board of Volkswagen Aktiengesellschaft appointed Prof. Dr. rer. pol. Jochem Heizmann as member of the Board of Management of Volkswagen Aktiengesellschaft with responsibility for Group Production. In addition to this function, Prof. Dr. rer. pol. Jochem Heizmann was also appointed member of the Volkswagen brand Board of Management responsible for Vehicle Production and Logistics on October 1, 2007. He is thus responsible for the production of Volkswagen brand passenger cars.

Prof. Dr. rer. pol. Jochem Heizmann was born on January 31, 1952 in Speyer/Rhein, Germany. After graduating from high school in Speyer, he completed a degree in industrial engineering at the University of Karlsruhe (TH) in 1975, afterwards working there as an academic assistant and receiving his doctorate (Dr. rer. pol.) in 1980. Prof. Dr. rer. pol. Jochem Heizmann was employed at the University of Karlsruhe as a senior engineer with various teaching positions and also as a freelance business consultant until the beginning of 1982. Prof. Dr. rer. pol. Jochem Heizmann started his career in the car manufacturing industry at Audi NSU AUTO UNION AG in Ingolstadt, Germany in 1982. He was initially appointed head of the Work Systems Department. Until 1991, he had various other leading roles, including head of the Technological Development Department, followed by the Assembly (Vehicle Production) Department. In October 1991, Prof. Dr. rer. pol. Jochem Heizmann joined Volkswagen Aktiengesellschaft and took the position of Head of Central Planning for Engine Production in Wolfsburg. In August 1993, he was appointed head of Production Planning for the Volkswagen brand. In this capacity, Prof. Dr. rer. pol. Jochem Heizmann was responsible for planning, series production start-up and commissioning of production facilities for new vehicles and engines worldwide. He was also responsible for tools- and devices construction at Volkswagen in Wolfsburg.

On January 1, 2000, Prof. Dr. rer. pol. Jochem Heizmann was appointed General Technical Manager and Spokesman for the management of Volkswagen Sachsen GmbH and Volkswagen Sachsen Immobilienverwaltung GmbH. In this capacity, Prof. Dr. rer. pol. Jochem Heizmann was responsible for the vehicle plant in Mosel/Zwickau and the engine factory in Chemnitz. From February 2001 until the end of January 2007, he was a member of the Board of Management of Audi AG responsible for Production. On December 1, 2006, Prof. Dr. rer. pol. Jochem Heizmann was awarded an honorary professorship from the engineering faculty at the Technical University of Chemnitz. For further activities, please see "*– Overview of additional activities of the members of the Board of Management*", below.

Christian Klingler – The Supervisory Board of the Company appointed Christian Klingler to the Board of Management of the Company effective as of January 1, 2010, with responsibility for Marketing.

Christian Klingler was born on September 5, 1968 in Innsbruck, Austria. After studying business administration at the local university, he assumed responsibility for building up networks of importers and retailers in various markets for Porsche Inter Auto (Austria). He managed expansion projects and the establishment of the French market activities for Porsche Holding Austria, starting in 1995. In 1998 he joined the Board of Management of the PGA Group, a distributor for various automotive brands in Europe based in Paris, the chairman of which he became in 2002. From 2004 to 2008, Klingler was a member of the senior management of Porsche Holding Austria, before he was appointed to the Board of Management of the Volkswagen Passenger Car brand in August 2008.

Prof. Dr. rer. pol. Horst Neumann – Effective as of December 1, 2005, the Supervisory Board of the Company appointed Prof. Dr. rer. pol. Horst Neumann to the Board of Management of Volkswagen Aktiengesellschaft and to the Board of Management of the Volkswagen Passenger Car brand with responsibility for Human Resources. Since January 2007, he is responsible for Human Resources and Organization.

Prof. Dr. rer. pol. Horst Neumann was born on June 26, 1949 in Leverkusen, Germany. He studied economics and social sciences in Hamburg and Berlin from 1967 to 1973. In 1995 he was awarded his doctorate in political science in Berlin with a thesis on "A comparison of the competitive strengths of the German and Japanese car industries".

Prof. Dr. rer. pol. Horst Neumann embarked on his professional career in 1973 as assistant to the Senator for Economic Affairs in Berlin. From 1978 to 1994 he was employed in the economics department of the Board of the IG Metall Union in Frankfurt/Main, and from 1983 he was its Deputy Manager. At the same time he was a member of the Supervisory Boards of Motorenwerke Mannheim AG (1981 – 1986), Adam Opel AG (1985 – 1995) and Rasselstein AG (1986 – 1994).

From 1994 to 2000, Prof. Dr. rer. pol. Horst Neumann was a member of the Board of Management and Labor Director at Rasselstein GmbH and Rasselstein Hoesch GmbH, a subsidiary of the ThyssenKrupp Group in Andernach and Neuwied. In 2001 Prof. Dr. rer. pol. Horst Neumann became member of the Board of Management and Labor Director at ThyssenKrupp Elevator AG, Düsseldorf. In July 2002 he became a member of the Board of Management of Audi AG with responsibility for Human Resources. On October 15, 2009, Prof. Dr. rer. pol. Horst Neumann was awarded an honorary professorship from Tongji University, China. For his further activities, please see "– *Overview of additional activities of the members of the Board of Management*" below.

Dipl. Wirtsch.-Ing. Hans Dieter Pötsch – Effective September 5, 2003, the Supervisory Board of the Company delegated responsibility on the Board of Management for Finance and Controlling at Group level to Dipl. Wirtsch.-Ing. Hans Dieter Pötsch. Effective January 1, 2003 the Supervisory Board had already appointed Dipl. Wirtsch.-Ing. Hans Dieter Pötsch as a full member of the Board of Management, initially without portfolio.

Dipl. Wirtsch.-Ing. Hans Dieter Pötsch was born on March 28, 1951 in Traun, near Linz, Austria, and studied industrial engineering at the Technical University of Darmstadt, Germany. He started his professional career at BMW, where he worked from 1979 until 1987, most recently as Head of Group Controlling. He then moved to Trumpf GmbH & Co. KG in Ditzingen, Germany, as General Manager for Finance and Administration. From 1991 until 1995, Dipl. Wirtsch.-Ing. Hans Dieter Pötsch was Chairman of the Board of Management of Traub AG, Reichenbach, Germany.

In July 1995, Dipl. Wirtsch.-Ing. Hans Dieter Pötsch moved to Dürr AG in Stuttgart, Germany, where, until the end of 2002, he was Chairman of the Board of Management and also responsible for the central functions of "Quality Management, Planning, Internal Auditing and Company Communications".

Since 2007, he is also a member of the Board of Directors of Scania AB. In addition to his previous functions, Dipl. Wirtsch.-Ing. Hans Dieter Pötsch joined the Board of Management of Porsche Automobil Holding SE, Stuttgart, on November 25, 2009, as Chief Financial Officer. For his other activities outside of the Company, please see "– *Overview of additional activities of the members of the Board of Management*", below.

Rupert Stadler – Effective as of January 1, 2010, the Supervisory Board of the Company appointed Rupert Stadler to the Board of Management of the Company in his capacity as Chairman of the Board of Management of Audi AG.

Rupert Stadler was born on March 17, 1963 in Titting (Bavaria), Germany. He studied business management as well as finance, banking and investment in Augsburg. After graduating in business management, Rupert Stadler started his professional career at Philips Kommunikation Industrie AG in Nuremberg. In 1990 Rupert Stadler joined Audi AG, Ingolstadt, where he assumed various controlling positions in Sales and Marketing. Rupert Stadler moved to Volkswagen/Audi España SA, Barcelona, as Commercial Director in 1994. In that capacity, he was responsible for Controlling, Accounting, Personnel and Organization. From 1997 he was Head of the Board of Management's Office for the Volkswagen Group, and, from January 2002, also Head of Group Product Planning. In 2003, he assumed responsibility for the Finance and Organization Division on the Audi AG Board of Management. Rupert Stadler has been Chairman of the Board of Management since January 1, 2007. For his other activities outside of the Company, please see "– *Overview of additional activities of the members of the Board of Management*", below.

The members of the Board of Management can be reached at the business address of the Company: Berliner Ring 2, 38440 Wolfsburg (Tel.: +49-5361-9-0).

Overview of additional activities of the members of the Board of Management

The following overview contains the names of the members of the Board of Management of the Company who are in office as of the date of this Prospectus and all entities and companies at which the members of the Board of Management were members of the administrative, management, or supervisory bodies or were partners during the last five years. Not all of the subsidiaries of Volkswagen Aktiengesellschaft in which the members of the Board of Management are also members of administrative, management or supervisory bodies are listed.

Name	Additional activities
Prof. Dr. rer. nat. Martin Winterkorn	• Chairman of the Board of Management of Porsche Automobil Holding SE, Stuttgart • Chairman of the Board of Directors of Scania AB, Södertälje (Sweden) • Chairman of the Supervisory Board of Audi AG, Ingolstadt • Member of the Supervisory Board of FC Bayern München AG, Munich • Member of the Supervisory Board of Salzgitter AG, Salzgitter • Member of the Supervisory Board of Porsche Ges. m.b.H., Salzburg (Austria) • Member of the Supervisory Board of ŠKODA Auto A.S. • Member of the Supervisory Board of Porsche Holding Ges. m.b.H., Salzburg (Austria) • Member of the Supervisory Board of SEAT S.A., Martorell/Barcelona (Spain) (until December 2009) • Member of the Supervisory Board of TÜV Süddeutschland Holding AG, Munich (until May 2009) • Member of the Supervisory Board of Infineon Technologies AG, Munich (until January 2009) • Chairman of the Supervisory Board of Automobili Lamborghini Holding S.p.A., Sant'Agata Bolognese (Italy) (until February 2007) • Chairman of the Board of Management of Audi AG, Ingolstadt (until December 2006)
Dr. rer. pol. h. c. Francisco Javier Garcia Sanz	• Member of the Board of Directors of Scania AB, Södertälje (Sweden) • Member of the Supervisory Board of Audi AG, Ingolstadt • Member of the Board of Directors of Shanghai-Volkswagen Automotive Company Ltd., Shanghai (China) • Member of the Board of Directors of FAW-Volkswagen Automotive Company Ltd., Changchun (China) • Chairman of the Supervisory Board of VfL Wolfsburg-Fußball GmbH, Wolfsburg
Prof. Dr. rer. pol. Jochem Heizmann	• Member of the Supervisory Board of Lufthansa Technik AG, Hamburg • Member of the Board of Directors of FAW-Volkswagen Automotive Company Ltd., Changchun (China) • Member of the Board of Directors of Shanghai-Volkswagen Automotive Company Ltd., Shanghai (China) • Member of the Supervisory Board of INPRO Innovationsgesellschaft für fortgeschrittene Produktionssysteme in der Fahrzeugindustrie mbH, Berlin • Chairman of the Board of Directors of Volkswagen FAW Engine Co. Ltd., Dalian (China) (until May 2007)
Christian Klingler	• Chairman of the Board of Management of PGA-Group, Paris (France) (until July 2008) • Member of the management of Porsche Holding Ges. m.b.H., Salzburg (Austria) (until July 2008)
Prof. Dr. rer. pol. Horst Neumann	• Member of the Supervisory Board of Audi AG, Ingolstadt • Member of the Supervisory Board of Wolfsburg AG, Wolfsburg • Chairman of the Supervisory Board of Projekt Region Braunschweig GmbH, Braunschweig • Chairman of the Supervisory Board of Volkswagen Coaching GmbH, Wolfsburg • Vice-Chairman of the Supervisory Board of Volkswagen Financial Services AG, Braunschweig • Member of the Supervisory Board of ŠKODA Auto A.S., Mladá Boleslaw (Czech Republic) (until March 2009)

Name	Additional activities
	• Member of the Supervisory Board of SEAT S.A., Martorell/Barcelona (Spain) (until December 2005) • Member of the Board of Management of Audi AG, Ingolstadt (until November 2005)
Dipl. Wirtsch.-Ing. Hans Dieter Pötsch	• Member of the Supervisory Board of Audi AG • Member of the Board of Management of Porsche Automobil Holding SE, Stuttgart • Member of the Board of Directors of Scania AB, Södertalje (Sweden) • Member of the Supervisory Board of Allianz Versicherungs-AG, Munich • Member of the Supervisory Board of Porsche Ges. m.b.H., Salzburg (Austria) • Member of the Supervisory Board of Porsche Holding Ges. m.b.H., Salzburg (Austria) • Member of the Advisory Board of Landesbank Baden-Württemberg, Stuttgart • Vice-Chairman of the Supervisory Board of VfL Wolfsburg-Fußball GmbH, Wolfsburg • Chairman of the Supervisory Board of Volkswagen Financial Services AG, Braunschweig • Chairman of the Supervisory Board of Bizerba GmbH & Co. KG, Balingen (until December 2009) • Member of the Board of Directors of FAW-Volkswagen Automotive Company Ltd., Changchun (China) (until December 2009) • Member of the Board of Directors of Shanghai-Volkswagen Automotive Company Ltd., Shanghai (China) (until December 2009) • Chairman of the Supervisory Board of ŠKODA Auto A.S., Mladá Boleslaw (Czech Republic) (until December 2009) • Member of the Supervisory Board of SEAT S.A., Martorell/Barcelona (Spain) (until September 2009) • Member of the Supervisory Board of LeasePlan Corporation N.V., Almere-Stad (Netherlands) (until March 2008) • Member of the Supervisory Board of BASF AG, Ludwigshafen (until January 2008)
Rupert Stadler	• Chairman of the Board of Management of Audi AG, Ingolstadt • Member of the Supervisory Board of MAN SE, Munich • Member of the Supervisory Board of FC Bayern München AG, Munich • Chairman of the Supervisory Board of MAN Nutzfahrzeuge AG, Munich • Chairman of the Advisory Board of Automobili Lamborghini Holding S.p.A., Sant'Agata Bolognese (Italy) • Chairman of the Advisory Board of Volkswagen Group Italia S.p.A., Verona (Italy) • Member of the Board of Management of the Verband der Automobilindustrie (VDA) • Member of the Supervisory Board of VW Bank GmbH (until September 2007) • Member of the Supervisory Board of VW Financial Services AG (until September 2007) • Member of the Supervisory Board of VW Leasing GmbH (until September 2007) • Member of the Consiglio di Amminstrazione of AUTOGERMA (until December 2005) • Member of the Supervisory Board of Cosworth Ltd. (until December 2004) • Member of the Supervisory Board of VVD (until September 2007)

17.1.3 *Compensation of members of the Board of Management*

In EUR (unaudited)	Component of Compensation 2009 Fixed	Component of Compensation 2009 Variable[1]	Total 2009	Total 2008	Total 2007
Prof. Dr. rer. nat. Martin Winterkorn	1,700,317	4,900,000	6,600,317	12,712,372	5,145,496
Dr. rer. pol. h. c. Francisco Javier Garcia Sanz	1,090,031	1,900,000	2,990,031	9,506,989	2,868,426
Prof. Dr. rer. pol. Jochem Heizmann	930,670	1,900,000	2,830,670	6,870,196	2,588,936
Prof. Dr. rer. pol. Horst Neumann	952,614	1,900,000	2,852,614	6,772,474	2,673,472
Dipl. Wirtsch.-Ing. Hans Dieter Pötsch	950,285	2,500,000	3,450,285	9,520,341	2,676,989
Retired from the Board of Management in the previous year	–	–	–	–	544,567
Total	**5,623,917**	**13,100,000**	**18,723,917**	**45,382,372**	**16,497,886**

1 The variable compensation consists of a bonus, which relates to the business development of the previous two years, and from 2010 the long term incentive, which is calculated based on an observation period of four fiscal years (see also "– *Description of the Business Activities of the Volkswagen Group – Employees and pension obligation – Long-term incentive plan*"). The amount of the bonus depends mainly on the results and the economic situation of the Company.

At the end of 2008, all members of the Board of Management exercised the conversion rights which they were granted pursuant to the stock option plan (see "*Description of the Share Capital of the Company – Stock option plan*"). The old form of the long-term incentives of the variable compensation system was therefore discontinued.

As set out in the agenda for the Annual General Meeting of the Company on April 22, 2010, which has been published in the electronic version of the Bundesanzeiger (German Federal Gazette), the possibility granted by the Gesetz zur Angemessenheit der Vorstandsvergütung (VorstAG – German Act on the Appropriateness of Executive Board Remuneration) which became effective on August 5, 2009 (section 120(4) of the Aktiengesetz (AktG – German Stock Corporation Act)) to let the General Meeting decide about the compensation system for the members of the Board of Management is to be exercised. The resolution is supposed to be in respect of the currently applicable system for the determination of the compensation of the Board of Management which is described in detail in the Remuneration Report. The Remuneration Report is published in the 2009 annual report as part of the management report. As reflected in the agenda, the Supervisory Board and the Board of Management are proposing to approve the system for the determination of the compensation of the Board of Management.

17.1.4 *Shares held by members of the Board of Management*

As of February 23, 2010, Dr. Garcia Sanz held 10 ordinary shares and 89 preferred shares in the Company. The remaining members of the Board of Management held no shares in the Company as of February 23, 2010.

17.2 Supervisory Board

17.2.1 *Legal position in the organizational structure of the Company*

Composition of the Supervisory Board and appointment of Supervisory Board Members

In accordance with Article 11(1) of the Articles of Association of the Company, the Supervisory Board consists of 20 members, of whom 10 are appointed by the shareholders and 10 are appointed by the employees.

The State of Lower Saxony currently appoints two members to the Supervisory Board. In addition, in accordance with a provision of the Articles of Association adopted by the Extraordinary General Meeting of the Company on December 3, 2009, the State of Lower Saxony will in the future be entitled to appoint two members to the Supervisory Board of the Company, as long as the State of Lower Saxony directly or indirectly holds at least 15% of the ordinary shares of the Company. The resolution of the General Meeting regarding the right of appointment was challenged by shareholders of the Company. Accordingly, the rights of appointment have not yet been registered in the Commercial Register. It is anticipated that they will only become effective once a judgment dismissing the action for avoidance has been dismissed or the action for avoidance has been withdrawn and the amendment to the Articles of Association has been registered in the Commercial Register.

The members of the Supervisory Board are appointed for a term that ends upon the close of the General Meeting which resolves the discharge of members from their supervisory duties for the fourth fiscal year following the start of their terms of office. The fiscal year in which the term of appointment commences is not included in this calculation. If a Supervisory Board member leaves during his term of appointment, his successor's appointment runs for the remainder of the departed member's term, unless the General Meeting decides otherwise. A member of the Supervisory Board may resign from his position at any time by giving the Supervisory Board Chairman one month's prior written notice. A Supervisory Board member elected by the General Meeting without being bound by an election proposal, i.e. a member elected outside the special rules for the appointment of employee representatives, may be removed by the General Meeting at any time before the expiration of his appointment without cause, by resolution adopted by a majority of three quarters of the votes cast. If the Supervisory Board does not have the number of members required for a quorum, so-called alternate members can be appointed by a court upon the petition of the Board of Management, a member of the Supervisory Board or a shareholder, so that the Supervisory Board has the necessary number of members again.

Responsibilities of the Supervisory Board

The Supervisory Board appoints the members of the Board of Management and is authorized to remove them for cause.

The Supervisory Board advises the Board of Management on managing the Company and supervises its conduct of the business. In this regard, the Supervisory Board may demand special reports from the Board of Management at any time. In addition, the Board of Management must report to the Supervisory Board on a regular basis about the business of the Company and fundamental matters of business planning (see also the detailed information above in the section " *– Board of Management – Duty to report to the Supervisory Board*").

The Articles of Association of the Company provide that the Board of Management requires the prior approval of the Supervisory Board to take certain measures and to enter into certain transactions which are of particular importance to the Company or which entail an exceptional economic risk. Article 9 of the Articles of Association contains a list of transactions requiring the approval of the Supervisory Board, which are supplemented and specified further by the Rules of Procedure of the Board of Management. In addition, the Supervisory Board can make other types of transactions subject to its approval. It may also approve certain types of transactions in advance, in general or subject to certain conditions (e.g. through approvals of limits).

Internal organization and committees

In accordance with the provisions of the Aktiengesetz (AktG – German Stock Corporation Act) and the Mitbestimmungsgesetz (MitbestG – German Co-Determination Act), the Supervisory Board elects a Chairman and a Deputy Chairman for the respective terms of office. If the Chairman or his Deputy leaves before expiration of his term of office, the Supervisory Board must promptly hold a new election to fill the position for the remainder of the departed member's term of office. The Articles of Association of the Company provide that declarations of intent by the Supervisory Board are made by the Chairman of the Supervisory Board on its behalf.

In accordance with the Articles of Association of the Company, the Supervisory Board may form further committees from among its members to perform specific functions, in addition to the committee to be formed in accordance with section 27(3) of the MitbestG. The Supervisory Board has currently formed the following six committees: the Präsidium (Presidium), the Vermittlungsausschuss (Mediation Committee) (in accordance with section 27(3) of the MitbestG), the Prüfungsausschuss (Audit Committee), the Nominierungsausschuss (Nomination Committee), the Ausschuss für Geschäftsbeziehungen mit Aktionären (Shareholder Business Relationships Committee) (the "**AfGA**") and the Ausschuss für besondere Geschäfte (Committee for Special Business Relationships) (the "**AfbG**"). Under the relevant Rules of Procedure, the Presidium and the AfbG are each composed of three shareholder representatives and three employee representatives. The Nomination Committee consists of the shareholder representatives in the Presidium. All other committees are composed of two shareholder representatives and two employee representatives.

The responsibilities of the Presidium include preparing the resolutions of the Supervisory Board and deciding on contractual matters regarding the Board of Management. The current members of the Presidium are Hon.-Prof. Dr. techn. h. c. Dipl.-Ing. ETH Ferdinand K. Piëch (Chairman), Jürgen Peters (Deputy Chairman), Bernd Osterloh, Dr. rer. comm. Wolfgang Porsche, Bernd Wehlauer and Christian Wulff. The Presidium of the Supervisory Board met 10 times during the fiscal year 2009. In a meeting on February 26, 2010 the Supervisory Board of Volkswagen Aktiengesellschaft authorised the Presidium to give the necessary permissions regarding the resolutions which have to be passed by the Board of Management in respect of the utilization and the extent of the utilization of the authorized capital created by the General Meeting of the Company on December 3, 2009 in the amount of EUR 135,000,000 of non-voting rights pursuant to the grant of a subscription right and for the implementation of the transaction. This authorisation also includes the right, to agree to decisions of the Board of Management on the further details of the rights attaching to the shares and the conditions applicable to the issuance of the shares, in particular the determination of the issuance amount.

The Mediation Committee currently consists of Hon.-Prof. Dr. techn. h. c. Dipl.-Ing. ETH Ferdinand K. Piëch (Chairman), Jürgen Peters (Deputy Chairman), Bernd Osterloh and Christian Wulff and is responsible, in accordance with the MitbestG, for appointing the members of the Board of Management. If the two-thirds majority of the votes of the Supervisory Board members required to appoint the members of the Board of Management is not reached on the first vote, the Mediation Committee must make a proposal to the Supervisory Board regarding an appointment. The Mediation Committee was not required to convene in fiscal year 2009.

The Audit Committee prepares the advice and resolutions of the Supervisory Board on accounting matters. This includes approval of the annual financial statements of Volkswagen Aktiengesellschaft and the consolidated financial statements, questions relating to accounting and risk management, particularly reviewing the risk monitoring system for compliance issues, and the requisite independence of the external auditor and commissioning an external auditor to audit the annual and consolidated financial statements, including establishing focal points for the audit and agreeing on fees. The Supervisory Board may assign additional tasks to the Audit Committee. The current members of the Audit Committee are Dr. jur. Ferdinand Oliver Porsche (Chairman), Bernd Wehlauer (Deputy Chairman), Babette Fröhlich and Dr. jur. Hans Michael Gaul. The Audit Committee met four times in fiscal year 2009.

The task of the Nomination Committee is to suggest suitable candidates to the Supervisory Board who it may propose for election to the General Meeting. The Nomination Committee currently consists of Hon.-Prof. Dr. techn. h. c. Dipl.-Ing. ETH Ferdinand K. Piëch, Dr. rer. comm. Wolfgang Porsche and Christian Wulff. The Nomination Committee met once in fiscal year 2009.

The AfGA is responsible, among other things, for monitoring the business relationships of the Company and companies in the group affiliates with Company shareholders that hold at least 5% of the voting rights. The AfGA monitors the current fiscal year; to the extent that this is necessary for the assessment, earlier contracts may also be included. In addition, the AfGA deals with questions of compliance in relation to shareholders who hold at least 5% of the voting rights, and monitors compliance with the business procedures established by the Board of Management to ensure that legal relationships with shareholders that hold at least 5% of the voting rights are contractually compliant. The current members of AfGA are Roland Oetker (Chairman), Wolfgang Ritmeier (Deputy Chairman), Dr. jur. Michael Frenzel and Bernd Wehlauer. The AfGA met three times in fiscal year 2009.

The AfbG is responsible for handling transactions between Porsche Automobil Holding SE and its group companies on the one hand and the Volkswagen Group companies on the other, which require approval under the Rules of Procedure of the Board of Management. The current members of the AfbG are Hon.-Prof. Dr. techn. h. c. Dipl.- Ing. ETH Ferdinand K. Piëch, Bernd Osterloh, Dr. rer. comm. Wolfgang Porsche, Jürgen Peters, Bernd Wehlauer and Christian Wulff. The AfbG met four times in fiscal year 2009.

Meetings and adoption of resolutions

Generally, the Supervisory Board should hold one meeting in each calendar quarter, and it must hold two meetings in a calendar six-month period. In fiscal year 2009 the Supervisory Board held nine meetings, in fiscal year 2010 until the date of this Prospectus the Supervisory Board held one meeting. According to the Articles of Association of the Company, meetings of the Supervisory Board are convened by the Chairman. There is no special form for convening a meeting. The agenda must be included with the invitation. The Chairman determines the time and place of the Supervisory Board meeting.

Article 15 of the Articles of Association of the Company and section 28, sentence 1 of the MitbestG provide that the Supervisory Board has a quorum only if at least 10 members participate in the adoption of the resolution. The Chairman determines the form of the meeting and the type of voting on the Supervisory Board and its committees. Meetings may also be conducted using telecommunications, or members can participate in meetings by using telecommunication devices, if the Chairman so decides in individual cases. The Chairman can also determine that members' statements when adopting resolutions of the Supervisory Board or of its committees may be made in writing, by telephone or in some other comparable form.

Resolutions of the Supervisory Board require a majority of the votes cast, unless otherwise provided in the Articles of Association or by law. Abstentions do not count as votes cast. If there is a tie vote on the Supervisory Board, and a second vote on the same matter also results in a tie, the Supervisory Board Chairman has two votes. Article 12(3) of the Articles of Association of the Company also applies to the casting of the second vote. The Deputy Chairman is not entitled to a second vote. Resolutions on setting up or relocating production facilities require a two-thirds majority of the members of the Supervisory Board.

A Supervisory Board member who is unable to participate in a meeting of the Supervisory Board or its committees is entitled to have his written vote on individual items on the agenda submitted by another member. According to the Articles of Association of the Company, this also applies to the Chairman's second vote.

17.2.2 Members of the Supervisory Board

The following overview contains the names of the members of the Supervisory Board of the Company and all entities and companies with respect to which these members were also members of the administrative, management, or supervisory bodies or partners respectively, in the last five years. Not all the subsidiaries of Volkswagen Aktiengesellschaft in which the members of the Board of Management are also members of such subsidiaries' respective administrative, management or supervisory bodies are listed.

Name, position	Date membership began	Additional activities
Hon.-Prof. Dr. techn. h.c. Dipl.-Ing. ETH Ferdinand K. Piëch, Chairman Studied engineering, many years of experience as a member of boards of management and supervisory boards in the automotive industry	April 16, 2002	• Audi AG, Ingolstadt[1] • Dr. Ing. h.c. F. Porsche Aktiengesellschaft, Stuttgart[1] • MAN SE, Munich (Chairman)[1] • Porsche Automobil Holding SE, Stuttgart[1] • Porsche Ges. m.b.H., Salzburg[3] • Porsche Holding GmbH, Salzburg[3]
Jürgen Peters*, Vice-Chairman Chairman of the Industriegewerkschaft Metall (IG Metall, German Metalworkers Union), many years of experience as a member of supervisory boards	November 1, 2003	• Salzgitter AG, Salzgitter (Vice-Chairman)[1]
Jörg Bode Banker with many years of experience in the banking business, Minister for the Economy, Employment and Transport in the State of Lower Saxony	November 4, 2009	• Ministry of Economy, Labor and Transportation of the State of Lower Saxony • Deutsche Messe AG, Hanover[1]
Dr. jur. Michael Frenzel Studied law, many years of experience as a member of boards of management and supervisory boards, including in the automotive industry	June 7, 2001	• Chairman of the Board of Management of TUI AG, Hanover and Berlin • AWD Holding AG, Hanover[1] • AXA Konzern AG, Cologne[1] • E.ON Energie AG, Munich[1] • Hapag-Lloyd AG, Hamburg (Chairman)[2] • Hapag-Lloyd Fluggesellschaft mbH, Hanover (Chairman)[2] • Chairman of the Shareholder Committee of TUI Cruises GmbH, Hamburg • TUI Deutschland GmbH, Hanover (Chairman)[2] • Preussag North America, Inc., Atlanta (USA) (Chairman) • TUI China Travel Co. Ltd., Beijing (China)[3] • TUI Travel PLC, Crawley (United Kingdom)[3] • Continental AG, Hanover (until September 2009)[1] • Norddeutsche Landesbank, Hanover (until December 2009)[1] • TUI Beteiligungs AG, Hamburg (until May 2005) (Chairman)[1] • Deutsche Bahn AG, Berlin (until July 2005) (Chairman)[1] • ING Holding Deutschland AG, Frankfurt (until April 2005)[1] • ING Bank Deutschland AG (until April 2005)[1]

Name, position	Date membership began	Additional activities
Babette Fröhlich* Business graduate, many years of experience in Board of Management positions at the Industriegewerkschaft Metall (IG Metall, German Metalworkers Union) as well as being a member of supervisory boards, including in the automotive industry	October 25, 2007	• Industriegewerkschaft Metall, Strategic Planning (Department Head) • MTU Aero Engines Holding AG, Munich[1] • KION Group GmbH, Wiesbaden (until June 2008)[1] • KION Holding 1 GmbH, Wiesbaden (until June 2008)[1] • MTU Aero Engines GmbH, Munich (until May 2008)[1] • Harman Becker Automotive Systems GmbH, Karlsbad (until December 2006) • EDAG GmbH & Co. KGaA, Fulda (until June 2006)[1]
Dr. jur. Hans Michael Gaul Studied law, many years of experience as a member of supervisory boards	June 19, 1997	• EWE AG, Oldenburg[1] • Evonik Industries AG, Essen[1] • HSBC Trinkaus & Burkhardt AG, Düsseldorf[1] • IVG Immobilien AG, Bonn[1] • Siemens AG, Munich[1] • VNG – Verbundnetz Gas AG, Leipzig[1] • DKV Deutsche Krankenversicherung AG, Cologne (until March 2008)[1] • Allianz Versicherungs-AG, Munich (until April 2008)[1] • Member of the Board of Management at E.ON AG, Düsseldorf (until March 2007) • Member of the Supervisory Board of various companies of the group of E.ON AG, Düsseldorf (until March 2007)
Dr. Ing. Jürgen Großmann Studied metallurgy and economics, many years of experience as Director and member of the board of management and as a member of supervisory boards	May 3, 2006	• Chairman of the Board of Management of RWE AG, Essen • Shareholder of Georgsmarienhütte Holding GmbH, Hamburg • BATIG Gesellschaft für Beteiligungen mbH, Hamburg[1] • British American Tobacco (Germany) GmbH, Hamburg[1] • Amprion GmbH, Dortmund (Chairman)[1] • British American Tobacco (Industrie) GmbH, Hamburg[1] • Deutsche Bahn AG, Berlin[1] • Surteco AG, Buttenwiesen-Pfaffenhofen (Chairman) [1] • Hanover Acceptances Ltd., London (United Kingdom)[3] • NRW Bank, Düsseldorf, member of the Advisory Board • Former member of various administrative, management and supervisory bodies

Name, position	Date membership began	Additional activities
Peter Jacobs* Many years of experience in various positions at the Industriegewerkschaft Metall (IG Metall, German Metalworkers Union) and on the Works Council of Volkswagen	April 19, 2007	• Chairman of the Emden Plant Works Council of Volkswagen Aktiengesellschaft • Volkswagen Belegschaftsgenossenschaft für regenerative Energien am Standort Emden eG, Emden[1] • Volkswagen Coaching GmbH, Wolfsburg[3]
Hartmut Meine* Studied industrial engineering, many years of experience in various positions at the Industriegewerkschaft Metall (IG Metall, German Metalworkers Union)	December 30, 2008	• District manager of the IG Metall District Lower Saxony and Saxony-Anhalt • Continental AG, Hanover[1] • KME Germany AG, Osnabrück[1]
Peter Mosch* Many years of service at Audi and experience as a member of the Supervisory Board of Audi and Volkswagen Aktiengesellschaft	January 18, 2006	• Chairman of the Central Works Council at Audi AG • Audi AG, Ingolstadt[1] • Porsche Automobil Holding SE, Stuttgart[1]
Roland Oetker Studied law, economics and political science, many years of experience as a Director as well as a member of supervisory boards	June 19, 1997	• Managing Shareholder of ROI Verwaltungsgesellschaft mbH, Düsseldorf • Honorary President of Deutsche Schutzvereinigung für Wertpapierbesitz e.V. • Deutsche Post AG, Bonn[1] • Dr. August Oetker KG-Gruppe, Bielefeld (Vice-Chairman)[3] • RAG Foundation, Essen[3] • Member of the Board of Management of Deutsche Prüfstelle für Rechnungslegung DPR e.V., Berlin • Degussa AG, Düsseldorf (until December 2006) • IKB Deutsche Industriebank AG, Düsseldorf (until November 2008)[1] • Mulligan BioCapital AG, Hamburg (until November 2007; Chairman)[1]
Bernd Osterloh* Many years of service at Volkswagen and many years of experience in various positions at the Industriegewerkschaft Metall (IG Metall, German Metalworkers Union) and on the Works Council of Volkswagen	January 1, 2005	• Chairman of the Central and Group Works Councils of Volkswagen Aktiengesellschaft • Auto 5000 GmbH, Wolfsburg[3] • Autostadt GmbH, Wolfsburg[1] • Wolfsburg AG, Wolfsburg[1] • Porsche Automobil Holding SE, Stuttgart[1] • Projekt Region Braunschweig GmbH, Braunschweig[3] • Volkswagen Coaching GmbH, Wolfsburg[3]

Name, position	Date membership began	Additional activities
		• VfL Wolfsburg-Fußball GmbH, Wolfsburg[3] • Treuhandverwaltung IGEMET GmbH, Frankfurt a.M.[3] • Heimvolkshochschule Hustedt e.V., Hustedt[3] • Förderverein ready4work e.V., Wolfsburg[3] • VW Pension Trust e.V., Wolfsburg[3] (until June 2006), Vice Chairman of the Group Supervisory Board
Dr. jur. Hans Michel Piëch Studied law, independent attorney, many years of experience as a member of supervisory boards in the automotive industry	August 7, 2009	• Porsche Automobil Holding SE, Stuttgart[1] • Audi AG, Ingolstadt[1] • Dr. Ing. h.c. F. Porsche Aktiengesellschaft, Stuttgart[1] • Porsche Bank AG, Salzburg[3] • Porsche Cars Great Britain Ltd., Reading (United Kingdom)[3] • Porsche Cars North America Inc., Wilmington (USA)[3] • Porsche Ges. m.b.H., Salzburg (Vice-Chairman) [3] • Porsche Holding GmbH, Salzburg (Vice-Chairman)[3] • Porsche Ibéria S.A., Madrid (Spain)[3] • Porsche Italia S.p.A., Padua (Italy)[3] • Schmittenhöhebahn AG, Zell am See (Austria)[3] • Volksoper Wien GmbH, Wien (Austria)[3] • Your Family Entertainement AG, Munich (until December 2007)[1]
Dr. jur. Ferdinand Oliver Porsche Studied law, many years of experience as a member of boards of management as well as supervisory boards in the automotive industry	August 7, 2009	• Porsche Automobil Holding SE, Stuttgart[1] • Audi AG, Ingolstadt[1] • Dr. Ing. h.c. F. Porsche Aktiengesellschaft, Stuttgart[1] • Voith AG, Heidenheim[1] • Eterna S.A., Grenchen[3] • PGA S.A., Paris (France)[3] • Porsche Lizenz- & Handelsgesellschaft mbH & Co KG, Bietigheim-Bissigen[3] • Board of Management of the Familie Porsche AG Beteiligungsgesellschaft, Salzburg (Austria) • Lebenshilfe Salzburg gemeinnützige GmbH, Salzburg (Austria)[3] • Member of various administrative, management and supervisory bodies in respect of activities of the Porsche family

Name, position	Date membership began	Additional activities
Dr. rer. comm. Wolfgang Porsche Business graduate, many years of experience as a member of supervisory boards in the automotive industry	April 24, 2008	• Dr. Ing. h.c. F. Porsche Aktiengesellschaft, Stuttgart (Chairman)[1] • Porsche Automobil Holding SE, Stuttgart (Chairman)[1] • Eterna S.A., Grenchen (Chairman)[3] • Familie Porsche AG Beteiligungsgesellschaft, Salzburg (Chairman)[3] • Porsche Bank AG, Salzburg (Vice-Chairman)[3] • Porsche Ges.m.b.H., Salzburg (Chairman)[3] • Porsche Holding GmbH, Salzburg (Chairman)[3] • Porsche Cars Great Britain Ltd., Reading (United Kingdom)[3] • Porsche Cars North America Inc., Wilmington (USA)[3] • Porsche Ibérica S.A., Madrid (Spain)[3] • Porsche Italia S.p.A., Padua (Italy)[3] • Schmittenhöhebahn AG, Zell am See (Austria)[3] • Porsche Retail GmbH, Salzburg (Austria)[3] • General partner of Dr. Wolfgang Porsche KG, Zell am See (Austria) • Member of various administrative, management and supervisory bodies in respect of activities of the Porsche family
Wolfgang Ritmeier* Studied law, many years of service at Volkswagen and exercising various management functions in the Volkswagen Group	April 19, 2007	• Chairman of the Board of Management of Volkswagen Management Association (VMA) • Volkswagen Pension Trust e.V., Wolfsburg[3]
Heinrich Söfjer* Many years of service at Volkswagen and experience in various positions on the Supervisory Board of Volkswagen	August 3, 2007	• Member of the Works Council for Volkswagen Commercial Vehicles

Name, position	Date membership began	Additional activities
Jürgen Stumpf* Many years of service at Volkswagen and experience as a member of the Supervisory Board of Volkswagen Aktiengesellschaft	January 1, 2005	• Chairman of the Works Council at the Kassel Plant of Volkswagen Aktiengesellschaft
Bernd Wehlauer* Many years of service at Volkswagen and experience in various positions at the Industriegewerkschaft Metall (IG Metall, German Metalworkers Union) and the Supervisory Board of Volkswagen	September 1, 2005	• Vice-Chairman of the Central and Group Works Council of Volkswagen Aktiengesellschaft • Wolfsburg AG, Wolfsburg[1] • Volkswagen Pension Trust e.V., Wolfsburg[3] • Volkswagen Immobilien Service GmbH, Wolfsburg[3] • Volkswagen Gewerbegrund GmbH, Wolfsburg[3]
Christian Wulff Studied law, Ministerpräsident (Prime Minister) of the State of Lower Saxony and many years of experience as a member of the Supervisory Board of Volkswagen Aktiengesellschaft	April 8, 2003	• Prime Minister of Lower Saxony

* Employee representative

1 Membership on supervisory boards that must be established by law in the home country.

2 Group positions on supervisory boards that must be established by law.

3 Comparable positions in Germany and abroad.

Supervisory Board member Jörg Bode was appointed by the Local Court of Wolfsburg (*Amtsgericht Wolfsburg*) on November 6, 2009 to replace the departed Supervisory Board member Dr. med. Philipp Rösler, former Minister for Economics, Labor and Transport of Lower Saxony. His election is planned for the Annual General Meeting of the Company on April 22, 2010. As set out in the agenda of the Annual General Meeting of the Company on April 22, 2010, the Supervisory Board is proposing the election of Dr. Hussain Ali Al-Abdulla, Vice-Chairman of Qatar Holding for a full term, as a successor of Roland Oetker, who will resign from the Supervisory Board at the end of the Annual General Meeting of the Company on April 22, 2010.

The members of the Supervisory Board can be contacted at the business address of the Company: Berliner Ring 2, 38440 Wolfsburg (Tel.: +49-5361-9-0).

17.2.3 Compensation of members of the Supervisory Board

According to Article 17 of the Articles of Association of the Company, the members of the Supervisory Board receive the following compensation each fiscal year, in addition to reimbursement of their expenses:

- Fixed compensation of EUR 6,000, payable after the end of the fiscal year.
- Variable compensation of EUR 2,500 for every dividend of EUR 0.03 per ordinary share as resolved by the General Meeting, which is distributed to the shareholders over and above a dividend of EUR 0.15 per ordinary share. This compensation is payable after the close of the Annual General Meeting that adopts a resolution on the allocation of profits.

The Chairman of the Supervisory Board receives triple the amount, his Deputy and the Chairman of a Supervisory Board committee each receive double the amount and the members of a Supervisory Board committee receive one and a half times the amount. If a member performs several functions, compensation is limited to the highest amount established for a function.

For participation in a meeting of the Supervisory Board, each member receives an attendance fee of EUR 1,000 in addition to reimbursement of expenses. The Company reimburses each Supervisory Board member for the VAT applicable to his compensation.

The compensation of the Supervisory Board of the Company will be EUR 3,840,514 depending on the dividend distributed for fiscal year 2009. It consists of fixed components of compensation (including attendance fees) of EUR 365,550 and variable components of compensation of EUR 3,474,964, in accordance with the applicable provisions of the Articles of Association.

The following table provides an overview of the compensation of the Supervisory Board members of the Company in fiscal years 2009 and 2008:

	Component of Compensation 2009 (unaudited)		**Total 2009**	**Total 2008**	**Total 2007**
Name	**Fixed (in EUR)**	**Variable (in EUR)**	**(unaudited) (in EUR)**	**(unaudited) (in EUR)**	**(unaudited) (in EUR)**
Hon.-Prof. Dr. techn. h.c. Dipl.-Ing. ETH Ferdinand K. Piëch	28,000	362,500	390,500	467,000	437,500
Jürgen Peters[1]	22,000	241,667	263,667	313,667	294,000
Jörg Bode[2] (from November 4, 2009)	5,950	19,132	25,082	–	–
Dr. jur. Michael Frenzel	18,000	181,250	199,250	236,500	222,250
Babette Fröhlich[1]	19,000	181,250	200,250	236,500	36,277
Dr. jur. Hans Michael Gaul	19,000	181,250	200,250	236,500	222,250
Dr. Ing. Jürgen Großmann	14,000	120,833	134,833	159,333	149,500
Holger P. Härter (until July 23, 2009)	8,767	136,273	145,040	313,667	294,000
Walter Hirche[2] (until April 23, 2009)	3,875	37,760	41,635	159,333	150,500
Peter Jacobs[1]	16,000	120,833	136,833	159,333	103,051
Olaf Kunz (until December 29, 2008)	–	–	–	158,905	150,500
Hartmut Meine[1] (from December 30, 2008)	16,000	120,833	136,833	428	–
Peter Mosch[1]	16,000	120,833	136,833	159,333	150,500
Roland Oetker	22,000	241,667	263,667	313,667	194,000
Bernd Osterloh[1]	19,000	181,250	200,250	236,500	222,250
Dr. jur. Hans Michel Piëch (from August 7, 2009)	9,400	48,333	57,733	–	–
Heinrich von Pierer (until April 24, 2008)	–	–	–	50,658	149,500
Dr. jur. Ferdinand Oliver Porsche (from August 7, 2009)	11,233	85,255	96,488	–	–
Dr. rer. comm. Wolfgang Porsche (from April 24, 2008)	17,158	144,161	161,319	108,675	–
Wolfgang Ritmeier	19,000	181,250	200,250	236,500	154,077
Dr. med. Philipp Rösler[2] (April 23 – October 28, 2009)	6,092	62,263	68,355	–	–
Heinrich Söfjer[1]	16,000	120,833	136,833	159,333	60,994
Jürgen Stumpf[1]	14,000	120,833	134,833	159,333	149,500
Bernd Wehlauer[1]	19,000	181,250	200,250	236,500	222,250
Dr. Ing. Wendlin Wiedeking (until July 23, 2009)	7,075	102,205	109,280	236,500	222,250
Christian Wulff[2]	19,000	181,250	200,250	236,500	222,250
Members retired from the Supervisory Board in the previous year	–	–	–	209,563	368,768
Total	**365,550**	**3,474,964**	**3,840,514**	**4,574,665**	**4,276,167**

1 In accordance with the guidelines of the German Federation of Trade Unions, these employee representatives have requested that their Supervisory Board compensation be remitted to the Hans-Böckler Foundation.

2 Under section 5(3) of the Niedersächsisches Ministergesetz (Ministers' Act of Lower Saxony), these Supervisory Board members must remit the compensation paid for their activities on the Supervisory Board to the State of Lower Saxony, once and to the extent that the compensation exceeds EUR 5,500 per year. Compensation in this context means Supervisory Board compensation and attendance fees to the extent the amount of the fees exceeds EUR 200.

17.2.4 Shares held by Supervisory Board members

Bernd Osterloh holds 30 ordinary shares and 198 preferred shares in the Company, Dr. jur. Hans Michel Piëch holds 1,000 preferred shares in the Company, Wolfgang Ritmeier holds 30 ordinary shares and 89 preferred shares in the Company, Jürgen Stumpf holds 20 ordinary shares and 69 preferred shares in the Company and Bernd Wehlauer holds 1 ordinary share in the Company. The other members of the Supervisory Board did not hold any shares in the Company as of February 22, 2010.

Jürgen Stumpf also holds 5 convertible bonds of the stock option plan 2005/2010 of Volkswagen Aktiengesellschaft of EUR 2.56 per bond.

The members of the Supervisory Board Hon.-Prof. Dr. techn. h.c. Dipl.-Ing. ETH Ferdinand K. Piëch, Dr. jur. Hans Michel Piëch, Dr. jur. Ferdinand Oliver Porsche and Dr. rer. comm. Wolfgang Porsche also have an indirect interest in Porsche Automobil Holding SE and Porsche Gesellschaft m.b.H., which collectively hold approximately 53% of the ordinary shares of Volkswagen Aktiengesellschaft (see also the overview in the section *"Principal Shareholders"*).

17.3 Certain information regarding members of the Board of Management and the Supervisory Board

In the last five years, no current member of the Board of Management or the Supervisory Board has been convicted of fraudulent offences. Nor have there been any public incriminations and/or sanctions with respect to members of the Board of Management or the Supervisory Board brought by statutory or regulatory authorities.

In the last five years, no current member of the Board of Management or Supervisory Board was subject to insolvency, administration, or liquidation in connection with his activities as a member of a Board of Directors, Board of Management, or Supervisory Board or as a member of senior management.

No court has ever disqualified a current member of the Board of Management or the Supervisory Board from acting as a member of an administrative, management, or supervisory body of a company or from acting in the management or conducting the affairs of any issuer.

At the date of this Prospectus, there are no family relationships between the members of the Board of Management nor between the members of the Board of Management and the members of the Supervisory Board.

At the date of this Prospectus, the following family relationships exist between the members of the Supervisory Board: Hon.-Prof. Dr. techn. h.c. Dipl.-Ing. ETH Ferdinand K. Piëch and Dr. jur. Hans Michel Piëch are indirect second-degree relatives (brothers) and are indirect fourth-degree relatives (cousins) of Dr. rer. comm. Wolfgang Porsche. In addition, the aforementioned members of the Supervisory Board are collateral relatives (nephews) of Dr. jur. Ferdinand Oliver Porsche. There are no family relationships between the remaining members of the Supervisory Board.

Some of the members of the Board of Management and the Supervisory Board are also members of executive bodies of group companies, which are companies in which the Company has a substantial interest, and key shareholders of the Company, so-called dual mandates. Such dual mandates are, for example, held by the Chairman of the Board of Management of the Company, Prof. Dr. rer. nat. Martin Winterkorn, by the CFO of the Company, Hans Dieter Pötsch and by the member of the Board of Management of the Company Dr. rer. pol. h.c. Francisco Javier Garcia Sanz, who are simultaneously members of the Board of Directors of Scania AB, with Prof. Dr. Martin Winterkorn holding the position of Chairman of the Board of Directors. Prof. Dr. rer. nat. Martin Winterkorn, Dr. rer. pol. h.c. Francisco Javier Garcia Sanz, Prof. Dr. rer. pol. Horst Neumann and Hans Dieter Pötsch are also members of the Supervisory Board of Audi AG, with Prof. Dr. rer. nat. Martin Winterkorn holding the position of Chairman of the Supervisory Board. The member of the Board of Management, Rupert Stadler, is simultaneously the Chairman of the Board of Management of Audi AG.

Hon.-Prof. Dr. techn. h.c. Dipl.-Ing. ETH Ferdinand K. Piëch, Chairman of the Supervisory Board, and Rupert Stadler, are also members of the Supervisory Board of MAN SE, which, although it is not a subsidiary of Volkswagen, is a company in which Volkswagen, with a 28.67% shareholding of its share capital (corresponding to a 29% share of voting rights), holds a substantial interest.

Dual mandates also exist in relation to key shareholders of Volkswagen Aktiengesellschaft and the members of its governing bodies. The Chairman of the Board of Management of the Company, Prof. Dr. rer. nat. Martin Winterkorn, and the CFO, Hans Dieter Pötsch, are simultaneously members of the Board of Management of Porsche Automobil Holding SE and members of the Shareholders Committee and the Supervisory Board of Porsche Holding Gesellschaft m.b.H., Salzburg and of the Supervisory Board of Porsche Gesellschaft m.b.H., Salzburg.

Dr. Hans Michel Piëch and Dr. Ferdinand Oliver Porsche are simultaneously members of the Supervisory Board of Volkswagen Aktiengesellschaft and members of the Supervisory Board of Porsche Automobil Holding SE. Hon.-Prof. Dr. techn. h.c. Dipl.-Ing. ETH Ferdinand K. Piëch is simultaneously a member of the Supervisory Board of Porsche Automobil Holding SE and Chairman of the Supervisory Board of Volkswagen Aktiengesellschaft. Dr. rer. comm. Wolfgang Porsche, Chairman of the Supervisory Board of Porsche Automobil Holding SE, is simultaneously a member of the Supervisory Board of Volkswagen Aktiengesellschaft. Hon.-Prof. Dr. techn. h.c. Dipl.-Ing. ETH Ferdinand K. Piëch, Dr. jur. Hans Michel Piëch and Dr. jur. Ferdinand Oliver Porsche are also members of the Supervisory Board of Audi AG.

Due to the dual mandates, a conflict of interest in the structuring of business relationships between Volkswagen companies, as well as with other companies outside Volkswagen, and a disadvantageous exercise of influence over Volkswagen's business, cannot be excluded. This is particularly applicable against the background that, due to the overlaps of personnel and the Volkswagen's Group structure, decision-making cannot take place on the Board of Management and the Supervisory Board as independently as would be the case for subsidiaries which are not as connected with their parent company in the same manner. To the extent that conflicts of interest occur, the relevant members deal with these in a responsible manner which is in accordance with the legal requirements. There are no conflicts of interest or potential conflicts of interest in relation to the remaining members of the Board of Management.

There are no employment contracts between the Company or any of its subsidiaries and members of the Supervisory Board or the Board of Management of the Company which provide for benefits at the end of the employment relationship.

17.4 General Meeting

Convening the meeting and announcement of the agenda

The General Meeting is convened by the Board of Management and, in the cases prescribed by law, by the Supervisory Board, by publishing the agenda. The Annual General Meeting must be held in the first eight months of the fiscal year. It is to be held at the place of the registered office of the Company or at the location of a German stock exchange or at some other suitable place in the Federal Republic of Germany.

The General Meeting will also be convened if the welfare of the Company so requires, or if shareholders whose aggregate shares constitute 5% of the share capital demand a meeting in writing stating the purpose and reasons for the meeting.

The General Meeting must be convened at least 36 days in advance. The date on which the meeting is convened and the date of the General Meeting itself are not to be included in the calculation.

Article 20 of the Articles of Association of the Company provides that the agenda must accompany the notice on the convening of the General Meeting. No resolutions may be adopted with respect to agenda items announced subsequently. This does not apply to items that are placed on the agenda and are made public upon demand of a minority in accordance with section 122(2) or (3) of the AktG after the notice on the convening of the General Meeting was received. Resolutions may be adopted with respect to these items, without regard to the majority required to adopt such a resolution, only if the items (including the explanatory statement for the proposed resolution) are received by the Company at least 30 days prior to the General Meeting. The date of receipt is not to be included in the calculation.

Responsibility; adoption of resolutions

The Annual General Meeting may adopt resolutions regarding, in particular, the distribution of net retained profits, the discharge of the Board of Management and of the Supervisory Board, the selection of the independent auditor and the approval of the annual financial statements (in the cases prescribed by law).

Unless otherwise required by mandatory provisions of law, resolutions of the General Meeting are adopted by a simple majority of the votes cast and, if the law requires a majority of the capital in addition to a majority of the votes, by a simple majority of the share capital represented at the adoption of the resolution.

In accordance with the Aktiengesetz (AktG – German Stock Corporation Act), resolutions of fundamental importance require, in addition to a majority of the shareholders present, a majority of at least three quarters of the share capital represented at the adoption of the resolution. Resolutions of fundamental importance include, in particular, the following:

- Amendments to the Articles of Association,
- Measures to increase or reduce capital,
- Entering into inter-company agreements (such as management control and profit transfer agreements),
- Mergers, spin-offs and changes of corporate form in accordance with the Umwandlungsgesetz (UmwG – German Reorganization Act), and
- Dissolution of the Company.

Article 25(2) of the Articles of Association of the Company and section 4(3) of the VW-Gesetz provide that resolutions of the General Meeting for which statutory provisions require at least a three-quarter majority of the share capital represented at the adoption of the resolution shall require a majority of more than four fifths of the Company share capital represented at the adoption of the resolution.

In addition, on December 3, 2009, the Extraordinary General Meeting of Volkswagen Aktiengesellschaft confirmed this provision with the following resolution: "Resolutions of the General Meeting required by law to have at least a three-quarter majority of the share capital represented at the adoption of the resolution shall require a majority of more than four fifths of the share capital of the Company represented at the adoption of the resolution. This applies particularly, but not exclusively, to all capital increasing and capital reduction measures and to other amendments to the Articles of Association and measures taken under the Umwandlungsgesetz (UmwG – German Reorganization Act) and to resolutions adopted under the Wertpapiererwerbs- und Übernahmegesetz (WpÜG – German Securities Acquisition and Takeover Act) for which a majority of at least three quarters of the share capital represented at the adoption of the resolution is required by law". This resolution has not yet been registered in the Commercial Register and has therefore not yet become effective. Therefore until the registration of the resolution the current provision of the Articles of Association will remain effective.

The background of this resolution is the decision of the European Court of Justice dated October 23, 2007, which held that the provision on maximum voting rights contained in the VW-Gesetz – which has since been amended – and which stated that no shareholder, regardless of the size of his investment, could hold more than 20% of the voting rights, in combination with the requirement of an 80% qualified majority of the share capital represented at the adoption of a resolution, violated the rules on the free movement of capital guaranteed under European law. The legal consequences of this ruling have been given various interpretations. In the opinion of the European Commission delivered in November 2008, the requirement of an 80% qualified majority of the share capital represented at the adoption of a resolution violates the free movement of capital guaranteed under European law even if it is not combined with the provision on maximum voting rights. However, in the opinion of the Bundesregierung (German Federal Government), the requirement of an 80% qualified majority of the share capital represented at the adoption of a resolution is permissible under European law, in the absence of a provision on maximum voting rights. Consequently, in conforming the VW-Gesetz to the case law of the European Court of Justice, the Bundesregierung (German Federal Government) left the provision on the requirement of an 80% qualified majority unchanged and merely repealed the provisions on maximum voting rights and rights of appointment. If the European Court of Justice re-addresses Section 4(3) of the VW-Gesetz, it is possible that the Court will hold that this provision violates the free movement of capital guaranteed under European law. In accordance with the principle of primacy in application of EU law, the validity of section 4(3) of the VW-Gesetz would not be affected, so that this provision would continue to be effective. However, public authorities, such as courts, could no longer apply section 4(3) of the VW-Gesetz, to the extent this would restrict the free movement of capital across borders.

The confirming resolution adopted on December 3, 2009 is designed to emphasize the validity of the requirement of an 80% qualified majority of the share capital represented at the adoption of a resolution. As the European fundamental freedoms are, in principle, not applicable to civil law provisions in a company's articles of association, such resolution aims to allow the use of the qualified majority requirement of 80% of the share capital represented at the adoption of a resolution despite any incompatibility of Section 4(3) VW-Gesetz with European legal rules and to avoid any potential legal uncertainties arising regarding the application of the qualified majority requirement.

Entitlement to participate in the General Meeting and shareholders' rights at the General Meeting

Article 21 of the Articles of Association of the Company provides that only those shareholders who have registered in text form (section 126b of the Bürgerliches Gesetzbuch (BGB – German Civil Code)) in German or English are entitled to participate in the General Meeting and to exercise their voting rights. The Company must receive the registration at the address indicated in the invitation at least six days before the General Meeting. The date of receipt is not to be included in the calculation. In other respects, section 121(7) of the AktG applies.

In addition, the shareholders must prove their entitlement to participate in the General Meeting and to exercise their voting rights by submitting a proof of share ownership from the depositary institution in text form (section 126b of the BGB) in the German or English language. The proof must relate to the beginning of the 21st day before the meeting and must be received by the Company at least six days before the General Meeting at the address indicated in the invitation. The date of receipt is not to be included in the calculation. In other respects, section 121(7) of the AktG applies.

Each ordinary share confers one vote at the General Meeting. The Company is not entitled to any voting rights for its own shares.

Every shareholder has a right to speak and ask questions at the General Meeting, which is subject to certain restrictions, particularly with respect to the confidentiality concerns of the Company and its interest in the orderly and expeditious progress of the General Meeting. Article 22(4) of the Articles of Association of the Company provides that the Chairman of the General Meeting is entitled to impose reasonable time restrictions on the shareholders' rights to speak and ask questions at the beginning of the General Meeting. In doing so, the Chairman of the General Meeting should be guided by the goal of completing the General Meeting within a reasonable and appropriate period of time.

Under Article 24 of the Articles of Association of the Company and section 3(1) of the VW-Gesetz, no person may exercise voting rights in his own name for shares that do not belong to him. However, every shareholder can be represented by an agent at the General Meeting. Anyone who exercises voting rights for shares that do not belong to him needs a proxy from the shareholder in text form if he is not the statutory representative of the shareholder. The proxy is only valid for the next General Meeting. Anyone representing a shareholder on a commercial basis may exercise his voting rights only if the shareholder has granted him a proxy. Instructions may be sought. The proxy must contain the name, place of residence, and number of shares and votes belonging to the shareholder being represented. The representative must submit the proxies of the shareholders he represents to the Company in alphabetical order. The proxies must be displayed at the General Meeting for inspection by all participants before the first vote. Only the representative is recorded in the list of participants (section 129 of the AktG). He must indicate the amount and the class of shares that do not belong to him as well as the number of votes he represents so they can be recorded separately in the list. The Company must keep the proxies for three years after the General Meeting. If a complaint challenging a resolution adopted at the General Meeting is pending when the period expires, the time period is extended until the complaint is finally judicially or otherwise finally resolved. Any shareholder is to be permitted inspection of the proxies, upon request.

A challenge was filed against the aforementioned revision of Article 24 of the Articles of Association of the Company by the General Meeting of the Company on December 3, 2009. If this challenge is successful, section 3(1) of the VW-Gesetz, which has the same content, would continue to be applicable.

Special features for holders of preferred shares

Preferred shareholders generally have no voting rights at the General Meeting, except in the exceptional cases provided by law.

If the annual minimum preferred dividend under Article 27(2) of the Articles of Association of EUR 0.11 per preferred share is not paid out or is not fully paid out in one year, and if the deficit is not paid out in the next year in addition to the full preferred dividend for that year, the holders of preferred shares have voting rights until the arrears have been paid. In that event, the preferred shares are also to be taken into account in calculating the necessary capital majority in accordance with the law or the Articles of Association.

A resolution terminating or restricting the preference rights requires the consent of the holders of the preferred shares. A resolution on the issuance of preferred shares that will take precedence over or will rank equally with preferred shares without voting rights in the distribution of profits or company assets also requires the consent of the holders of preferred shares. There is no need for such consent if the right to make such an issuance was expressly reserved when preference was granted – as explicitly provided for in Article 4(2) of the Articles of Association of the Company – and if the shareholders' subscription rights are not excluded. The holders of preferred shares have to adopt a special resolution in a special meeting giving their consent. In accordance with the Aktiengesetz (AktG – German Stock Corporation Act) the resolution requires a majority of at least three quarters of the votes cast. The Articles of Association may not require a different majority or establish additional requirements.

If the preferred dividend is not paid out or is not fully paid out in one year, and if the deficit is not paid out the next year in addition to the full preferred dividend for that year, the holders of preferred shares shall have voting rights until the arrears have been paid. In this event, the preferred shares are also to be taken into account in calculating the necessary capital majority in accordance with the law or the Articles of Association.

17.5 Corporate governance

The government commission on the German Corporate Governance Code appointed by the Federal Ministry of Justice (Bundesministerin für Justiz) in September 2001 adopted the German Corporate Governance Code (the "**Code**") on February 26, 2002 and, most recently, adopted various amendments to the Code on June 18, 2009. The Code provides recommendations and suggestions on managing and supervising listed German companies. In doing so, it is based on recognized international and national standards for good and responsible corporate governance. The purpose of the Code is to make the German corporate governance system transparent and comprehensible. The Code contains recommendations and suggestions on corporate governance with respect to shareholders and the general meeting, the board of management, the supervisory board, transparency, accounting and auditing. The Code can be viewed online at www.corporate-governance-code.de.

There is no obligation to comply with the recommendations and suggestions of the Code. German stock corporation law merely requires the board of management and supervisory board of a listed company to either make an annual declaration that the company has been and will be in compliance with the recommendations of the Code, or state which recommendations have not or will not be applied and why. The statement is to be made permanently available on the website of the Company and in the management report of the Company as a part of the statement on corporate governance. A company may deviate from the suggestions made in the Code without disclosing this. The Board of Management and the Supervisory Board of the Company recently issued the following statement of compliance with the German Corporate Governance Code required by section 161 of the AktG on November 20, 2009:

"The Board of Management and Supervisory Board of Volkswagen AG declare that the recommendations of the "Government Commission of the German Corporate Governance Code" in the version June 18, 2009 that were published by the Federal Ministry of Justice on August 05, 2009 in the official section of the electronic version of the Bundesanzeiger (German Federal Gazette) are being complied with, without limitation, except for sections 3.8 para. 2 (deductible with respect to D&O insurance), 4.2.3 para. 2 sentences 2 and 3 (comparative parameters with respect to flexible compensation) and 4.2.3 para. 3 and 4 (severance payment cap). A deductible with respect to the D&O insurance, in accordance with section 3.8 para. 2, is to be included in the new insurance policy as of January 01, 2010. The provisions of sections 4.2.3 para. 2, sentences 2 and 3 (comparative parameters with respect to flexible compensation) and 4.2.3 para. 3 and 4 (severance payment cap) are to be included in the future in new contracts concluded with members of the Board of Management. The recommendations of sections 3.8 para. 2 (deductible with respect to D&O insurance) and 4.2.3 para. 2 sentences 2 and 3 (comparative parameters with respect to flexible compensation) are new; they will therefore be only complied with in the future. After the severance payment cap was viewed critically for legal reasons in the past and was thus limited by Volkswagen in the Declaration, new potential arrangements have been developed in practice that make it appear reasonable to follow also this recommendation in the future.

The Board of Management and the Supervisory Board declare further that the recommendations of the "Government Commission of the German Corporate Governance Code" in the version of June 06, 2008 that were published by the Federal Ministry of Justice on August 08, 2008 in the official section of the electronic version of the Bundesanzeiger (German Federal Gazette), were complied with, during the period of time from November 21, 2008 until August 05, 2009, except for section 4.2.3 para. 4 and 5 (severance payment cap). Thereafter the recommendations of the "Government Commission of the German Corporate Governance Code" in the version of June 18, 2009 that were published by the Federal Ministry of Justice in the official section of the electronic version of the Bundesanzeiger (German Federal Gazette) on August 05, 2009, were complied with except for sections 3.8 para. 2 (deductible with respect to D&O insurance), 4.2.3 para. 2 sentences 2 and 3 (comparative parameters with respect to flexible compensation) and 4.2.3 para. 3 and 4 (severance payment cap)."

Since the compliance declaration on November 20, 2009 a cap on settlement compensation in accordance with the requirements of the German Corporate Governance Code is agreed at the conclusion of contracts with members of boards of management. With effect from January 1, 2010 a deductible was included in the new D&O insurance contract according to section 3.8(2) of the Code. Otherwise the declaration of the Company from November 20, 2009 continues to be correct.

18. TAXATION IN THE FEDERAL REPUBLIC OF GERMANY

This section summarizes certain major taxation principles under German law which are or may become relevant in connection with the acquisition, holding or transfer of the shares and subscription rights. The information herein does not purport to be exhaustive and does not provide a complete explanation of all possible tax relevant issues. The summary is based on current German tax law, including typical provisions from double taxation treaties concluded between the Federal Republic of Germany and other states. It should be considered that provisions may – under certain circumstances even retroactively – be changed.

Potential investors should consult their tax advisor with regard to tax consequences which may arise in connection with the purchase, receipt, holding and sale or free transfer (inheritance and gift) of the shares and subscription rights. The same applies to rules regarding a potential refund of German withholding tax (Kapitalertragsteuer). Only tax advisors are able to consider the specific tax situations of the individual shareholder in a sufficient manner.

18.1 Taxation of the Company

German corporations are, in principle, subject to corporate income tax (*Körperschaftsteuer*) in respect of their profits at a flat rate of 15% for distributed and retained profits, plus a solidarity surcharge (*Solidaritätszuschlag*) of 5.5% thereon (in total rounded 15.8%).

Economically, 95% of the dividends or other profit shares which the Company receives from German or foreign corporations are exempt from corporate income tax. The remaining 5% of the respective revenues are deemed non-deductible business expenses and, therefore, are subject to corporate income tax (plus solidarity surcharge). The same applies to capital gains of the Company from the sale of shares in another German or foreign corporation. However, such an exemption from taxation does not apply with respect to shares acquired for the purposes of realising short-term capital gains from share-trading if and to the extent the Company is deemed a financial enterprise (*Finanzunternehmen*) within the meaning of the Kreditwesengesetz (KWG – German Banking Act) whose main purpose is the purchasing and holding of participations (see also the section "– *Special rules for companies in the financial and insurance sectors*").

In addition, German corporations are subject to trade tax (*Gewerbesteuer*) with respect to their trade earnings (*Gewerbeertrag*) from permanent establishments in Germany (*inländische Betriebsstätten*). Generally, trade tax ranges from 7% to 17% of the taxable trade earnings, depending on the trade tax assessment rate (*Gewerbesteuerhebesatz*) set by the local municipalities in which the Company maintains its permanent establishments. Trade tax must not be deducted as a business expense at the level of a corporation for corporate income tax purposes.

For trade tax purposes, dividends and other shares in profits received from German or foreign corporations as well as capital gains from the sale of shares in another corporation are treated basically in the same way as for corporate income tax purposes. However, dividends and other shares in profits are in principle economically 95% exempt from trade tax only if the Company holds at least 15% of the registered share capital (*Grundkapital* or *Stammkapital*) of the distributing corporation at the beginning and in case of a participation in a foreign corporation since the beginning of the relevant tax assessment period. Otherwise, profit distributions are fully subject to trade tax. With respect to dividends and other shares in profits received from foreign corporations, further restrictions apply.

The Company may use tax loss carry-forwards only up to EUR 1 million to fully offset positive income that is subject to the corporate income tax or trade tax. Exceeding amounts can only be deducted up to 60% of the amount exceeding EUR 1 million. Unused loss carry-forwards can be carried forward indefinitely, and may be in principle used to offset within the described 60% limitation against future taxable income. Unused tax loss carry-forwards will generally forfeit (partially or in full) if within five years, more than 25% of the subscribed capital is transferred, whether directly or indirectly to an acquiring party, affiliates or a group of acquirers with aligned interests. The same applies to the capital increase if and to the extent it changes the (capital) shareholding structure of the Company. In any case, the unused loss carry-forwards can still be utilised, if and to the extent hidden reserves are attributable to the acquiring party triggering the harmful transfer.

18.2 Taxation of shareholders

With respect to the taxation of shareholders, a distinction has to be made between the taxation in connection with the holding of shares (taxation of dividends), the sale of shares and subscription rights (taxation of capital gains) and the gratuitous transfer of shares and subscription rights (inheritance and gift tax). With effect for the tax assessment period 2009, taxation of shareholders has been changed by introduction of the so-called Flat Tax (*Abgeltungsteuer*) as well as by other related substantial changes in the income tax law. The following section describes the tax law applicable to shares acquired in the tax assessment period 2010.

18.3 Taxation of dividends

18.3.1 Withholding tax

The Company must withhold and remit to the German tax authorities a withholding tax (*Kapitalertragsteuer*) in the amount of 25% on dividends it distributes plus a solidarity surcharge of 5.5% on the amount of the withholding tax (a total of 26.375%). Where applicable, the due church tax may be withheld and remitted upon application of the individual taxpayer (generally) vis-à-vis the Domestic Paying Agent (*inländische Zahlstelle*) by the Domestic Paying Agent (as defined in "*—Taxation of Capital Gains —Shareholders resident in Germany – Shares/subscription rights held as business assets*"). The assessment basis for the withholding tax is the dividend resolved by the General Meeting.

The withholding tax is in principle withheld irrespective of whether and to what extent the dividend is tax exempt at the level of the shareholder and whether the shareholder is a resident in Germany or abroad.

Dividends which are distributed to a company that is a resident in another Member State of the European Union within the meaning of Article 2 of the Council Directive 90/435/EEC on the common system of taxation applicable in the case of parent companies and subsidiaries of different Member States its current version (the "**Parent-Subsidiary Directive**") (parent company), a withholding of the tax may, on application and if further requirements are met, be fully dispensed (*Freistellung im Steuerabzugsverfahren*).

18.3.2 Taxation of shareholders resident in Germany

18.3.2.1 Shares held as private assets

In the case of individuals who are subject to unlimited taxation (*unbeschränkte Steuerpflicht*) in Germany and hold shares as private assets (*Privatvermögen*), dividends are subject to individual income tax as capital income at a special flat tax rate of 25% plus a solidarity surcharge of 5.5%, i.e. a total of 26.375% (*Abgeltungsteuer*) (the "**Flat Tax**") and, where applicable, church tax.

Generally, the Flat Tax on the dividends is deducted from the taxable capital income by way of withholding tax by the Company. By this withholding, usually, the income tax on the dividends is deemed to be covered, i.e. such income does not need to be filed in the personal income tax return of the shareholder – subject to certain declaration obligations regarding church tax.

If the capital income has been subject to the withholding tax, the shareholder may – upon application – declare such income in his income tax return, e.g. in order to utilize unused amounts of the general saver's allowance (*Sparer-Pauschalbetrag*) or a loss carry forward, credit foreign taxes or to avoid the application of the withholding tax based on a lump sum substitute basis (*Ersatz-Bemessungsgrundlage*). In cases where such income is declared and transferred into the assessment procedure the income tax will still be applied at the special tax rate of the Flat Tax and church tax if applicable, but not at the individual, progressive income tax rate.

In the assessment procedure and upon application vis-à-vis the Domestic Paying Agent in the withholding procedure as well, a saver's allowance in the amount of EUR 801 (or EUR 1,602 for married couples filing jointly) per year can be deducted from the capital income. Expenses actually incurred to generate the income (*Werbungskosten*) cannot be deducted.

The shareholder may apply for a so-called most-favored-test (*Günstigerprüfung*) and thus achieve that the capital income is not subject to the tax rate of the Flat Tax, but to the individual progressive income tax rate, if this leads to a lower tax burden regarding the capital income. Regarding such an application, further details need to be taken into consideration.

Furthermore, upon application, the Flat Tax will not be applied to a shareholder, who either (i) holds at least 25% of the registered share capital of the Company or (ii) holds at least 1% of the registered share capital of the Company and is simultaneously an employee of the Company; regarding such applications, further details need to be taken into consideration.

If the Flat Tax is not applicable due to the reasons mentioned in the paragraph above, 60% of the dividends are subject to taxation (*Teileinkünfteverfahren*). These 60% of the dividends are subject to the individual progressive income tax rate (up to the maximum rate of 45%) plus solidarity surcharge in the amount of 5.5% (at the maximum rate of 45% that would result in a combined maximum rate of rounded 47.5%) and church tax, if applicable. Expenses economically connected with these dividends are tax – deductible only at 60% of these expenses. The saver's (tax-free) allowance is not additionally granted.

18.3.2.2 Shares held as business assets

If the shares are held as business assets, taxation depends on whether the shareholder is a corporation, sole proprietor, commercial or deemed commercial partnership (*Mitunternehmerschaft*).

Withholding taxes amounting to 26.375% (including solidarity surcharge) withheld by the Company will be credited against the respective individual income or corporate income tax liability of the shareholder or refunded to the extent of a potential overpayment. The withholding tax rate of the Flat Tax is not applicable in the assessment procedure.

(i) Corporations

Dividends received by corporations resident in Germany are – except for certain exemptions for enterprises of the financial and insurance sectors – in principle economically exempt from corporate income tax and solidarity surcharge to the amount of 95%. 5% of the dividends are deemed non-deductible business expenses and are therefore subject to corporate income tax (plus solidarity surcharge). Otherwise, business expenses actually incurred in connection with the dividends may be deducted to the full amount. A minimum participation or minimum holding period is not required. Dividends are, however, generally fully subject to trade tax after deduction of business expenses economically related to the dividend, unless the corporation holds at least 15% of the registered share capital of the Company at the beginning of the tax assessment period. In this case, only economically 5% of the dividends are subject to trade tax.

(ii) Sole proprietors (individuals)

If the shares are held as business assets of a sole proprietor, 60% of the dividends are considered as income for the purposes of income taxation (*Teileinkünfteverfahren*) and are subject to the individual income tax rate (including solidarity surcharge rounded up to 47.5% and plus church tax, if applicable). Business expenses economically related to such dividends are deductible only at 60% of such expenses. In addition, the dividends are fully subject to trade tax if the shares are attributable to a permanent establishment of a commercial business in Germany, but not if the taxpayer held at least 15% of the share capital of the Company at the beginning of the relevant tax assessment period. In principle, trade tax will be credited against the shareholder's individual income tax on a lump sum basis.

(iii) Partnerships (*Mitunternehmerschaft*)

If the shareholder is a partnership, individual income or corporate income tax is only levied at the level of the respective partner of the partnership. Taxation of each partner depends on whether the partner is a corporation or an individual.

If the partner is a German resident corporation, economically 95% of dividends are, in principle, exempt from taxation (see also subsection *"– Corporations"* above). If the partner is an individual residing in Germany, 60% of dividends are subject to income tax plus solidarity surcharge (see also subsection *"– Sole proprietors (individuals)"* above). Upon application and provided that other requirements are met, a partner that is an individual can achieve a reduction of its individual income tax rate for retained and not withdrawn profits.

If the shares are held as business assets in a permanent establishment in Germany, the dividend income is in general subject to trade tax in full at the level of the partnership irrespective of whether corporations or individuals are involved as partners. If, however, the partnership holds at least 15% of the share capital of the Company at the beginning of the relevant taxation period, economically only 5% of dividend payments are subject to trade tax to the extent corporations are partners of the partnership. If and to the extent individuals are partners of the partnership and the partnership holds at least 15% of the share capital of the Company at the beginning of the relevant tax assessment period, the net dividend, i.e. reduced by expenses in connection with the dividend, is fully exempted from trade tax. If the partnership holds less than 15% of the distributing Company's share capital, individuals will be credited fully or partially against their individual income tax liability on a lump-sum tax basis for any trade tax incurred by the partnership, if and to the extent the trade tax is attributable to such partner.

Special rules for credit institutions, financial services providers, financial enterprises as well as life-insurance and health-insurance enterprises and pension funds as specified in section *"– Special rules for companies in the financial and insurance sectors"* apply.

18.3.3 Taxation of non-resident shareholders

Shareholders (individuals or corporations) resident outside of Germany and holding shares as business assets in a permanent establishment or fixed base of business in Germany or as business assets for which a permanent representative in Germany has been appointed, are subject to German taxation on their individual income. The above statements with respect to German residents holding the shares as business assets insofar apply accordingly.

If shareholders not residing in Germany hold the shares neither as business assets of a permanent establishment or fixed base in Germany nor as business assets for which a permanent representative has been appointed in Germany, a potential German tax liability will be deemed settled by way of withholding tax.

If the shareholder is a corporation subject to the non-resident limited tax liability, two-fifths of the withheld and remitted withholding tax and the solidarity surcharge will be refunded by the Bundeszentralamt für Steuern (German Federal Central Tax Office) upon application under an officially provided form, whereas further details need to be considered with respect to the application. The refund requires that the shareholder does not fall within the scope of the anti-abuse rule as set out in section 50d(3) of the Einkommensteuergesetz (EStG – German Income Tax Act).

The withholding tax rate for distributions to such non-resident shareholders may be reduced in accordance with the provisions of a potentially applicable double taxation treaty. In principle, a withholding tax reduction is granted in such a manner that the difference between the total amount withheld including the solidarity surcharge and the withholding tax which is actually due in accordance with the applicable double taxation treaty (normally 15%) is refunded, upon application, by the German tax authorities (Bundeszentralamt für Steuern (German Federal Central Tax Office), 53225 Bonn). Forms for the refund procedure can be obtained from the Bundeszentralamt für Steuern (German Federal Central Tax Office) (www.bzst.bund.de) and from German embassies and consulates. The refund requires that the shareholder does not fall within the scope of the anti-abuse rule set out in section 50d(3) of the EStG.

18.4 Taxation of capital gains

18.4.1 Shareholders resident in Germany

18.4.1.1 Shares/subscription rights held as private assets (acquisition after 31 December 2008)

Capital gains earned from the sale of shares (acquired after 31 December 2008) are income from capital and thus fully subject to taxation, irrespective of any holding period. A sale in this sense encompasses also redemption, repayment, assignment or hidden contribution into a corporation.

If the shares are held in custody or administered by a domestic credit institution, domestic financial services provider, domestic broker or a domestic security trading bank (including domestic branches of such foreign institutions) or the sale is conducted by such institution which credits or disburses the proceeds from the sale (the "**Domestic Paying Agent**"), the Domestic Paying Agent has to withhold the Flat Tax (including solidarity surcharge) and if applicable – upon application - church tax from the capital gain by way of withholding tax from the taxable capital income. Regarding the withholding mechanism and the applicable tax rates, the corresponding information regarding withholding tax on dividends as discussed in the section "*– Taxation of dividends – Taxation of Shareholders resident in Germany – Shares held as private assets*" apply accordingly. In these cases, the income tax for capital income is generally deemed to be settled with the withholding of tax, i.e. parts of the income need not to be filed in the respective tax return of the shareholder subject to potential declaration obligations regarding church tax (see hereto "*– Other taxes*"). The possibility to transfer capital income – upon application – into the assessment procedure as well as the possibility for a most-favored-test (*Günstigerprüfung*) corresponds to those set out above in connection with dividends (section "*– Taxation of dividends – Taxation of shareholders resident in Germany – Shares held as private assets*").

If shares are in the custody of a foreign paying agent and no withholding tax on capital gains is applied, the capital gains must be declared in the assessment procedure.

The above discussed principles are also applicable to the sale of subscription rights. The acquisition costs of the subscription rights are taken into account upon the sale generally at EUR 0 and the Flat Tax will be determined based on the proceeds from the sale.

From the total amount of capital income (dividends, interest, certain liquidation proceeds, revenue from silent partnerships, capital gains etc.) a saver's allowance (*Sparer-Pauschbetrag*) can be deducted in the amount of EUR 801 (or EUR 1,602 for married couples jointly) which is assessed per year. There must be no deduction of expenses actually incurred.

Losses from the sale of shares in stock corporations may solely be off-set against capital gains from the sale of shares in stock corporations, but not against other capital income, e.g. dividends, and also not against income of any other kind (limitation of loss utilization, *Verlustverrechnungsbeschränkung*). Losses from the sale of shares in stock corporations not yet off-set can only be carried forward to future tax periods but not carried back to preceding tax periods. These amounts need to be assessed separately.

Losses from the sale of subscription rights can only be off-set against capital income, e.g. received dividends but not against income of any other kind. Losses from capital income not yet off-set, e.g. losses from the sale of subscription rights, can only be carried forward to future tax periods but not carried back to preceding tax periods. The amounts need to be assessed separately.

Regarding subscription rights, the German tax authorities assume that they are acquired at the same time as the shares underlying them. If the shares underlying the subscription rights have been acquired before 1 January 2009 and therefore before the provisions regarding Flat Tax came into effect, the capital gain from the subscription rights would be tax exempt as the sale would occur after the one-year holding period has closed.

The German tax authorities do not consider the exercise of subscription rights as a sale. At the time of the exercise of the subscription rights, the new shares are considered to be acquired for the subscription price.

The Flat Tax is not applicable to capital gains realized on a sale of shares or subscription rights, if a shareholder (individual), or in the case of a gratuitous transfer, the shareholder's legal predecessor, or if the shares have been gratuitously transferred several times in a consecutive manner one of its legal predecessors, directly or indirectly held at least 1% of the share capital of the Company at any time during the five years preceding the sale. The responsibility of the Domestic Paying Agent to withhold the withholding tax (plus the solidarity surcharge and upon application also the church tax if applicable) remains unaffected by this.

If the Flat Tax is not applicable, 60% of the capital gains or capital losses from the sale of shares are subject to taxation or deductible respectively. Corresponding principles should apply with respect to capital gains from subscription rights. Taxation is effected with the specific progressive individual income tax rate (regarding tax rates see section "*– Taxation of dividends – Taxation of shareholders resident in Germany – Shares held as private assets*").

18.4.1.2 Shares/subscription rights held as business assets

If the shares are a shareholder's business asset, taxation depends on whether the shareholder is a corporation, sole proprietor or partnership (*Mitunternehmerschaft*).

(i) Corporations

Except for certain exceptions regarding enterprises from the financial and insurance sector, capital gains (sale price reduced by tax book value and business expenses of the sale) from the sale of shares by taxable persons that are subject to corporate income tax are, in principle, exempt from trade tax and corporate income tax (including the solidarity surcharge) to the amount of economically 95% and irrespective of the amount of shares held or the holding period. 5% of the capital gain is considered a non-deductible business expense and, as such, is subject to corporate income tax (plus solidarity surcharge) and trade tax. Losses from the sale of shares and any other profit reductions related to such sale are not tax deductible.

However, capital gains from the sale of subscription rights are fully subject to corporate income tax (plus solidarity surcharge) and trade tax. As a consequence, losses from the sale of subscription rights and other profit reductions in this connection should generally be fully deductible. The exercise of subscription rights is not considered by the German tax authorities to be a sale of the subscription rights.

An existing Domestic Paying Agent is generally exempt from its obligation to withhold tax from the capital gain.

(ii) Sole proprietors (individuals)

Capital gains from the sale of shares held as business assets by a sole proprietor being subject to unlimited taxation in Germany are subject to individual income tax plus solidarity surcharge (plus church tax, if applicable) irrespective of whether the shares have been acquired within one year prior to their sale, or whether the seller or, in the case of a gratuitous transfer, any of the seller's legal predecessors held at least 1% of the share capital of the Company, and subject to the trade tax, if the shares are business assets of a permanent establishment of a commercial business in Germany.

In the case of sale of shares, 60% of the capital gains are subject to income tax. 60% of the business expenses related to the capital gains are tax deductible (partial income system, *Teileinkünfteverfahren*). Taxation applies at the individual progressive tax rate.

Likewise, only 60% of capital gains resulting from the sale of subscription rights should be subject to income tax (plus solidarity surcharge and church tax, if applicable) and trade tax. Correspondingly, only 60% of the losses realized from the sale of subscription rights or other connected profit reductions would be deductible. The exercise of subscription rights is not considered by the German tax authorities as a sale of subscription rights.

In principle, trade tax is credited as a lump sum fully or partially against the shareholder's individual income tax liability.

The Domestic Paying Agent is exempt from its obligation to withhold tax on capital gains, if the sole proprietor declares, using an official form, vis-à-vis the Domestic Paying Agent that the shares are held as German business assets.

(iii) Partnerships (*Mitunternehmerschaft*)

If the shareholder is a partnership, individual income tax and corporate income tax, as the case may be, is levied only at the level of each partner. The taxation of each partner depends on whether the partner is a corporation or an individual.

If the partner is a corporation residing in Germany, capital gains from the sale of shares are in principle economically 95% tax exempt (see above subsection "*– Corporations*"). If the partner is an individual residing in

Germany, 60% of the capital gains from the sale of shares are subject to individual income tax plus solidarity surcharge and where applicable church tax (see above subsection "*—Sole proprietors (individuals)*").

In addition, if the shares are attributable to a German permanent establishment of a commercial business of the partnership, the capital gain from the sale is generally subject to trade tax at the level of the partnership, with 60% of the gains being subject to trade tax if and to the extent the partners are individuals and in general economically 5% if and to the extent the partners are corporations. For the purposes of trade tax, capital and other profit reductions connected to the disposed shares are not taken into consideration, if and to the extent the partner is a corporation. However, if and to the extent the partner is an individual they will be taken into account at 60%. Furthermore, if and to the extent the partners are individuals, all or part of the trade tax the partnership pays is generally credited as a lump-sum against the individual partners' individual income tax.

Insofar the partner is a corporation, capital gains realized from the sale of subscription rights are fully subject to taxation, i.e. corporate income tax (plus solidarity surcharge) (see the section "*— Corporations*" above). Therefore, losses from the sale of subscription rights and other related profit reductions should generally be fully tax deductible. If and to the extent the partner is an individual (see the section "*—Sole proprietors* (*individuals*)"), 60% of the capital gains from the sale of subscription rights should be subject to income tax (plus solidarity surcharge and church tax, if applicable). Accordingly, only 60% of the connected losses or profit reductions are tax deductible. Moreover, corresponding to the respective interest in the partnership and the respectively applicable exemptions from trade tax, the capital gains are subject to trade tax. The exercise of subscription rights is not considered a sale of subscription rights by the German tax authorities.

The Domestic Paying Agent is exempt from withholding tax on capital gains, if the partnership declares on an official form vis-à-vis the Domestic Paying Agent that the shares are held as German business assets.

With respect to the possibility of a tax favorable retention of profits, which are not withdrawn, see "*—Taxation of dividends – Shares held as business assets – Partnerships*".

Special rules for credit institutions, financial services providers, financial enterprises as well as life-insurance and health-insurance enterprises and pension funds are described below under section "*– Special rules for companies in the financial and insurance sectors*".

18.4.2 Non-resident shareholders

If the shares are sold by shareholder being an individual and resident outside of Germany, subject to non-resident taxation, who (i) holds the shares as business assets of a permanent establishment or fixed base in Germany or as business asset for which a permanent representative has been appointed in Germany or (ii) himself or in case of a gratuitous transfer any of his legal predecessors held directly or indirectly at least 1% of the share capital of the Company at any time during the five years preceding the sale, the realized capital gains are 60% subject to income tax plus 5.5% solidarity surcharge on the income tax liability and also trade tax if the shares are attributable to a German commercial permanent establishment. However, if the capital gain in the above-mentioned scenarios (i) and (ii) is realized by a corporation not residing in Germany, then the capital gain is in principle economically 95% exempt from trade tax and corporate income tax, except in cases of certain exemptions for corporations from financial and insurance sectors (see "*– Special rules for companies in the financial and insurance sectors*"). Losses realized from a sale and other profit reductions related to the disposed shares cannot be deducted.

Regarding the above-mentioned scenario (i), a potentially available Domestic Paying Agent is exempt from its obligation to withhold tax on capital gains if the shareholder declares on an official form vis-à-vis the Domestic Paying Agent that the shares are held as German business assets.

Regarding the above-mentioned scenario (ii), most double taxation treaties provide for an exemption from German taxation.

According to the opinion of the German tax authorities regarding the above-mentioned scenario (ii), a Domestic Paying Agent is not obligated to withhold taxes.

18.5 Special rules for companies in the financial and insurance sectors

If and to the extent credit institutions (*Kreditinstitute*) or financial services providers (*Finanzdienstleistungs-institute*) hold or sell shares that are allocable to their trading book (*Handelsbuch*) according to section 1(1a) of the KWG, the partial income system (*Teileinkünfteverfahren*) or the economically 95% exemption from corporate income tax and, if applicable, trade tax (as well as the respective exemption from the solidarity surcharge) applies neither to dividends nor to capital gains. The same applies to shares that are acquired by a financial enterprise (*Finanzunternehmen*) within the meaning of the KWG for purposes of realising short-term gains for their own account. The preceding sentence applies accordingly to credit institutions, financial services providers and financial companies residing in another Member State of the European Union or another contracting state to the EEA Agreement. Capital gains from the sale of subscription rights by such institutions appear to be fully subject to corporate (plus solidarity surcharge) and trade tax, irrespective of a potential allocation to their trading book.

The economically 95% tax exemption from corporate income tax and, if applicable, trade tax also does not apply to dividends from shares which are attributable to the capital investments of life insurance and health insurance companies as well as capital gains from the sale of such shares or subscription rights. The same applies to pension funds.

An exception from the above and thus the economically 95% tax exemption applies to dividends received by the above mentioned companies, to which the Parent-Subsidiary Directive applies.

18.6 Inheritance and gift tax

In principle, a transfer of shares or subscription rights to another person by way of gift or due to death is subject to German gift or inheritance tax only if:

(i) the testator, donator, heir, donee, or other acquirer at the time the transfer was effected had his place of residence or ordinary residence in Germany, or held the German citizenship and had not lived abroad for a continuous period of more than 5 years without having a domicile in Germany; or

(ii) the shares or subscription rights belonged to the testator's or donator's business assets, for which a permanent establishment was maintained in Germany or a permanent representative was appointed; or

(iii) at the time of death or transfer by way of gift, the testator, or donator alone, or jointly with other persons closely related to him, held a direct or indirect participation in the German resident share capital of the Company of at least 10%.

The few inheritance tax double taxation treaties currently in effect in Germany typically provide that German gift or inheritance tax is only payable under the circumstances specified under (i) and, with certain limitations, under the circumstances specified under (ii) above.

Special rules apply to certain German citizens who live abroad and former German citizens.

18.7 Other taxes

The purchase, sale or other disposition of shares or subscription rights is not subject to a German capital transfer tax, value added tax, stamp duty, or similar taxation. Under certain circumstances, enterprises may, however, opt for value added tax in cases that would otherwise be exempt from value added tax. Presently, a wealth tax is not levied in Germany.

As of the tax assessment period 2009, shareholders being subject to church tax who hold shares as private assets may – upon application in writing vis-à-vis the Domestic Paying Agent – arrange that the Domestic Paying Agent will withhold the applicable amount of church tax (*Kirchensteuerabzug*). Regarding the application, further details need to be considered. With the withholding of the church tax, the church tax on the capital gain will be deemed as settled. The church tax paid in such withholding scenario cannot be deducted as a special expense (*Sonderausgabe*) in the course of the tax assessment. As a compensation, the Flat Tax will be reduced by 26.375% of the church tax due on the capital income.

19. TAXATION IN THE UNITED KINGDOM

The following statements are intended only as a general guide to the position under current UK law and Her Majesty's Revenue & Customs published practice as at the date of this Prospectus, both of which are subject to change, possibly with retrospective effect. They relate only to certain limited aspects of the UK taxation treatment of shareholders and apply only to persons who are resident (and, in the case of an individual only, ordinarily resident and domiciled) in the UK for UK tax purposes and who are the absolute beneficial owners of both the New Shares and any dividends paid on them. They may not apply to certain shareholders, such as traders, broker-dealers, dealers in securities, intermediaries, insurance companies and collective investment schemes, shareholders who are exempt from tax and shareholders who have (or are deemed to have) acquired their New Shares by virtue of an office or employment or who are officers or employees. Such persons may be subject to special rules. Any person who is in any doubt as to his tax position should consult his own professional adviser without delay.

19.1 Taxation of chargeable gains

If a Shareholder sells or otherwise disposes of all or some of (a) his Subscription Rights to subscribe for New Shares, and/or (b) any New Shares he may, depending on his circumstances, incur a liability to UK tax on any chargeable gain realised.

19.2 Taxation of dividends

There is no UK withholding tax on dividends.

Liability to UK tax on dividends paid on the New Shares will depend upon the particular circumstances of a Shareholder.

A UK resident individual Shareholder who receives a dividend from the Company will generally be entitled to a non-refundable UK tax credit equal to one-ninth of the dividend received plus credit for any German withholding tax suffered. Such tax credit may be set off against the Shareholder's total income tax liability on the dividend. The dividend received (before deduction of any German withholding tax) plus the related tax credit (the "**gross dividend**") will be part of the Shareholder's total income from UK income tax purposes and will be regarded as the top slice of that income.

An individual Shareholder who is liable to income tax at a rate not exceeding the basic rate of income tax will be subject to tax on the gross dividend at the rate of 10 per cent., so that the tax credit should satisfy in full such Shareholder's liability to income tax on the gross dividend.

An individual Shareholder who is liable to income tax at the higher rate will be subject to tax on the gross dividend at the rate of 32.5 per cent, to the extent that the gross dividend falls above the threshold for the higher rate of income tax (up to the threshold for additional rate income tax, which is being introduced with effect from April 6, 2010 – see below) when it is treated (as mentioned above) as the top slice of the Shareholder's income. The tax credit will be set against but not fully match the Shareholder's tax liability on the gross dividend and such Shareholder will have to account for additional income tax equal to 22.5 per cent. of the gross dividend (subject in certain circumstances (see below) to credit for German withholding tax).

The UK Finance Act 2009 contains provisions for the introduction, with effect from April 6, 2010, of a new income tax rate of 50 per cent. for taxable income above £150,000 (the "**additional rate**"). The Act also provides for gross dividends otherwise liable to tax at the additional rate to be taxable instead at a new rate of 42.5 per cent. If and to the extent that the gross dividend received by a UK resident individual Shareholder on or after April 6, 2010 falls above the threshold for income tax at the additional rate when it is treated (as mentioned above) as the top slice of the Shareholder's income, that individual will be liable to tax on the gross dividend at the rate of 42.5 per cent. In computing the amount of tax payable by the individual in respect of that gross dividend, a set off will be available for the tax credit comprised in the gross dividend, as in the case of a dividend received by an individual liable to income tax at the higher rate, as discussed above. The tax credit will be set against but not fully match the Shareholder's tax liability on the gross dividend and such Shareholder will have to account for additional income tax equal to 32.5 per cent. of the gross dividend (subject in certain circumstances (see below) to credit for German withholding tax).

No UK tax resident Shareholder will be entitled to repayment of the UK tax credit, including both a UK resident individual Shareholder who is not liable to income tax in respect of the gross dividend and UK tax resident entities which are not liable to UK tax on dividends, such as pension funds and charities.

German withholding tax withheld from the payment of a dividend may in certain circumstances be available as a credit against the income tax payable by an individual Shareholder in respect of the dividend. A credit is generally unlikely to be available where the individual could have claimed exemption from German withholding tax even if no such claim has been made.

Shareholders who are subject to UK corporation tax in respect of dividends paid on the New Shares should note that legislation has recently been enacted that has made significant changes to the corporation tax treatment of dividends, including the corporation tax treatment of dividends paid to UK resident companies by companies not resident in the UK (such as the Company).

Dividends paid on the New Shares to UK resident corporate Shareholders should generally fall within one or more of the classes of dividend qualifying for exemption from corporation tax. However, the exemptions are not comprehensive and are also subject to anti-avoidance rules. If the conditions for the exemption are not satisfied, or a holder elects for an otherwise exempt dividend to be taxable the dividend will be subject to UK Corporation tax at the applicable rate. Where a dividend paid by the Company is treated as exempt from UK corporation tax, the Shareholder will not be entitled to claim relief by way of credit in the UK in respect of any tax paid by the holder under the laws of Germany, either directly or by deduction, in respect of that dividend. Shareholders within the charge to corporation tax should consult their own professional advisers.

19.3 Stamp duty and Stamp Duty Reserve Tax ("SDRT")

No UK stamp duty or SDRT should be payable on the grant of the Subscription Rights.

No UK stamp duty or SDRT should be payable on the transfer of Subscription Rights on or before the latest time for exercise of such Subscription Rights where such transfer is effected in electronic book entry form.

No UK stamp duty or SDRT should be payable in connection with the issue of New Shares.

No UK stamp duty or SDRT should be payable on the transfer of the New Shares once they have been issued into Clearstream Banking AG where such transfer is effected in electronic book entry form.

20. TAXATION IN LUXEMBOURG

The following section contains a short summary of certain key tax principles that may be relevant with respect to the acquisition, holding, or transfer of the New Shares and subscription rights. This summary does not purport to be a comprehensive or exhaustive description of all tax considerations that may be relevant to shareholders. This summary is based upon domestic Luxembourg tax laws in effect at the time of preparation of this Prospectus and the provisions of the (HCC) double taxation treaty currently in force between Luxembourg and Germany. It is important to note that the legal situation may change, possibly with retroactive effect.

The tax information presented in this Prospectus is not a substitute for tax advice. Therefore, it is recommended that any prospective investor consult with a tax advisor concerning the tax consequences of acquiring, holding, selling and gifting or bequeathing the New Shares or subscription rights. The same applies with respect to the rules governing the refund of any dividend withholding tax withheld. Only an individual tax consultation can appropriately account for the particular tax situation of each investor.

20.1 Preliminary consideration on the Luxembourg tax residency of the shareholders of the Company

A shareholder will not become a resident, nor be deemed to be a resident, in Luxembourg, by reason only of the acquisition, holding or disposal of the New Shares.

20.2 Taxation of Luxembourg resident shareholders

20.2.1 Luxembourg resident individuals

(i) Dividends

50% of the dividends received by resident individuals, who act in the course of either their private wealth or their professional/business activity, are subject to income tax at the progressive ordinary rate (with a current top marginal rate of 38.95%); the other 50% of the dividends received are tax exempt. German withholding tax on dividends that is not refundable under the double taxation treaty (in principle (HCC) 15%) may be offset against the income tax liability.

(ii) Capital gains

A gain realised upon the sale, disposal or redemption (note that if some but not all the New Shares of a given holder of New Shares are redeemed, the same tax treatment applies as for dividends) of New Shares or subscription rights by Luxembourg resident individual shareholders, acting in the course of the management of their private wealth is not subject to Luxembourg income tax, provided this sale, disposal or redemption took place more than 6 months after the New Shares or subscription rights were acquired and provided the shares (including the New Shares), they hold in the Company, do not represent a substantial shareholding. A shareholding is considered as a substantial shareholding in limited cases, in particular if (i) the relevant shareholder has held, either alone or together with its spouse or partner and/or its minor children, either directly or indirectly, at any time within the 5 years preceding the realisation of the gain, more than 10% of the share capital of the Company, or (ii) the taxpayer acquired free of charge, within the 5 years preceding the transfer, a participation that constituted a substantial participation in the hands of the alienator (or the alienators in case of successive transfers free of charge within the same 5 year period). Capital gains realised by shareholders holding a substantial participation on the disposal of their shares or subscription rights realising a capital gain more than 6 months after the acquisition thereof are subject to income tax according to the half-global rate method (i.e. the average rate applicable to the total income is calculated according to progressive income tax rates and half of the average rate is applied to the capital gains realised on the substantial participation). A disposal may include a sale, an exchange, a contribution or any other kind of alienation of the shareholding.

20.2.2 Luxembourg corporate residents

(i) Dividends

Luxembourg resident corporate shareholders (*organismes à caractère collectif*) of the Company must include 50% of the dividends received in their taxable profits for Luxembourg income tax assessment purposes (corporate income tax and municipal business tax at the current aggregate rate of 28.59% for corporate shareholders having their statutory seat or central administration in Luxembourg City); the other 50% of the dividends received are tax exempt. The German withholding tax on dividends that is not refundable under the double taxation treaty may be offset against the income tax liability.

However, dividends received by Luxembourg resident corporate shareholders will be exempted in case of a participation representing at least 10% of the share capital of the Company or the acquisition price of which was at an amount of at least EUR 1.2 million, provided that at the time of the dividend distribution, the recipient has held or commits to hold the participation during an uninterrupted period of at least 12 months.

(ii) Capital gains

Luxembourg resident corporate shareholders (*organismes à caractère collectif*) of the Company must include any capital gains derived from the New Shares or subscription rights, in their taxable profits for Luxembourg income tax assessment purposes (corporate income tax and municipal business tax at the current aggregate rate of 28.59% for corporate shareholders having their statutory seat or central administration in Luxembourg City). Taxable gains are determined as being the difference between the sale, repurchase or redemption price and the lower of the cost or book value of the shares sold or redeemed.

However, capital gains realised upon sale of the New Shares by Luxembourg resident corporate shareholders will be exempted in case of a participation representing at least 10% of the share capital of the Company or the acquisition price of which was at an amount of at least EUR 6 million, provided that at the time of the sale, the beneficiary has held or commits to hold the participation during an uninterrupted period of at least 12 months.

20.2.3 Luxembourg corporate residents benefiting from a special tax regime

Luxembourg corporate resident shareholders of the Company that are companies benefiting from a special tax regime, such as (i) holding companies subject to the amended law of July 31, 1929 (*loi du 31 juillet 1929 sur le régime fiscal des sociétés de participations financiers*), (ii) undertakings for collective investment subject to the amended law of December 20, 2002 (*loi du 20 décembre 2002 concernant les organismes de placement*), (iii) specialised investment funds subject to the law of February 13, 2007 (*loi du 13 février 2007 relative aux fonds d'investissement spécialisés et portant*) and, (iv) family wealth management companies governed by the law of May 11, 2007 (*loi du 11 mai 2007 relative à la création d'une société de gestion de patrimoine familial* (SPF)), are tax exempt entities in Luxembourg and are thus not subject to any Luxembourg income tax.

20.3 Taxation of Luxembourg non-resident shareholders

Shareholders of the Company who are non-residents of Luxembourg and who have neither a permanent establishment nor a permanent representative in Luxembourg to which or to whom the New Shares are attributable, are generally not liable to any Luxembourg income tax.

As an exception, a non-resident shareholder may be liable to Luxembourg income tax on capital gains realised on the New Shares if it has held, either alone or together with its spouse or partner and/or its minor children, directly or indirectly, at any time within the five years preceding the disposal of the New Shares, more than 10% of the shares of the Company and it has either (i) held the New Shares for less than 6 months or (ii) been a Luxembourg resident taxpayer for more than 15 years and became a non-resident less than 5 years before the realisation of the capital gains on the New Shares. Depending on its residence State, such non-resident shareholders might, however, claim tax treaty benefits in order to avoid Luxembourg tax on any such capital gains.

Non-resident corporate shareholders that have a permanent establishment or a permanent representative in Luxembourg to which the New Shares are attributable, must include any income received, as well as any gain realised on the sale, disposal or redemption of New Shares, in their taxable income for Luxembourg tax assessment purposes. The same inclusion applies to individuals, acting in the course of the management of a professional or business undertaking, who have a permanent establishment or a permanent representative in Luxembourg to which the New Shares are attributable. Taxable gains are determined as being the difference between the sale, repurchase, or redemption price and the lower of the cost or book value of the New Shares sold or redeemed.

20.4 Net wealth tax

Luxembourg resident shareholders and shareholders who have a permanent establishment or a permanent representative in Luxembourg to which the New Shares are attributable are subject to Luxembourg net wealth tax on such New Shares, except if such shareholder is (i) a resident or non-resident individual taxpayer, (ii) a holding company subject to the amended law of July 31, 1929 (*loi du juillet 1929 sur le régime fiscal des sociétés de participations financiers*), (iii) an undertaking for collective investment subject to the amended law of December 20, 2002 (*loi du 20 décembre 2002 concernant les organismes de placement collectif*), (iv) a securitisation company governed by the law of March 22, 2004 on securitisation (*loi du 22 mars 2004 relative à la titrisation*), (v) a company governed by the law of June 15, 2004 on venture capital vehicles (*loi du 15 juin 2004 relative à la Société d'investissement en capital à risque* (SICAR)), (vi) a specialised investment fund governed by the law of February 13, 2007 (*loi du 13 février 2007 relative aux fonds d'investissement spécialisés et portant*), or (vii) a family wealth management company governed by the law of May 11, 2007 (*loi du 11 mai 2007 relative à la création d'une société de gestion de patrimoine familial* (SPF)).

20.5 Other taxes

No Luxembourg registration duties or similar taxes are levied on the transfer of the New Shares.

No estate or inheritance tax is levied on the transfer of the New Shares upon death of a shareholder of the Company as long as the deceased was not a resident of Luxembourg for inheritance tax purposes.

Luxembourg tax may be levied on a gift or donation of the New Shares if embodied in a Luxembourg notarial deed or otherwise registered in Luxembourg. Where a holder of New Shares is a resident of Luxembourg for tax purposes at the time of his death, the New Shares are included in its taxable estate for inheritance tax or estate tax purposes.

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21. FINANCIAL SECTION

Consolidated Financial Statements of the Volkswagen Group

Income Statement of the Volkswagen Group
for the Period January 1 to December 31, 2009

	Note	2009	2008
		€ million	
Sales revenue	**1**	**105,187**	**113,808**
Cost of sales	2	−91,608	−96,612
Gross profit		**13,579**	**17,196**
Distribution expenses	3	−10,537	−10,552
Administrative expenses	4	−2,739	−2,742
Other operating income	5	7,904	8,770
Other operating expenses	6	−6,352	−6,339
Operating profit		**1,855**	**6,333**
Share of profits and losses of equity-accounted investments	7	701	910
Finance costs	8	−2,268	−1,815
Other financial result	9	972	1,180
Financial result		**−595**	**275**
Profit before tax		**1,261**	**6,608**
Income tax income/expense	10	−349	−1,920
current		−1,145	−2,338
deferred		796	418
Profit after tax		**911**	**4,688**
Minority interests		−49	−65
Profit attributable to shareholders of Volkswagen AG		960	4,753
Basic earnings per ordinary share in €	**11**	**2.38**	**11.92**
Basic earnings per preferred share in €	**11**	**2.44**	**11.98**
Diluted earnings per ordinary share in €	**11**	**2.38**	**11.88**
Diluted earnings per preferred share in €	**11**	**2.44**	**11.94**

Statement of Comprehensive Income of the Volkswagen Group for the Period January 1 to December 31, 2009

	2009	2008
	€ million	
Profit after tax	**911**	**4,688**
Exchange differences on translating foreign operations:		
Fair value changes recognized in other comprehensive income	917	−1,445
Transferred to profit or loss	57	–
Actuarial gains/losses	−860	190
Cash flow hedges:		
Fair value changes recognized in other comprehensive income	683	1,054
Transferred to profit or loss	−908	−1,427
Available-for-sale financial assets (marketable securities):		
Fair value changes recognized in other comprehensive income	200	−330
Transferred to profit or loss	71	100
Deferred taxes	216	145
Share of profits and losses of equity-accounted investments recognized directly in equity, after tax	30	−188
Other comprehensive income	**406**	**−1,901**
Total comprehensive income	**1,317**	**2,787**
of which attributable to		
shareholders of Volkswagen AG	1,138	3,310
minority interests	179	−523

Balance Sheet of the Volkswagen Group as of December 31, 2009

	Note	Dec. 31, 2009	Dec. 31, 2008
		€ million	
Assets			
Noncurrent assets			
Intangible assets	12	12,907	12,291
Property, plant and equipment	13	24,444	23,121
Leasing and rental assets	14	10,288	9,889
Investment property	14	216	150
Equity-accounted investments	15	10,385	6,373
Other equity investments	15	543	583
Financial services receivables	16	33,174	31,855
Other receivables and financial assets	17	3,747	3,387
Noncurrent tax receivables	18	685	763
Deferred tax assets	18	3,013	3,344
		99,402	**91,756**
Current assets			
Inventories	19	14,124	17,816
Trade receivables	20	5,692	5,969
Financial services receivables	16	27,403	27,035
Other receivables and financial assets	17	5,927	10,068
Current tax receivables	18	762	1,024
Marketable securities	21	3,330	3,770
Cash and cash equivalents	22	20,539	9,474
Assets held for sale	23	–	1,007
		77,776	**76,163**
Total assets		**177,178**	**167,919**
Equity and Liabilities			
Equity	24		
Subscribed capital		1,025	1,024
Capital reserves		5,356	5,351
Retained earnings		28,901	28,636
Equity attributable to shareholders of Volkswagen AG		35,281	35,011
Minority interests		2,149	2,377
		37,430	**37,388**
Noncurrent liabilities			
Noncurrent financial liabilities	25	36,993	33,257
Other noncurrent liabilities	26	3,028	3,235
Deferred tax liabilities	27	2,224	3,654
Provisions for pensions	28	13,936	12,955
Provisions for taxes	27	3,946	3,555
Other noncurrent provisions	29	10,088	9,073
		70,215	**65,729**
Current liabilities			
Current financial liabilities	25	40,606	36,123
Trade payables	30	10,225	9,676
Current tax payables	27	73	59
Other current liabilities	26	8,237	8,545
Provisions for taxes	27	973	1,160
Other current provisions	29	9,420	8,473
Liabilities associated with assets held for sale	23	–	766
		69,534	**64,802**
Total equity and liabilities		**177,178**	**167,919**

Statement of Changes in Equity of the Volkswagen Group for the Period January 1 to December 31, 2009

			RETAINED EARNINGS								
€ million	Subscribed capital	Capital reserves	Accumulated profit	Currency translation reserve	Reserve for actuarial gains/losses	Cash flow hedge reserve	Fair value reserve for securities	Equity-accounted investments	Equity attributable to shareholders of VW AG	Minority interests	Total equity
Balance at Jan. 1, 2008	**1,015**	**5,142**	**27,166**	**−1,500**	**−823**	**1,264**	**−30**	**−359**	**31,875**	**63**	**31,938**
Capital increase	9	209	–	–	–	–	–	–	218	–	218
Dividend payment	–	–	−720	–	–	–	–	–	−720	−2	−722
Capital transactions involving a change in ownership interest	–	–	−162	–	–	–	–	–	−162	−200	−362
Total comprehensive income	–	–	4,753	−1,113	214	−227	−230	−188	3,209	−567	2,642
Deferred taxes	–	–	–	–	−63	96	68	–	101	44	145
Other changes	–	–	485	−108	0	5	–	108	490	3,039	3,529
Balance at Dec. 31, 2008	**1,024**	**5,351**	**31,522**	**−2,721**	**−672**	**1,138**	**−192**	**−439**	**35,011**	**2,377**	**37,388**
Balance at Jan. 1, 2009	**1,024**	**5,351**	**31,522**	**−2,721**	**−672**	**1,138**	**−192**	**−439**	**35,011**	**2,377**	**37,388**
Capital increase	0	4	–	–	–	–	–	–	4	–	4
Dividend payment	–	–	−779	–	–	–	–	–	−779	−95	−874
Capital transactions involving a change in ownership interest	–	–	−76	–	–	–	–	–	−76	−316	−392
Total comprehensive income	–	–	960	839	−851	−361	271	30	888	214	1,102
Deferred taxes	–	–	–	–	247	83	−80	–	250	−34	216
Other changes	–	–	−21	–	2	–	–	–	−18	4	−15
Balance at Dec. 31, 2009	**1,025**	**5,356**	**31,607**	**−1,881**	**−1,274**	**860**	**−1**	**−409**	**35,281**	**2,149**	**37,430**

The other changes in the previous year are largely attributable to the initial consolidation of Scania. In fiscal year 2009, they relate mainly to changes in the consolidated Group. The reclassifications relating to capital transactions involving a change in the ownership interest, which are also presented for the previous year, are reported separately as of 2009. The prior-year figures were adjusted accordingly.

Explanatory notes on equity are presented in note 24.

Cash Flow Statement of the Volkswagen Group for the Period January 1 to December 31, 2009

	2009	2008[2]
	€ million	
Cash and cash equivalents at beginning of period (excluding time deposit investments)	**9,443**	**9,914**
Profit before tax	1,261	6,608
Income taxes paid	−529	−2,075
Depreciation and amortization of property, plant and equipment, intangible assets and investment property[1]	5,028	5,198
Amortization of capitalized development costs[1]	1,586	1,392
Impairment losses on equity investments[1]	16	32
Depreciation of leasing and rental assets[1]	2,247	1,816
Gain/loss on disposal of noncurrent assets	−547	37
Share of profit or loss of equity-accounted investments	−298	−219
Other noncash expense/income	727	765
Change in inventories	4,155	−3,056
Change in receivables (excluding financial services)	465	−1,333
Change in liabilities (excluding financial liabilities)	260	815
Change in provisions	1,660	509
Change in leasing and rental assets	−2,571	−2,734
Change in financial services receivables	−719	−5,053
Cash flows from operating activities	**12,741**	**2,702**
Investments in property, plant and equipment, intangible assets and investment property	−5,963	−6,896
Additions to capitalized development costs	−1,948	−2,216
Acquisition of equity investments	−3,989	−2,597
Disposal of equity investments	1,320	1
Proceeds from disposal of property, plant and equipment, intangible assets and investment property	153	95
Change in investments in securities	989	2,041
Change in loans and time deposit investments	−236	−1,611
Cash flows from investing activities	**−9,675**	**−11,183**
Capital contributions	4	218
Dividends paid	−874	−722
Capital transactions with minority interests	−392	−362
Other changes	23	−3
Proceeds from issue of bonds	15,593	7,671
Repayment of bonds	−10,202	−8,470
Change in other financial liabilities	1,405	9,806
Finance lease payments	−23	−15
Cash flows from financing activities	**5,536**	**8,123**
Effect of exchange rate changes on cash and cash equivalents	190	−113
Net change in cash and cash equivalents	**8,792**	**−471**
Cash and cash equivalents at end of period (excluding time deposit investments)	**18,235**	**9,443**
Cash and cash equivalents at end of period (excluding time deposit investments)	18,235	9,443
Securities and loans (including time deposit investments)	7,312	7,875
Gross liquidity	**25,547**	**17,318**
Total third-party borrowings	−77,599	−69,555
Net liquidity	**−52,052**	**−52,237**

[1] Net of impairment reversals.
[2] Prior-period amount adjusted.

DISCLOSURES ON THE ACCOMPANYING CASH FLOW STATEMENT

In accordance with the amended IAS 7, cash flows from the acquisition or manufacture of assets that are exclusively held for rental to others and subsequently held for sale, as well as cash flows from their rental and sale, must be classified as cash flows from operating activities. As from fiscal year 2009, we are therefore reporting liquidity movements resulting from changes in leasing and rental assets in cash flows from operating activities (previously reported in cash flows from investing activities). Accordingly, changes in financial services receivables are also classified as cash flows from operating activities. This leads to a uniform presentation of finance and leasing transactions in the consolidated cash flow statement. The mandatory reclassification of cash flows from leasing and rental assets and the additional reclassification of financial services receivables reduced cash flows from operating activities by €2,869 million and €719 million respectively (2008: reduction by €3,044 million and €5,053 million respectively). There were corresponding offsetting changes in cash flows from investing activities in the same amounts in both periods.

In addition, transactions involving investment property are grouped with those relating to property, plant and equipment and intangible assets. Prior-year figures have been adjusted accordingly.

Explanatory notes on the cash flow statement are presented in note 31.

Notes to the Consolidated Financial Statements
of the Volkswagen Group for the
Fiscal Year ended December 31, 2009

Basis of presentation

Volkswagen AG is domiciled in Wolfsburg, Germany, and entered in the commercial register at the Braunschweig Local Court under no. HRB 100484. The fiscal year corresponds to the calendar year.

In accordance with Regulation No. 1606/2002 of the European Parliament and of the Council, Volkswagen AG prepared its consolidated financial statements for 2009 in compliance with the International Financial Reporting Standards (IFRSs), as adopted by the European Union. We have complied with all the IFRSs adopted by the EU and required to be applied.

The accounting policies applied in the previous year were retained, with the exception of the changes due to the new or amended standards.

In addition, we have complied with all the provisions of German commercial law that we are also required to apply, as well as with the German Corporate Governance Code.

The consolidated financial statements were prepared in euros. Unless otherwise stated, all amounts are given in millions of euros (€ million).

Starting in fiscal year 2009, all figures shown are rounded in accordance with standard business rounding principles, so minor discrepancies may arise from addition of these amounts.

The income statement was prepared using the internationally accepted cost of sales method.

Preparation of the consolidated financial statements in accordance with the above-mentioned standards requires management to make estimates that affect the reported amounts of certain items in the consolidated balance sheet and in the consolidated income statement, as well as the related disclosure of contingent assets and liabilities. The consolidated financial statements give a true and fair view of the net assets, financial position and results of operations as well as the cash flows of the Volkswagen Group.

Effects of new and amended IFRSs

Volkswagen AG has adopted all accounting pronouncements required to be applied starting in fiscal year 2009.

The amended IFRS 7, Financial Instruments: Disclosures, broadens the disclosures on measuring the fair value of financial instruments and on the liquidity risk arising from financial liabilities.

The new IFRS 8, Operating Segments, changes the presentation of segment reporting. In line with the management approach, Volkswagen presents three reportable segments. In addition, certain activities that are not internally allocated to the operating segments, as well as consolidation adjustments, are presented in a reconciliation.

The revision of IAS 1, Presentation of Financial Statements, changed the presentation format of the primary financial statements. The names of certain financial statements were also amended.

IAS 7, which was amended under the annual Improvements Project, now allows cash flows from changes in leasing and rental assets to be classified as cash flows from operating activities. Consequently, the presentation of cash flows from changes in financial services receivables has also been adjusted to ensure uniform reporting of finance and leasing transactions in the consolidated cash flow statement. Apart from this, there were no other significant changes resulting from the Improvements Project 2008.

The revised IAS 23, Borrowing Costs, requires borrowing costs that are directly attributable to the acquisition, production, or construction of qualifying assets on or after January 1, 2009 to be capitalized. A qualifying asset is an asset that necessarily takes at least a year to get ready for its intended use or sale. The revised IAS 23 does not materially affect the presentation of the Volkswagen Group's net assets, financial position and results of operations.

In addition, the following standards and interpretations were required to be applied for the first time in fiscal year 2009, but did not have any material effects on the presentation of the Group's consolidated financial statements.

- IFRS 1/IAS 27: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associates
- IFRS 2: Share-based Payment – Vesting Conditions and Cancellations
- IFRS 4: Insurance Contracts
- IFRS 7/IAS 39: Reclassification of Financial Assets – Effective Date

- IAS 1/IAS 32: Puttable Financial Instruments and Obligations Arising on Liquidation
- IFRIC 9/IAS 39: Reassessment of Embedded Derivatives
- IFRIC 11/IFRS 2: Group and Treasury Share Transactions
- IFRIC 13: Customer Loyalty Programmes
- IFRIC 14/IAS 19: The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

New and amended IFRSs not applied

In its 2009 consolidated financial statements, Volkswagen AG did not apply the following accounting standards or interpretations that have already been adopted by the IASB but were not required to be applied for fiscal year 2009.

Standard/Interpretation[1]		Issued by the IASB	Effective date[2]	Adopted by the EU[1]	Expected effects
IFRS 1	First-time Adoption of IFRSs	Nov. 25, 2008	Jan. 1, 2010	Yes	None
IFRS 1	Additional Exemptions for First-time Adopters	July 23, 2009	Jan. 1, 2010	No	None
IFRS 1/IFRS 5	Improvements 2008	May 22, 2008	Jan. 1, 2010	Yes	None
IFRS 2	Group Cash-settled Share-based Payment Transactions	June 18, 2009	Jan. 1, 2010	No	None
IFRS 3/IAS 27	Business Combinations/Consolidated Financial Statements	Jan. 10, 2008	Jan. 1, 2010	Yes	Change in the presentation of business combinations
IFRS 9	Financial Instruments: Classification and Measurement	Nov. 12, 2009	Jan. 1, 2013	No	Change in the accounting treatment of fair value changes in financial instruments previously classified as available for sale
IAS 24	Related Party Disclosures	Nov. 4, 2009	Jan. 1, 2011	No	Simplification of reporting of related party transactions with state-controlled entities and their subsidiaries
IAS 32	Classification of Rights Issues	Oct. 8, 2009	Jan. 1, 2011	Yes	None
IAS 39	Exposures Qualifying for Hedge Accounting	July 31, 2008	Jan. 1, 2010	No	None
	Improvements 2009[3]	Apr. 16, 2009	Jan. 1, 2010	No	No material effects
IFRIC 12	Service Concession Arrangements	Nov. 30, 2006	Jan. 1, 2010	Yes	None
IFRIC 14	IAS 19 – The Limit on a Defined Benefit Asset – Amendments	Nov. 26, 2009	Jan. 1, 2011	No	None
IFRIC 15	Agreements for the Construction of Real Estate	July 3, 2008	Jan. 1, 2010	Yes	None
IFRIC 16	Hedges of a Net Investment in a Foreign Operation	July 3, 2008	Jan. 1, 2010	Yes	None
IFRIC 17	Distributions of Non-cash Assets to Owners	Nov. 27, 2008	Jan. 1, 2010	Yes	None
IFRIC 18	Transfers of Assets from Customers	Jan. 29, 2009	Jan. 1, 2010	Yes	None
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments	Nov. 26, 2009	Jan. 1, 2010	No	None

1 In the period up to December 31, 2009.
2 Required to be applied for the first time by Volkswagen AG.
3 Minor amendments to a large number of standards and interpretations (IFRS 2, IFRS 5, IFRS 8, IAS 1, IAS 7, IAS 17, IAS 18, IAS 36, IAS 38, IAS 39, IFRIC 9, IFRIC 16) and resulting changes.

Basis of consolidation

In addition to Volkswagen AG, the consolidated financial statements comprise all significant companies at which Volkswagen AG is able, directly or indirectly, to govern the financial and operating policies in such a way that they can obtain benefits from the activities of these companies (subsidiaries). The subsidiaries also comprise investment funds and other special purpose entities whose net assets are attributable to the Group under the principle of substance over form. Consolidation of subsidiaries begins at the first date on which control exists, and ends when such control no longer exists.

Subsidiaries whose business is dormant or of low volume and that are insignificant for the presentation of a true and fair view of the net assets, financial position and results of operations as well as the cash flows of the Volkswagen Group are not consolidated. However, they are carried in the consolidated financial statements at the lower of cost or fair value since no active market exists for those companies and fair values cannot be reliably ascertained without undue cost or effort. The aggregate equity of these subsidiaries amounts to 1.1% (previous year: 0.8%) of Group equity. The aggregate profit after tax of these companies amounts to −0.5% (previous year: −0.1%) of the profit after tax of the Volkswagen Group.

Significant companies where Volkswagen AG is able, directly or indirectly, to significantly influence financial and operating policy decisions (associates), or directly or indirectly shares control (joint ventures), are accounted for using the equity method. Joint ventures also include companies in which the Volkswagen Group holds the majority of voting rights, but whose articles of association or partnership agreements stipulate that important decisions may only be resolved unanimously. Insignificant associates and joint ventures are generally carried at the lower of cost or fair value.

The composition of the Volkswagen Group is shown in the following table:

	2009	2008
Volkswagen AG and consolidated subsidiaries		
Germany	53	54
International	307	288
Subsidiaries carried at cost		
Germany	54	56
International	78	79
Associates, joint ventures and other equity investments		
Germany	30	25
International	49	52
	571	**554**

The list of all shareholdings can be downloaded from the electronic companies register at www.unternehmensregister.de and from www.volkswagenag.com/ir by clicking on "Further Mandatory Publications" under the heading "Mandatory Publications".

The following consolidated German subsidiaries with the legal form of a corporation or partnership meet the criteria set out in section 264(3) or section 264b of the Handelsgesetzbuch (HGB – German Commercial Code) due to their inclusion in the consolidated financial statements and have exercised the option not to publish annual financial statements:

- Audi Retail GmbH, Ingolstadt
- Audi Vertriebsbetreuungsgesellschaft mbH, Ingolstadt
- Audi Zentrum Berlin GmbH, Berlin
- Audi Zentrum Hamburg GmbH, Hamburg
- Auto 5000 GmbH, Wolfsburg
- Automobilmanufaktur Dresden GmbH, Dresden
- Autostadt GmbH, Wolfsburg
- AutoVision GmbH, Wolfsburg
- Bugatti Engineering GmbH, Wolfsburg
- quattro GmbH, Neckarsulm
- Volim Volkswagen Immobilien Vermietgesellschaft für VW-/Audi-Händlerbetriebe mbH, Braunschweig
- Volkswagen Automobile Berlin GmbH, Berlin

– Volkswagen Automobile Hamburg GmbH, Hamburg
– Volkswagen Business Services GmbH, Braunschweig
– Volkswagen Financial Services Beteiligungsgesellschaft mbH, Braunschweig
– Volkswagen Gebrauchtfahrzeughandels und Service GmbH, Hanover
– Volkswagen Gewerbegrund GmbH, Wolfsburg
– Volkswagen Individual GmbH, Wolfsburg
– Volkswagen Logistics GmbH & Co. OHG, Wolfsburg
– Volkswagen Original Teile Logistik GmbH & Co. KG, Baunatal
– VOLKSWAGEN Retail GmbH, Wolfsburg
– Volkswagen Sachsen GmbH, Zwickau
– Volkswagen Sachsen Immobilienverwaltungs GmbH, Zwickau
– Volkswagen Zubehör GmbH, Dreieich
– VW Wohnungs GmbH & Co. KG, Wolfsburg

CONSOLIDATED SUBSIDIARIES

Volkswagen consolidated Scania AB, Södertälje, Sweden, for the first time in the third quarter of 2008. Purchase price allocation has now been completed. The figures calculated correspond to the amounts disclosed in the notes to the consolidated financial statements in the 2008 Annual Report. The adjustment of the purchase price allocation figures led to a loss after tax of €209 million (previous year: €398 million), which is due primarily to the depreciation and amortization of noncurrent assets amounting to €201 million (previous year: €55 million) in fiscal year 2009.

On February 20, 2009, Volkswagen AG acquired from Porsche Automobil Holding SE, Stuttgart, the shares of Scania AB acquired by Porsche Automobil Holding SE under the terms of a mandatory bid procedure (2.34% of the voting rights and 7.93% of the share capital) at a price of €0.4 billion and thus increased its interest in Scania to 49.29% of the share capital and 71.81% of the voting rights. Any resulting difference was recognized in other comprehensive income.

Effective March 31, 2009, Volkswagen completed the transfer of all shares of Volkswagen Caminhões e Ônibus Indústria e Comércio de Veículos Comerciais Ltda., Resende, Brazil, to the MAN Group. Volkswagen Caminhões has therefore been deconsolidated. The disposal gain of €1,323 million increased the other operating result by approximately €556 million in the first quarter.

The following main groups of assets and liabilities were sold:

	2009*
	€ million
Noncurrent assets	321
Current assets	633
of which: cash and cash equivalents	12
Noncurrent liabilities	310
Current liabilities	370

* Until deconsolidation.

In addition, one company that was not consolidated in the previous year and one newly formed company in Germany were initially consolidated, as were three unconsolidated and 22 newly formed foreign companies. The initial inclusion of these subsidiaries, either individually or collectively, did not have a significant effect on the presentation of the Company's situation. The number of consolidated German subsidiaries was also reduced by the merger of three companies. In the case of the consolidated foreign companies, there were five disposals due to sale, liquidation and merger as well as one deconsolidation.

INVESTMENTS IN ASSOCIATES

Volkswagen AG continued to hold 29.9% of the voting rights and 28.67% of the subscribed capital of MAN SE, Munich, at the balance sheet date. The market value of this interest was €2,295 million at December 31, 2009 (previous year: €1,632 million).

The following carrying amounts are attributable to the Volkswagen Group from its proportionate interest in MAN:

	2009	2008
	€ million	
Noncurrent assets	2,272	1,723
Current assets	2,286	3,016
Noncurrent liabilities	1,225	816
Current liabilities	1,862	2,376
Income*	3,448	5,407
Profit/loss for the period*	–77	486

* Previous year includes Scania up to the date of consolidation.

€138 million (previous year: €44 million) of the contingent liabilities of the associate was attributable to the Volkswagen Group at the balance sheet date.

INTERESTS IN JOINT VENTURES

In December 2009, Volkswagen AG acquired 49.9% of the shares of Porsche Zwischenholding GmbH, Stuttgart. Porsche Zwischenholding GmbH holds 100% of the shares of Dr. Ing. h.c. F. Porsche AG, Stuttgart. On the basis of the agreements under company law, Volkswagen shares control of Porsche Zwischenholding GmbH and its direct and indirect subsidiaries with Porsche Automobil Holding SE. The shares of Porsche Zwischenholding GmbH were accounted for using the equity method.

The following carrying amounts are attributable ratably to the Volkswagen Group from its proportionate interest in the joint ventures (primarily Shanghai-Volkswagen Automotive Company, FAW-Volkswagen Automotive Company, Global Mobility Holding and Porsche Zwischenholding GmbH):

	2009	2008
	€ million	
Noncurrent assets	11,092	9,022
Current assets	15,532	7,145
Noncurrent liabilities	8,025	6,045
Current liabilities	15,942	7,097
Income*	10,135	7,926
Expenses*	9,314	7,435

* Fiscal year 2009 includes Porsche Zwischenholding GmbH from the date the company was accounted for using the equity method.

€999 million (previous year: €930 million) of the contingent liabilities of the joint ventures was attributable to the Volkswagen Group at the balance sheet date.

Consolidation methods

The assets and liabilities of the German and foreign companies included in the consolidated financial statements are recognized in accordance with the uniform accounting policies used within the Volkswagen Group. In the case of companies accounted for using the equity method, the same accounting policies are applied to determine the proportionate equity, based on the most recent audited annual financial statements of each company.

In the case of subsidiaries consolidated for the first time, assets and liabilities are measured at their fair value at the date of acquisition. Their carrying amounts are adjusted in subsequent years. Goodwill arises when the purchase price of the investment exceeds the fair value of identifiable net assets. Goodwill is tested for impairment once a year to determine whether its carrying amount is recoverable. If the carrying amount of goodwill is higher than the recoverable amount, an impairment loss must be recognized. If this is not the case, there is no change in the carrying amount of goodwill compared with the previous year. If the purchase price of the investment is less than the identifiable net assets, the difference is recognized in the income statement in the year of acquisition. Goodwill is accounted for at the subsidiaries in the functional currency of those subsidiaries. Any difference that arises from the acquisition of additional shares of an already consolidated subsidiary is taken directly to equity.

Receivables and liabilities, and expenses and income, between consolidated companies are eliminated. Intercompany profits or losses are eliminated in Group inventories and noncurrent assets. Deferred taxes are recognized for consolidation adjustments recognized in the income statement, with deferred tax assets and liabilities offset where taxes are levied by the same tax authority and relate to the same tax period.

Currency translation

Transactions in foreign currency are translated in the single-entity financial statements of Volkswagen AG and its consolidated subsidiaries at the rates prevailing at the transaction date. Foreign currency monetary items are recorded in the balance sheet using the middle rate on the balance sheet date. Foreign exchange gains and losses are recognized in the income statement. The financial statements of foreign companies are translated into euros using the functional currency concept. Asset and liability items are translated at the closing rate. With the exception of income and expenses recognized directly in equity, equity is translated at historical rates. The resulting foreign exchange differences are taken directly to equity until disposal of the subsidiary concerned, and are presented as a separate item in equity.

Income statement items are translated into euros at weighted average rates using the modified closing rate method. The rates applied are presented in the following table:

		BALANCE SHEET MIDDLE RATE ON DECEMBER 31,		INCOME STATEMENT AVERAGE RATE	
	1 € =	2009	2008	2009	2008
Argentina	ARS	5.46811	4.80624	5.21069	4.63951
Australia	AUD	1.60080	2.02740	1.77270	1.74162
Brazil	BRL	2.51130	3.24360	2.76742	2.67428
Canada	CAD	1.51280	1.69980	1.58496	1.55942
Czech Republic	CZK	26.47300	26.87500	26.43491	24.94632
India	INR	67.04000	67.39307	67.34999	63.59206
Japan	JPY	133.16000	126.14000	130.33660	152.45406
Mexico	MXN	18.92230	19.23330	18.79886	16.29157
People's Republic of China	CNY	9.83500	9.49560	9.52771	10.22361
Poland	PLN	4.10450	4.15350	4.32762	3.51210
Republic of Korea	KRW	1,666.97000	1,839.13000	1,772.90387	1,606.08719
Russia	RUB	43.15400	41.28300	44.13764	36.42072
Slovak Republic*	SKK	–	30.12600	–	31.26167
South Africa	ZAR	10.66600	13.06670	11.67366	12.05899
Sweden	SEK	10.25200	10.87000	10.61905	9.61524
United Kingdom	GBP	0.88810	0.95250	0.89094	0.79628
USA	USD	1.44060	1.39170	1.39482	1.47103

* The euro was introduced as of January 1, 2009.

Accounting policies

INTANGIBLE ASSETS

Purchased intangible assets are recognized at cost and amortized over their useful life using the straight-line method. This relates in particular to software, which is amortized over three years.

In accordance with IAS 38, research costs are recognized as expenses when incurred.

Development costs for future series products and other internally generated intangible assets are capitalized at cost, provided manufacture of the products is likely to bring the Volkswagen Group an economic benefit. If the criteria for recognition as assets are not met, the expenses are recognized in the income statement in the year in which they are incurred.

Capitalized development costs include all direct and indirect costs that are directly attributable to the development process. The costs are amortized using the straight-line method from the start of production over the expected life cycle of the models or powertrains developed — generally between five and ten years.

Amortization recognized during the year is allocated to the relevant functions in the income statement.

Brand names from business combinations have an indefinite useful life and are not amortized.

Goodwill, intangible assets with indefinite useful lives and intangible assets that are not yet available for use are tested for impairment at least once a year. Assets in use and other intangible assets with finite useful lives are tested for impairment only if there are specific indications that they may be impaired. The Volkswagen Group generally applies the value in use of the relevant cash-generating unit (brands or products) to determine the recoverable amount of goodwill and indefinite-lived intangible assets. This is based on management's current planning. The planning period generally extends to a horizon of five years, with reasonable assumptions about future development being made for the subsequent years. The planning assumptions are adapted to reflect the current state of knowledge. They include reasonable assumptions on macroeconomic trends and historical developments. Estimation of cash flows is generally based on the expected growth trends for the automobile markets concerned. The estimates for the cash flows following the end of the planning period are based on a maximum growth rate of 2.0% per annum. We apply country-specific discount factors before tax of at least 9.1% (previous year: 9.9%) when determining value in use for the purpose of impairment testing of goodwill at Scania and Škoda, of indefinite-lived intangible assets at Scania and of other intangible assets.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is carried at cost less depreciation and – where necessary – write-downs for impairment. Investment grants are generally deducted from cost. Cost is determined on the basis of the direct and indirect costs that are directly attributable. Special tools are reported under other equipment, operating and office equipment. Property, plant and equipment is depreciated using the straight-line method over its estimated useful life. The useful lives of items of property, plant and equipment are reviewed at each balance sheet date and adjusted if required.

Depreciation is based mainly on the following useful lives:

	Useful life
Buildings	25 to 50 years
Site improvements	10 to 18 years
Technical equipment and machinery	6 to 12 years
Other equipment, operating and office equipment, including special tools	3 to 15 years

Impairment losses on property, plant and equipment are recognized in accordance with IAS 36 where the recoverable amount of the asset concerned has fallen below the carrying amount. Recoverable amount is the higher of value in use and fair value less costs to sell. Value in use is determined using the principles described for intangible assets. If the reasons for impairments recognized in previous years no longer apply, the impairment losses are reversed accordingly.

In accordance with the principle of substance over form, assets that have been formally transferred to third parties under a sale and leaseback transaction including a repurchase option also continue to be accounted for as separate assets.

Where leased items of property, plant and equipment are used, the criteria for classification as a finance lease as set out in IAS 17 are met if all material risks and rewards incidental to ownership have been transferred to the Group company concerned. In such cases, the assets concerned are recognized at cost or at the present value of the minimum lease payments (if lower) and depreciated using the straight-line method over the asset's useful life, or over the term of the lease if this is shorter. The payment obligations arising from the future lease payments are discounted and recorded as a liability in the balance sheet.

Where Group companies are the lessees of assets under operating leases, i.e. if not all material risks and rewards incidental to ownership are transferred, lease and rental payments are recorded directly as expenses in the income statement.

LEASING AND RENTAL ASSETS

Vehicles leased out under operating leases are recognized at cost and depreciated to their estimated residual value using the straight-line method over the term of the lease. Impairment losses identified as a result of an impairment test in accordance with IAS 36 are recognized and the depreciation rate is adjusted. The forecast residual values are adjusted to include constantly updated internal and external information on residual values, depending on specific local factors and the experiences gained in the marketing of used cars.

INVESTMENT PROPERTY

Real estate and buildings held in order to obtain rental income (investment property) are carried at amortized cost; the useful lives applied to depreciation correspond to those of the property, plant and equipment used by the Company itself. The fair value of investment property must be disclosed in the notes if it is carried at amortized cost. Fair value is estimated using an income capitalization approach. This involves determining the income value for a specific building on the basis of gross income, taking into account additional factors such as land value, remaining useful life and a multiplier specific to residential property.

CAPITALIZATION OF BORROWING COSTS

Borrowing costs that are directly attributable to the acquisition of qualifying assets on or after January 1, 2009 are capitalized as part of the cost of these assets. A qualifying asset is an asset that necessarily takes at least a year to get ready for its intended use or sale.

EQUITY-ACCOUNTED INVESTMENTS

The cost of equity-accounted investments is adjusted to reflect the share of increases or reductions in equity at the associates and joint ventures that is attributable to the Volkswagen Group after the acquisition. Additionally, the investment is tested for impairment if there are indications of impairment and written down to the lower recoverable amount if necessary. Recoverable amount is determined using the principles described for other intangible assets. If the reason for impairment ceases to apply at a later date, the impairment loss is reversed to the carrying amount that would have been determined had no impairment loss been recognized.

FINANCIAL INSTRUMENTS

Financial instruments are contracts that give rise to a financial asset of one company and a financial liability or an equity instrument of another. Regular way purchases or sales of financial instruments are accounted for at the settlement date – that is, at the date on which the asset is delivered.

IAS 39 classifies financial assets into the following categories:

– financial assets at fair value through profit or loss;

– held-to-maturity financial assets;

– loans and receivables; and

– available-for-sale financial assets.

Financial liabilities are classified into the following categories:

– financial liabilities at fair value through profit or loss; and

– financial liabilities carried at amortized cost

We recognize financial instruments at amortized cost or at fair value.

The amortized cost of a financial asset or liability is the amount:

– at which a financial asset or liability is measured at initial recognition;

– minus any principal repayments;

– minus any write-down for impairment or uncollectibility;

– plus or minus the cumulative amortization of any difference between the original amount and the amount repayable at maturity (premium), amortized using the effective interest method over the term of the financial asset or liability.

In the case of current receivables and liabilities, amortized cost generally corresponds to the principal or repayment amount.

Fair value generally corresponds 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 fair value option is not used in the Volkswagen Group.

LOANS AND RECEIVABLES AND FINANCIAL LIABILITIES

Loans, receivables and liabilities, as well as held-to-maturity investments, are measured at amortized cost, unless hedged. Specifically, these relate to:

– receivables from financing business;

– trade receivables and payables;

– other receivables and financial assets and liabilities; and

– financial liabilities.

AVAILABLE-FOR-SALE FINANCIAL ASSETS

Available-for-sale financial assets are either allocated specifically to this category or are financial assets that cannot be assigned to any other category.

Available-for-sale financial assets (marketable securities) are carried at fair value. Changes in fair value are recognized directly in equity, net of deferred taxes.

Shares in unconsolidated subsidiaries and other equity investments that are not accounted for using the equity method are also classified as available-for-sale financial assets. However, they are generally carried at cost, since no active market exists for those companies and fair values cannot be reliably ascertained without undue cost or effort. Fair values are recognized if there are indications that fair value is lower than cost.

DERIVATIVES AND HEDGE ACCOUNTING

Volkswagen Group companies use derivatives to hedge balance sheet items and future cash flows (hedged items). Derivatives, such as swaps, forward transactions and options, are used as the primary hedging instruments. The criteria for the application of hedge accounting are that the hedging relationship between the hedged item and the hedging instrument is clearly documented and that the hedge is highly effective.

The accounting treatment of changes in the fair value of hedging instruments depends on the nature of the hedging relationship. In the case of hedges against the risk of change in the carrying amount of balance sheet items (fair value hedges), both the hedging instrument and the hedged risk portion of the hedged item are measured at fair value. Several risk portions of hedged items are grouped into a portfolio if appropriate. In the case of a fair value portfolio hedge, the changes in fair value are accounted for in the same way as for a fair value hedge of an individual underlying. Gains or losses from the remeasurement of hedging instruments and hedged items are recognized in profit or loss. In the case of hedges of future cash flows (cash flow hedges), the hedging instruments are also measured at fair value. Gains or losses from remeasurement of the effective portion of the derivative are initially recognized in the reserve for cash flow hedges directly in equity, and are only recognized in the income statement when the hedged item is recognized in profit or loss; the ineffective portion of a cash flow hedge is recognized immediately in profit or loss.

Derivatives used by the Volkswagen Group for financial management purposes to hedge against interest rate, foreign currency, commodity, or price risks, but that do not meet the strict hedge accounting criteria of IAS 39, are classified as financial assets or liabilities at fair value through profit or loss. This also applies to options on shares. External hedges of intra-Group hedged items that are subsequently eliminated in the consolidated financial statements are also assigned to this category.

RECEIVABLES FROM FINANCE LEASES

Where a Group company is the lessor – generally of vehicles – a receivable in the amount of the net investment in the lease is recognized in the case of finance leases, in other words where substantially all the risks and rewards incidental to ownership are transferred to the lessee.

OTHER RECEIVABLES AND FINANCIAL ASSETS

Other receivables and financial assets (except for derivatives) are recognized at amortized cost.

IMPAIRMENT LOSSES ON FINANCIAL INSTRUMENTS

Default risk on loans and receivables in the financial services business is accounted for by recognizing specific valuation allowances and portfolio-based valuation allowances.

More specifically, in the case of significant individual receivables (e.g. dealer finance receivables and fleet customers) specific valuation allowances are recognized in accordance with Group-wide standards in the amount of the incurred loss. A potential impairment is assumed in the case of a number of situations such as delayed payment over a certain period, the institution of enforcement measures, the threat of insolvency or overindebtedness, application for or the opening of bankruptcy proceedings, or the failure of reorganization measures.

In the case of non-significant receivables (e.g. customer finance receivables) specific valuation allowances are recognized using a generalized procedure once a default has been identified.

Portfolio-based valuation allowances are recognized by grouping together non-significant receivables and significant individual receivables for which there is no indication of impairment into homogeneous portfolios on the basis of comparable credit risk features and allocating them by risk class. As long as no definite information is available as to which receivables are in default, average historical default probabilities for the portfolio concerned are used to calculate the amount of the valuation allowances.

As a matter of principle, specific valuation allowances are recognized on receivables in the Automotive segment.

Valuation allowances on receivables are regularly recognized in separate allowance accounts.

An impairment loss is recognized on financial assets held for sale if there is objective evidence of permanent impairment. In the case of equity instruments, evidence of impairment is taken to exist, among other things, if the fair value decreases below cost significantly (by more than 20%) or the decrease is prolonged (by more than

10% of the average market prices over one year). If impairment is identified, the cumulative loss is recognized in the reserve and in profit and loss. In the case of equity instruments, reversals of impairment losses are taken directly to equity. Impairment losses are recognized on debt instruments if a decrease in the future cash flows of the financial asset is expected. An increase in the risk-free interest rate or an increase in credit risk premiums is not in itself evidence of impairment.

DEFERRED TAXES

Deferred tax assets are generally recognized for tax-deductible temporary differences between the tax base of assets and their carrying amounts in the consolidated balance sheet, as well as on tax loss carryforwards and tax credits provided it is probable that they can be used in future periods. Deferred tax liabilities are generally recognized for all taxable temporary differences between the tax base of liabilities and their carrying amounts in the consolidated balance sheet.

Deferred tax liabilities and assets are recognized in the amount of the expected tax liability or tax benefit, as appropriate, in subsequent fiscal years, based on the expected enacted tax rate at the time of realization. The tax consequences of dividend payments are not taken into account until the resolution on appropriation of earnings available for distribution has been adopted.

Deferred tax assets that are unlikely to be realized within a clearly predictable period are reduced by valuation allowances.

Deferred tax assets and deferred tax liabilities are offset where taxes are levied by the same taxation authority and relate to the same tax period.

INVENTORIES

Raw materials, consumables and supplies, merchandise, work in progress and self-produced finished goods reported in inventories are carried at the lower of cost or net realizable value. Cost is determined on the basis of the direct and indirect costs that are directly attributable. Borrowing costs are not capitalized. The measurement of same or similar inventories is based on the weighted average cost method.

NONCURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

Under IFRS 5, noncurrent assets or groups of assets and liabilities (disposal groups) are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Such assets are carried at the lower of their carrying amount and fair value less costs to sell, and are presented separately in current assets and liabilities in the balance sheet.

Discontinued operations are components of an entity that have either been disposed of or are classified as held for sale. The assets and liabilities of operations that are held for sale represent disposal groups that must be measured and reported using the same principles as noncurrent assets held for sale. The income and expenses from discontinued operations are presented in the income statement as "profit or loss from discontinued operations" below the profit or loss from continuing operations. Corresponding disposal gains or losses are contained in the profit or loss from discontinued operations. The prior-year figures in the income statement are restated accordingly.

PENSION PROVISIONS

The actuarial valuation of pension provisions is based on the projected unit credit method in respect of defined benefit plans in accordance with IAS 19. The valuation is based not only on pension payments and vested entitlements known at the balance sheet date, but also reflects future salary and pension trends. Actuarial gains and losses are recognized directly in equity, net of deferred taxes.

PROVISIONS FOR TAXES

Tax provisions contain obligations resulting from current taxes. Deferred taxes are presented in separate items of the balance sheet and income statement.

OTHER PROVISIONS

In accordance with IAS 37, provisions are recognized where a present obligation exists to third parties as a result of a past event; where a future outflow of resources is probable; and where a reliable estimate of that outflow can be made.

Provisions not resulting in an outflow of resources in the year immediately following are recognized at their settlement value discounted to the balance sheet date. Discounting is based on market interest rates. An average discount rate of 3.4% was used in Germany. The settlement value also reflects cost increases expected at the balance sheet date.

Provisions are not offset against claims for reimbursement.

As part of the insurance business, we recognize insurance contracts in accordance with IFRS 4. Reinsurance acceptances are accounted for on an accrual basis. Estimation techniques based on assumptions about future changes in claims are used to calculate the claims provision. Minority interests in provisions are reported under other assets.

LIABILITIES

Noncurrent liabilities are recorded at amortized cost in the balance sheet. Differences between historical cost and the repayment amount are amortized using the effective interest method.

Liabilities to members of partnerships from the provision of capital are recognized in the income statement at the present value of the redemption amount at the balance sheet date.

Liabilities under finance leases are carried at the present value of the lease payments.

Current liabilities are recognized at their repayment or settlement value.

REVENUE AND EXPENSE RECOGNITION

Sales revenue, interest and commission income from financial services and other operating income are recognized only when the relevant service has been rendered or the goods delivered, that is, when the risk has passed to the customer. If a contract comprises several separately identifiable components (multiple-element arrangements), these components are recognized separately in accordance with the principles outlined above. Receivables are measured at fair value. If non-interest-bearing or low-interest vehicle financing arrangements are agreed, sales revenue is reduced by the interest benefits granted. Income from assets for which a Group company has a buy back obligation is recognized only when the assets have definitively left the Group. If a fixed repurchase price was agreed when the contract was entered into, the difference between the selling and repurchase price is recognized as income ratably over the term of the contract. Prior to that time, the assets are carried as inventories.

Cost of sales includes the costs incurred to generate the sales revenue and the cost of goods purchased for resale. This item also includes the costs of additions to warranty provisions. Research and development costs not eligible for capitalization in the period and amortization of development costs are likewise carried under cost of sales. Reflecting the presentation of interest and commission income in sales revenue, the interest and commission expenses attributable to the financial services business are presented in cost of sales.

Government grants are generally deducted from the cost of the relevant assets.

Personnel expenses are recognized in respect of the issue of convertible bonds to employees conveying the right to purchase shares of Volkswagen AG.

Dividend income is recognized on the date when the dividend is legally approved.

ESTIMATES AND ASSUMPTIONS BY MANAGEMENT

Preparation of the consolidated financial statements requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities, and income and expenses, as well as the related disclosure of contingent assets and liabilities of the reporting period. Such estimates and assumptions relate primarily to the assessment of the recoverability of intangible assets, the standard definition throughout the Group of useful lives of items of property, plant and equipment and of leasing and rental assets, the collectability of receivables, and the recognition and measurement of provisions.

The estimates and assumptions are based on underlying assumptions that reflect the current state of available knowledge. Specifically, the expected future development of business was based on the circumstances known at the date of preparation of these consolidated financial statements and a realistic assessment of the future development of the global and sector-specific environment. Our estimates and assumptions remain subject to a high degree of uncertainty due to the ongoing uncertain economic environment and its corresponding effects on the automotive markets. This applies in particular to short- and medium-term cash flow forecasts and to the discount rates used. In view of the unusual developments in the price of Volkswagen AG's ordinary shares, we used a multi-year view when estimating our own systemic risk (market risk).

Developments in this environment that differ from the assumptions and that cannot be influenced by management could result in amounts that differ from the original estimates. If actual developments differ from the expected developments, the underlying assumptions and, if necessary, the carrying amounts of the assets and liabilities affected are adjusted.

In fiscal year 2010, we expect the global automotive markets to grow slightly compared with the previous year, although they will be impacted by the continued uncertain economic environment. Volkswagen will systematically expand its position in the global markets. We therefore forecast that deliveries to customers will exceed the prior-year figure. As a result, from today's perspective, we are not expecting any material adjustment in the carrying amounts of the assets and liabilities reported in the consolidated balance sheet in the following fiscal year.

Estimates and assumptions by management were based on assumptions that are explained in the Report on Expected Developments.

Segment reporting

Volkswagen applied IFRS 8 for the first time in fiscal year 2009. In accordance with the Group's internal reporting and management, the revised segment reporting comprises the three reportable segments Passenger Cars and Light Commercial Vehicles, Scania, and Volkswagen Financial Services.

The activities of the Passenger Cars and Light Commercial Vehicles segment cover the development of vehicles and engines, the production and sale of passenger cars and commercial vehicles, and the genuine parts business. The individual passenger car brands and light commercial vehicles of the Volkswagen Group are combined on a consolidated basis in this segment. It largely corresponds to the previous Automotive segment.

The Scania segment comprises in particular the development, production and sale of heavy commercial vehicles, the corresponding genuine parts business and the financial services offering. The Scania brand was only consolidated in the third quarter of 2008 and was still split between the Automotive and Financial Services segments in the 2008 Annual Report.

The activities of the Volkswagen Financial Services segment comprise dealer and customer financing, leasing, banking and insurance activities, as well as fleet management. It largely corresponds to the previous Financial Services segment.

At Volkswagen, segment profit or loss is measured on the basis of operating profit or loss. The assets of the segments comprise all of the assets allocated to the individual activities.

The reconciliation contains activities that do not by definition form part of the segments. It also contains all of the unallocated Group financing activities that were previously included in the Automotive segment. Consolidation adjustments between the segments (including the purchase price allocation for Scania and the holding company functions) are also contained in the reconciliation.

In the presentation by region, the "Rest of Europe" and "Africa" regions have been combined into "Europe and Other Regions" to enhance clarity.

As a matter of principle, business relationships between the companies within the segments of the Volkswagen Group are transacted at arm's length prices.

OPERATING SEGMENTS 2008

	Passenger Cars and Light Commercial Vehicles	Scania	Volkswagen Financial Services	Total segments	Reconciliation	Volkswagen Group
			€ million			
Sales revenue from external customers	98,710	3,865	10,193	112,768	1,040	113,808
Intersegment sales revenue	4,484	–	736	5,220	−5,220	–
Total sales revenue	103,194	3,865	10,929	117,988	−4,180	113,808
Depreciation and amortization	5,920	317	1,574	7,811	285	8,096
Impairment losses	229	3	94	326	23	349
Reversal of impairment losses	8	–	0	8	–	8
Segment profit or loss (operating profit or loss)	6,431	417	893	7,741	−1,408	6,333
Share of profits and losses of equity- accounted investments	176	1	101	278	632	910
Net interest income and other financial result	−116	−57	−75	−248	−387	−635
Segment assets	91,458	10,074	74,690	176,222	−8,303	167,919
Equity-accounted investments	315	44	1,435	1,794	4,579	6,373
Investments in intangible assets, property, plant and equipment, and investment property	8,667	284	121	9,072	40	9,112

OPERATING SEGMENTS 2009

	Passenger Cars and Light Commercial Vehicles	Scania	Volkswagen Financial Services	Total segments	Reconciliation	Volkswagen Group
			€ million			
Sales revenue from external customers	86,297	6,385	11,095	103,777	1,409	105,187
Intersegment sales revenue	4,952	–	565	5,517	−5,517	–
Total sales revenue	91,249	6,385	11,660	109,294	−4,107	105,187
Depreciation and amortization	5,793	490	1,727	8,009	322	8,331
Impairment losses	292	3	261	556	39	595
Reversal of impairment losses	18	–	30	49	–	49
Segment profit or loss (operating profit or loss)	2,020	236	606	2,862	−1,007	1,855
Share of profits and losses of equity-accounted investments	106	1	91	198	503	701
Net interest income and other financial result	−587	−82	−25	−694	−602	−1,296
Segment assets	87,786	9,512	76,431	173,730	3,449	177,178
Equity-accounted investments	370	46	1,562	1,978	8,406	10,385
Investments in intangible assets, property, plant and equipment, and investment property	7,331	320	178	7,829	82	7,911

RECONCILIATION

	2009	2008
	€ million	
Segment sales revenue	109,294	117,988
Unallocated activities	2,078	1,627
Group financing	21	24
Consolidation adjustments	−6,207	−5,831
Group sales revenue	**105,187**	**113,808**
Segment assets	**173,730**	**176,222**
Unallocated activities	2,497	2,038
Group financing	25,165	12,377
Consolidation adjustments	−24,213	−22,718
Group assets	**177,178**	**167,919**
Segment profit or loss (operating profit or loss)	**2,862**	**7,741**
Unallocated activities	79	102
Group financing	15	−82
Consolidation adjustments	−1,101	−1,428
Operating profit	**1,855**	**6,333**
Financial result	**−595**	**275**
Consolidated profit before tax	**1,261**	**6,608**

BY REGION 2008

	Germany	Europe and Other Regions*	North America	South America	Asia/ Oceania	Consolidation	Total
				€ million			
Sales revenue from external customers	27,682	55,173	12,716	9,784	8,453	–	113,808
Intangible assets, property, plant and equipment, leasing and rental assets, and investment property	17,604	18,849	7,595	1,253	388	−238	45,451

* Excluding Germany.

BY REGION 2009

	Germany	Europe and Other Regions*	North America	South America	Asia/ Oceania	Consolidation	Total
				€ million			
Sales revenue from external customers	29,836	45,367	11,396	9,606	8,982	–	105,187
Intangible assets, property, plant and equipment, leasing and rental assets, and investment property	18,696	19,451	7,592	1,525	591	–	47,855

* Excluding Germany.

Income Statement Disclosures

1 Sales revenue

STRUCTURE OF GROUP SALES REVENUE

	2009	2008
	€ million	
Vehicles	78,621	87,850
Genuine parts	7,768	7,254
Other sales revenue	7,282	8,528
Rental and leasing business	6,631	5,819
Interest and similar income	4,884	4,357
	105,187	**113,808**

For segment reporting purposes, the sales revenue of the Group is presented by segment and market. Other sales revenue relates primarily to parts and engine deliveries.

2 Cost of sales

Cost of sales also includes interest expenses of €2,789 million (previous year: €2,871 million) attributable to the financial services business. This item includes impairment losses on intangible assets, property, plant and equipment, and leasing and rental assets. Impairment losses are based on updated impairment tests and reflect market and exchange rate risks in particular.

Government grants related to income amounted to €98 million in fiscal year 2009 (previous year: €15 million) and were generally allocated to the functions.

3 Distribution expenses

Distribution expenses amounting to €10,537 million (previous year: €10,552 million) include non-staff overheads and personnel costs, and depreciation and amortization applicable to the distribution function, as well as the costs of shipping, advertising and sales promotion.

4 Administrative expenses

Administrative expenses of €2,739 million (previous year: €2,742 million) mainly include non-staff overheads and personnel costs, as well as depreciation and amortization applicable to the administrative function.

5 Other operating income

	2009	2008
	€ million	
Income from reversal of valuation allowances on receivables and other assets	577	424
Income from reversal of provisions and accruals	945	1,532
Income from foreign currency hedging derivatives	2,217	2,445
Income from foreign exchange gains	1,624	2,254
Income from sale of promotional material	172	175
Income from cost allocations	590	770
Income from investment property	58	60
Gains on asset disposals	71	29
Miscellaneous other operating income	1,651	1,081
	7,904	**8,770**

Foreign exchange gains mainly comprise gains from changes in exchange rates between the dates of recognition and payment of receivables and liabilities denominated in foreign currencies, as well as exchange rate gains resulting from measurement at the closing rate. Foreign exchange losses from these items are included in other operating expenses.

The gain on the disposal of Volkswagen Caminhões amounting to €556 million is reported under miscellaneous other operating income in fiscal year 2009.

6 Other operating expenses

	2009	2008
	€ million	
Valuation allowances on receivables and other assets	1,682	1,021
Losses from foreign currency hedging derivatives	1,336	1,209
Foreign exchange losses	1,834	2,555
Expenses from cost allocations	161	223
Expenses for termination agreements	41	27
Losses on disposal of noncurrent assets	33	59
Miscellaneous other operating expenses	1,265	1,245
	6,352	**6,339**

7 Share of profits and losses of equity-accounted investments

	2009	2008
	€ million	
Share of profits of equity-accounted investments	850	914
of which from: joint ventures	(849)	(532)
of which from: associates	(1)	(382)
Share of losses of equity-accounted investments	149	4
of which from: joint ventures	(41)	(4)
of which from: associates	(108)	–
	701	**910**

The share of profits and losses of equity-accounted investments in fiscal year 2009 includes the amounts from the adjustment of the newly acquired interest in Porsche Zwischenholding GmbH. The precise allocation of the purchase price to Porsche Zwischenholding's assets and liabilities is currently only preliminary due to the size of the company. The share of profits and losses of equity-accounted investments in the previous year includes the amounts for the Scania shares accounted for using the equity method for the period until the investment was consolidated.

8 Finance costs

	2009	2008
	€ million	
Other interest and similar expenses	1,139	998
Interest cost included in lease payments	10	10
Interest expenses	**1,148**	**1,008**
Interest component of additions to pension provisions	715	669
Interest cost on other liabilities	405	138
Interest cost on liabilities	**1,120**	**807**
Finance costs	**2,268**	**1,815**

9 Other financial result

	2009	2008
	€ million	
Income from profit and loss transfer agreements	23	20
Cost of loss absorption	56	36
Other income from equity investments	44	45
Other expenses from equity investments	31	35
Income from marketable securities and loans*	34	15
Other interest and similar income	738	1,475
Gains and losses from fair value remeasurement and impairment of financial instruments	42	−244
Gains and losses from fair value remeasurement of ineffective hedging derivatives	228	−52
Gains and losses on hedges	−50	−8
Other financial result	**972**	**1,180**

* Including disposal gains/losses.

10 Income tax income/expense

COMPONENTS OF TAX INCOME AND EXPENSE

	2009	2008
	€ million	
Current tax expense, Germany	508	1,355
Current tax expense, abroad	812	1,087
Current tax expense	**1,321**	**2,442**
of which prior-period income	(−32)	(−41)
Income from reversal of tax provisions	−176	−104
Current income tax expense	**1,145**	**2,338**
Deferred tax income/expense, Germany	−360	−86
Deferred tax income/expense, abroad	−436	−332
Deferred tax income	**−796**	**−418**
Income tax income/expense	**349**	**1,920**

In Germany, current tax expense is calculated on the basis of a uniform corporation tax rate of 15% (previous year: 15%) plus a solidarity surcharge of 5.5%. In addition to corporation tax, trade tax is levied on profits generated in Germany. Due to the non-deductibility of trade tax as a business expense from fiscal year 2008, the average trade tax rate is 13.7%, which results in a total domestic tax rate of 29.5% (previous year: 29.5%).

The local income tax rates applied for companies outside Germany vary between 0% and 42%. In the case of split tax rates, the tax rate applicable to undistributed profits is applied.

The realization of tax benefits from tax loss carryforwards from previous years resulted in a reduction in current income taxes in 2009 by €65 million (previous year: €77 million).

Previously unused tax loss carryforwards amounted to €3,141 million (previous year: €2,172 million). Tax loss carryforwards amounting to €799 million (previous year: €808 million) can be used indefinitely, while

€828 million (previous year: €95 million) must be used within the next ten years. There are additional tax loss carryforwards amounting to €1,518 million (previous year: €1,268 million) that can be used within a period of 15 to 20 years. Tax loss carryforwards of €198 million (previous year: €112 million) are estimated not to be usable.

The increase in tax loss carryforwards estimated not to be usable amounting to €86 million resulted primarily from the tax position of the Indian and Italian companies.

Deferred taxes are recognized where income from subsidiaries was tax-exempt in the past due to specific local regulations, but the tax effects on discontinuation of the temporary tax exemption are foreseeable. Tax benefits amounting to €55 million (previous year: €73 million) were recognized because of tax credits granted by various countries to compensate for the loss of tax relief where the amounts involved were unlimited. Tax credits granted for other reasons amounted to €67 million (previous year: €69 million)

No deferred tax assets were recognized for deductible temporary differences of €2 million (previous year: €2 million) and for tax credits of €562 million (previous year: €371 million) that would expire in the period from 2011 to 2023.

Due to the change in the statutory provisions in Germany, a refund claim for corporation tax was recognized as a current tax asset for the first time in fiscal year 2006. It was recognized in the balance sheet under current tax receivables at a present value of €951 million. The present value of the refund claim was €783 million at the balance sheet date.

Deferred tax expenses resulting from changes in tax rates amounted to €1 million (previous year: deferred tax income of €54 million).

Deferred taxes of €453 million were recognized without being offset by deferred tax liabilities in the same amount. The companies concerned expect positive tax income in future following losses in fiscal year 2009 or in the previous year.

As of the reporting date, €207 million of the deferred taxes recognized in the balance sheet was credited to equity (previous year: €1 million charged to equity) and relates to other comprehensive income. €4 million of this figure (previous year: €44 million) is attributable to minority interests. In fiscal year 2009, there was a €6 million (previous year: €2 million) reduction in deferred taxes resulting from changes in the consolidated Group.

CHANGE IN TAX EFFECTS ON OTHER COMPREHENSIVE INCOME

	AMOUNT BEFORE TAXES	TAXES	AMOUNT AFTER TAXES 2009	AMOUNT BEFORE TAXES	TAXES	AMOUNT AFTER TAXES 2008
			€ million			
Exchange differences on translating foreign operations	975	–	975	−1,445	–	−1,445
Actuarial gains/losses	−860	249	−611	190	−57	133
Cash flow hedges	−225	46	−179	−373	134	−239
Available-for-sale financial instruments (marketable securities)	271	−80	191	−230	68	−162
Share of other comprehensive income of equity-accounted investments, net of tax	30	–	30	−188	–	−188
Other comprehensive income	**191**	**216**	**406**	**−2,046**	**145**	**−1,901**

DEFERRED TAXES CLASSIFIED BY BALANCE SHEET ITEM

The following recognized deferred tax assets and liabilities were attributable to recognition and measurement differences in the individual balance sheet items and to tax loss carryforwards:

	DEFERRED TAX ASSETS		DEFERRED TAX LIABILITIES	
	Dec. 31, 2009	Dec. 31, 2008	Dec. 31, 2009	Dec. 31, 2008
	€ million			
Intangible assets	197	235	2,388	2,271
Property, plant and equipment, and leasing and rental assets	3,699	4,123	2,580	2,729
Noncurrent financial assets	756	1,059	4	2
Inventories	304	335	324	321
Receivables and other assets (including Financial Services Division)*	622	822	5,931	7,103
Other current assets	82	129	20	41
Pension provisions	1,303	1,050	3	8
Other provisions	2,885	2,723	61	530
Liabilities*	1,309	1,657	245	499
Tax loss carryforwards	929	663	–	0
Valuation allowances on deferred tax assets	–	0	–	0
Gross value	**12,084**	**12,796**	**11,558**	**13,504**
of which noncurrent	(8,544)	(8,871)	(8,070)	(8,941)
Offset	9,185	9,885	9,185	9,885
Consolidation	113	433	−149	35
Amount recognized	**3,013**	**3,344**	**2,224**	**3,654**

* Prior-year figures have been adjusted.

In accordance with IAS 12, deferred tax assets and liabilities are offset if, and only if, they relate to income taxes levied by the same taxation authority and relate to the same tax period.

The tax expense of €349 million reported for 2009 (previous year: expense of €1,920 million) was €23 million lower (previous year: €29 million lower) than the expected tax expense of €372 million that would have resulted from application of a tax rate applicable to undistributed profits of 29.5% to the profit before tax of the Group.

RECONCILIATION OF EXPECTED TO EFFECTIVE INCOME TAX

	2009	2008
	€ million	
Profit before tax	1,261	6,608
Expected income tax expense (tax rate 29.5%; previous year: 29.5%)	**372**	**1,949**
Reconciliation:		
Effect of different tax rates outside Germany	−58	−141
Proportion of taxation relating to:		
tax-exempt income	−476	−286
expenses not deductible for tax purposes	162	183
effects of loss carryforwards and tax credits	52	−47
temporary differences for which no deferred taxes were recognized	349	422
Tax credits	−47	−23
Prior-period tax expense	−33	−41
Effect of tax rate changes	1	−54
Other taxation changes	27	−42
Effective income tax income/expense	**349**	**1,920**
Effective tax rate (%)	27.7	29.1

11 Earnings per share

Basic earnings per share are calculated by dividing profit attributable to shareholders of Volkswagen AG by the weighted average number of ordinary and preferred shares outstanding during the reporting period. Earnings per share are diluted by potential shares. These include stock options, although these are only dilutive if they result in the issuance of shares at a value below the average market price of the shares.

A dilutive effect arose in fiscal year 2009 from the sixth, seventh and eighth tranches of the stock option plan. However, it was so insignificant that it did not affect the reported earnings per share.

	ORDINARY		PREFERRED	
	2009	2008	2009	2008
	Quantity			
Weighted average number of shares outstanding – basic	294,963,231	292,852,751	105,238,280	105,238,280
Dilutive potential ordinary shares from the stock option plan	87,163	1,613,743	0	0
Weighted average number of shares outstanding – diluted	295,050,394	294,466,494	105,238,280	105,238,280

	2009	2008
	€ million	
Profit after tax	911	4,688
Minority interests	−49	−65
Profit attributable to shareholders of Volkswagen AG	960	4,753
Basic earnings attributable to ordinary shares	703	3,492
Basic earnings attributable to preferred shares	257	1,261
Diluted earnings attributable to ordinary shares	703	3,497
Diluted earnings attributable to preferred shares	257	1,256

	2009	2008
	€	
Basic earnings per ordinary share	2.38	11.92
Basic earnings per preferred share	2.44	11.98
Diluted earnings per ordinary share	2.38	11.88
Diluted earnings per preferred share	2.44	11.94

Additional Income Statement Disclosures in Accordance with IAS 23 (Borrowing Costs)

Capitalized borrowing costs amounted to €3 million in fiscal year 2009 (previous year: €0 million) and related mainly to capitalized development costs. An average cost of debt of 4.0% was used as a basis for capitalization in the Volkswagen Group.

Additional Income Statement Disclosures in Accordance with IFRS 7 (Financial Instruments)

CLASSES OF FINANCIAL INSTRUMENTS

Financial instruments are divided into the following classes at the Volkswagen Group:

– Financial instruments measured at fair value,

– Financial instruments measured at amortized cost and

– Financial instruments not falling within the scope of IFRS 7.

Financial instruments not falling within the scope of IFRS 7 include in particular investments in associates and joint ventures accounted for using the equity method.

NET GAINS OR LOSSES FROM FINANCIAL INSTRUMENTS BY MEASUREMENT CATEGORY UNDER IAS 39

	2009	2008
	€ million	
Financial instruments at fair value through profit or loss	207	−4
Loans and receivables	3,212	3,297
Available-for-sale financial assets	22	−288
Financial liabilities measured at amortized cost	−3,626	−3,319
	−185	**−314**

Net gains and losses from financial assets and liabilities at fair value through profit or loss are composed of the fair value measurement gains and losses on financial instruments, including interest and gains and losses on currency translation.

Net gains and losses from available-for-sale financial assets primarily comprise income and expenses from marketable securities including disposal gains/losses, impairment losses on investments and currency translation effects.

Net gains and losses from loans and receivables comprise interest expenses in accordance with the effective interest method under IAS 39, including currency translation effects. Interest also includes interest income and expenses from the lending and leasing business of the financial services operations.

TOTAL INTEREST INCOME AND EXPENSES OF FINANCIAL INSTRUMENTS NOT MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

	2009	2008
	€ million	
Interest income	3,957	4,239
Interest expenses	3,652	3,462
	305	**777**

IMPAIRMENT LOSSES ON FINANCIAL ASSETS BY CLASS

	2009	2008
	€ million	
Measured at fair value	3	266
Measured at amortized cost	1,622	1,156
	1,625	**1,422**

Impairment losses relate to write-downs of financial assets, such as valuation allowances on receivables, marketable securities and unconsolidated subsidiaries. Interest income on impaired financial assets amounted to €69 million in fiscal year 2009 (previous year: €82 million).

€5 million (previous year: €9 million) was recognized in fiscal year 2009 as an expense and €3 million (previous year: €3 million) as income for fees and commissions that are not accounted for using the effective interest method.

Balance Sheet Disclosures

12 Intangible assets

The overview of the changes in intangible assets has been partially restructured. Concessions, industrial and similar rights, and licenses in such rights and assets are reported under other intangible assets. The brand name, which was previously included in other intangible assets, is presented separately. The prior-period figure has been adjusted accordingly.

CHANGES IN INTANGIBLE ASSETS BETWEEN JANUARY 1 AND DECEMBER 31, 2008

	Brand name	Goodwill	Capitalized costs for products under development	Capitalized development costs for products currently in use	Other intangible assets	Total
	€ million					
Cost						
Balance at Jan. 1, 2008	**–**	**201**	**1,938**	**10,470**	**1,437**	**14,046**
Foreign exchange differences	−132	−384	−54	−366	−97	−1,033
Changes in consolidated Group	1,027	2,952	12	1,073	713	5,777
Additions	–	2	1,842	374	239	2,457
Transfers	–	–	−1,036	1,036	−15	−15
Held for sale	–	–	34	65	6	105
Disposals	–	–	3	1,023	118	1,144
Balance at Dec. 31, 2008	**895**	**2,771**	**2,665**	**11,499**	**2,153**	**19,983**
Amortization and impairment						
Balance at Jan. 1, 2008	**–**	**–**	**229**	**6,097**	**890**	**7,216**
Foreign exchange differences	–	–	–	−130	−11	−141
Changes in consolidated Group	–	–	–	–	0	0
Additions to cumulative amortization	–	–	–	1,359	381	1,740
Additions to cumulative impairment losses	–	–	18	15	8	41
Transfers	–	–	−8	8	−1	−1
Held for sale	–	–	–	20	6	26
Disposals	–	–	0	1,021	116	1,137
Balance at Dec. 31, 2008	**–**	**–**	**239**	**6,308**	**1,145**	**7,692**
Carrying amount at Dec. 31, 2008	**895**	**2,771**	**2,426**	**5,191**	**1,008**	**12,291**

Sensitivity analyses have shown that it is unnecessary to recognize impairment losses on goodwill and indefinite-lived intangible assets, including where realistic variations are applied to key assumptions.

CHANGES IN INTANGIBLE ASSETS BETWEEN JANUARY 1 AND DECEMBER 31, 2009

	Brand name	Goodwill	Capitalized costs for products under development	Capitalized development costs for products currently in use	Other intangible assets	Total
	€ million					
Cost						
Balance at Jan. 1, 2009	**895**	**2,771**	**2,665**	**11,499**	**2,153**	**19,983**
Foreign exchange differences	54	158	27	188	46	473
Changes in consolidated Group	–	–	–	–	0	0
Additions	–	–	1,600	347	226	2,173
Transfers	–	–	−981	986	−18	−13
Held for sale	–	–	–	–	–	–
Disposals	–	–	99	1,123	85	1,307
Balance at Dec. 31, 2009	**949**	**2,929**	**3,213**	**11,896**	**2,322**	**21,310**
Amortization and impairment						
Balance at Jan. 1, 2009	**–**	**–**	**239**	**6,308**	**1,145**	**7,692**
Foreign exchange differences	–	–	–	88	21	109
Changes in consolidated Group	–	–	–	–	0	0
Additions to cumulative amortization	–	–	–	1,417	320	1,737
Additions to cumulative impairment losses	–	–	109	60	3	172
Transfers	–	–	−113	113	−7	−7
Held for sale	–	–	–	–	–	–
Disposals	–	–	98	1,117	85	1,299
Balance at Dec. 31, 2009	**–**	**–**	**136**	**6,870**	**1,397**	**8,403**
Carrying amount at Dec. 31, 2009	**949**	**2,929**	**3,077**	**5,027**	**925**	**12,907**

The reported brand name relates to Scania.

€2,729 million of the goodwill reported as of December 31, 2009 (previous year: €2,574 million) relates to Scania and €153 million (previous year: €151 million) to Škoda (Passenger Cars and Light Commercial Vehicles segment). €27 million (previous year: €27 million) of the remaining amount relates to the Passenger Cars and Light Commercial Vehicles segment, €15 million (previous year: €14 million) to the Volkswagen Financial Services segment and €5 million (previous year: €5 million) to unallocated areas. The recoverability of recognized goodwill is not affected by a variation in the growth forecast or in the discount rate by +/ −0.5 percentage points.

Of the total research and development costs incurred in 2009, €1,947 million (previous year: €2,216 million) met the criteria for capitalization under IFRSs.

The following amounts were recognized as expenses:

	2009	2008
	€ million	
Research and non-capitalized development costs	3,843	3,710
Amortization of development costs	1,586	1,392
Research and development costs recognized in the income statement	**5,429**	**5,102**

13 Property, plant and equipment

CHANGES IN PROPERTY, PLANT AND EQUIPMENT BETWEEN JANUARY 1 AND DECEMBER 31, 2008

	Land, land rights and buildings, including buildings on third-party land	Technical equipment and machinery	Other equipment, operating and office equipment	Payments on account and assets under construction	Total
			€ million		
Cost					
Balance at Jan. 1, 2008	**14,424**	**25,048**	**32,620**	**1,836**	**73,928**
Foreign exchange differences	−174	−495	−308	−117	−1,094
Changes in consolidated Group	1,389	959	110	294	2,752
Additions	437	1,118	2,420	2,676	6,651
Transfers	216	700	629	−1,523	22
Held for sale	44	30	111	6	191
Disposals	71	747	1,433	71	2,322
Balance at Dec. 31, 2008	**16,177**	**26,553**	**33,927**	**3,089**	**79,746**
Depreciation and impairment					
Balance at Jan. 1, 2008	**7,545**	**19,740**	**27,297**	**8**	**54,590**
Foreign exchange differences	−33	−238	−239	−8	−518
Changes in consolidated Group	0	0	0	–	0
Additions to cumulative depreciation	487	1,705	2,415	18	4,625
Additions to cumulative impairment losses	3	7	84	90	184
Transfers	3	−4	−9	11	1
Held for sale	25	25	72	2	124
Disposals	57	712	1,356	–	2,125
Reversal of impairment losses	–	0	–	−8	−8
Balance at Dec. 31, 2008	**7,923**	**20,473**	**28,120**	**109**	**56,625**
Carrying amount at Dec. 31, 2008	**8,254**	**6,080**	**5,807**	**2,980**	**23,121**
of which assets leased under finance lease contracts Carrying amount at Dec. 31, 2008	177	–	16	–	193

Call options on buildings and plant leased under the terms of finance leases exist in most cases, and are normally exercised. Interest rates on the leases vary between 2.9% and 13.6%, depending on the market and the date of inception of the lease.

Future finance lease payments due, and their present values, are shown in the following table:

	2009	2010 – 2013	from 2014	Total
		€ million		
Finance lease payments	39	77	124	240
Interest component of finance lease payments	7	10	15	32
Carrying amount/present value	**32**	**67**	**109**	**208**

CHANGES IN PROPERTY, PLANT AND EQUIPMENT BETWEEN JANUARY 1 AND DECEMBER 31, 2009

	Land, land rights and buildings, including buildings on third-party land	Technical equipment and machinery	Other equipment, operating and office equipment	Payments on account and assets under construction	Total
			€ million		
Cost					
Balance at Jan. 1, 2009	**16,177**	**26,553**	**33,927**	**3,089**	**79,746**
Foreign exchange differences	179	429	360	56	1,024
Changes in consolidated Group	95	0	1	5	100
Additions	378	1,254	1,795	2,251	5,678
Transfers	546	982	801	−2,316	13
Held for sale	–	–	–	–	–
Disposals	60	531	717	54	1,362
Balance at Dec. 31, 2009	**17,314**	**28,686**	**36,166**	**3,032**	**85,199**
Depreciation and impairment					
Balance at Jan. 1, 2009	**7,923**	**20,473**	**28,120**	**109**	**56,625**
Foreign exchange differences	61	267	292	4	624
Changes in consolidated Group	4	0	0	–	4
Additions to cumulative depreciation	519	1,734	2,297	24	4,574
Additions to cumulative impairment losses	0	2	136	2	140
Transfers	0	36	54	−84	7
Held for sale	–	–	–	–	–
Disposals	51	492	656	0	1,198
Reversal of impairment losses	−2	−2	−6	−11	−20
Balance at Dec. 31, 2009	**8,454**	**22,018**	**30,237**	**45**	**60,755**
Carrying amount at Dec. 31, 2009	**8,860**	**6,668**	**5,930**	**2,987**	**24,444**
of which assets leased under finance lease contracts Carrying amount at Dec. 31, 2009	166	17	12	–	195

Call options on buildings and plant leased under the terms of finance leases exist in most cases, and are normally exercised. Interest rates on the leases vary between 2.0% and 10.1%, depending on the market and the date of inception of the lease.

Future finance lease payments due, and their present values, are shown in the following table:

	2010	2011 – 2014	from 2015	Total
		€ million		
Finance lease payments	30	107	94	230
Interest component of finance lease payments	7	16	2	25
Carrying amount/present value	**23**	**91**	**92**	**206**

For assets leased under operating leases, payments recognized in the income statement amounted to €545 million in the reporting period (previous year: €366 million).

Government grants of €25 million (previous year: €49 million) were deducted from the cost of property, plant and equipment, and noncash benefits received amounting to €111 million were not capitalized as the cost of assets.

14 Leasing and rental assets and investment property

CHANGES IN LEASING AND RENTAL ASSETS AND INVESTMENT PROPERTY BETWEEN JANUARY 1 AND DECEMBER 31, 2008

	Leasing and rental assets	Investment property	Total
		€ million	
Cost			
Balance at Jan. 1, 2008	**10,903**	**301**	**11,204**
Foreign exchange differences	−78	1	−77
Changes in consolidated Group	1,286	–	1,286
Additions	5,335	13	5,348
Transfers	–	−7	−7
Disposals	4,751	3	4,754
Balance at Dec. 31, 2008	**12,695**	**305**	**13,000**
Depreciation and impairment			
Balance at Jan. 1, 2008	**2,724**	**149**	**2,873**
Foreign exchange differences	−27	1	−26
Changes in consolidated Group	75	–	75
Additions to cumulative depreciation	1,724	7	1,731
Additions to cumulative impairment losses	92	–	92
Transfers	–	0	0
Disposals	1,782	2	1,784
Reversal of impairment losses	0	–	0
Balance at Dec. 31, 2008	**2,806**	**155**	**2,961**
Carrying amount at Dec. 31, 2008	**9,889**	**150**	**10,039**

The following payments from non-cancelable leases and rental agreements were expected to be received over the coming years:

2009	2010 – 2013	from 2014	Total
	€ million		
1,193	1,233	41	2,467

CHANGES IN LEASING AND RENTAL ASSETS AND INVESTMENT PROPERTY BETWEEN JANUARY 1 AND DECEMBER 31, 2009

	Leasing and rental assets	Investment property	Total
		€ million	
Cost			
Balance at Jan. 1, 2009	**12,695**	**305**	**13,000**
Foreign exchange differences	62	3	64
Changes in consolidated Group	–	–	–
Additions	5,230	76	5,306
Transfers	−2	0	−2
Disposals	4,245	1	4,246
Balance at Dec. 31, 2009	**13,740**	**382**	**14,122**
Depreciation and impairment			
Balance at Jan. 1, 2009	**2,806**	**155**	**2,961**
Foreign exchange differences	20	0	19
Changes in consolidated Group	–	–	–
Additions to cumulative depreciation	2,013	8	2,020
Additions to cumulative impairment losses	262	5	267
Transfers	0	0	0
Disposals	1,620	1	1,620
Reversal of impairment losses	−28	–	−28
Balance at Dec. 31, 2009	**3,452**	**166**	**3,618**
Carrying amount at Dec. 31, 2009	**10,288**	**216**	**10,504**

Leasing and rental assets include assets leased out under the terms of operating leases.

Investment property includes apartments rented out and leased dealerships, with a fair value of €475 million (previous year: €399 million). Operating expenses of €46 million (previous year: €45 million) were incurred for the maintenance of investment property in use. Expenses of €2 million (previous year: €2 million) were incurred for unused investment property.

The following payments from non-cancelable leases and rental agreements are expected to be received over the coming years:

2010	2011 – 2014	from 2015	Total
	€ million		
1,234	1,141	–	2,375

15 Equity-accounted investments and other equity investments

CHANGES IN EQUITY-ACCOUNTED INVESTMENTS AND OTHER EQUITY INVESTMENTS BETWEEN JANUARY 1 AND DECEMBER 31, 2008

	Equity-accounted investments	Other equity investments	Total
	€ million		
Cost			
Balance at Jan. 1, 2008	**8,013**	**901**	**8,914**
Foreign exchange differences	47	2	49
Changes in consolidated Group	−1,518	−229	−1,747
Additions	862	194	1,056
Transfers	−7	7	–
Disposals	815	5	820
Reversal of impairment losses	–	–	–
Changes recognized in other comprehensive income	−188	–	−188
Balance at Dec. 31, 2008	**6,394**	**870**	**7,264**
Impairment losses			
Balance at Jan. 1, 2008	**218**	**353**	**571**
Foreign exchange differences	18	0	18
Changes in consolidated Group	–	−98	−98
Additions to cumulative impairment losses	–	32	32
Transfers	–	–	–
Disposals	109	0	109
Reversal of impairment losses	−106	–	−106
Balance at Dec. 31, 2008	**21**	**287**	**308**
Carrying amount at Dec. 31, 2008	**6,373**	**583**	**6,956**

As a result of improved earnings prospects, impairment losses amounting to €106 million on several joint ventures were reversed. Value in use was estimated using a discount factor of 9.4%.

CHANGES IN EQUITY-ACCOUNTED INVESTMENTS AND OTHER EQUITY INVESTMENTS BETWEEN JANUARY 1 AND DECEMBER 31, 2009

	Equity-accounted investments	Other equity investments	Total
	€ million		
Cost			
Balance at Jan. 1, 2009	**6,394**	**870**	**7,264**
Foreign exchange differences	−14	0	−14
Changes in consolidated Group	–	−140	−140
Additions	4,768	95	4,863
Transfers	7	−7	0
Disposals	780	4	783
Reversal of impairment losses	–	–	–
Changes recognized in other comprehensive income	30	–	30
Balance at Dec. 31, 2009	**10,406**	**815**	**11,220**
Impairment losses			
Balance at Jan. 1, 2009	**21**	**287**	**308**
Foreign exchange differences	−1	1	1
Changes in consolidated Group	–	−33	−33
Additions to cumulative impairment losses	–	17	17
Transfers	–	–	–
Disposals	–	0	0
Reversal of impairment losses	–	–	–
Balance at Dec. 31, 2009	**21**	**271**	**292**
Carrying amount at Dec. 31, 2009	**10,385**	**543**	**10,928**

Equity-accounted investments include joint ventures in the amount of €7,334 million (previous year: €2,980 million) and associates in the amount of €3,051 million (previous year: €3,393 million).

In fiscal year 2009, the additions to equity-accounted investments relate mainly to the acquisition of the shares of Porsche Zwischenholding GmbH in the amount of €3,907 million.

Significant joint ventures and associates are detailed in the listing of significant Group companies at the end of the notes to the consolidated financial statements.

16 Noncurrent and current financial services receivables

	current	noncurrent	Carrying amount Dec. 31, 2009	Fair value Dec. 31, 2009	current	noncurrent	Carrying amount Dec. 31, 2008	Fair value Dec. 31, 2008
	€ million							
Receivables from financing business								
customer financing	11,613	22,815	34,428	34,496	9,534	20,302	29,836	30,144
dealer financing	8,698	856	9,555	9,550	10,147	981	11,128	11,166
direct banking	146	–	146	146	133	–	133	133
	20,457	**23,672**	**44,129**	**44,192**	**19,814**	**21,283**	**41,097**	**41,443**
Receivables from operating lease business	152	–	152	152	125	–	125	125
Receivables from finance leases	6,793	9,502	16,296	16,322	7,096	10,572	17,668	17,833
	27,403	**33,174**	**60,577**	**60,667**	**27,035**	**31,855**	**58,890**	**59,401**

Noncurrent receivables from the customer financing business mainly bear fixed interest at rates of between 0.0% and 24% (previous year: 0.0% and 22.1%), depending on the market concerned. They have terms of up to 144 months (previous year: 84 months). The noncurrent portion of dealer financing is granted at interest rates of between 1.9% and 18% (previous year: 3.8% and 20%), depending on the country.

Financial services receivables of €60.6 billion (previous year: €58.9 billion) contain a fair value adjustment from portfolio hedging amounting to €84 million (previous year: €151 million).

The receivables from customer and dealer financing are secured by vehicles or real property liens.

The receivables from dealer financing include an amount of €188 million (previous year: €173 million) receivable from affiliated companies.

The receivables from finance leases – almost entirely in respect of vehicles – were or are expected to generate the following cash flows as of December 31, 2008 and December 31, 2009:

	2009	2010 – 2013	from 2014	Total
		€ million		
Future payments from finance lease receivables	7,806	11,586	44	19,436
Unearned finance income from finance leases (discounting)	−710	−1,056	−2	−1,768
Present value of minimum lease payments outstanding at the balance sheet date	**7,096**	**10,530**	**42**	**17,668**

	2010	2011 – 2014	from 2015	Total
		€ million		
Future payments from finance lease receivables	7,470	10,312	67	17,849
Unearned finance income from finance leases (discounting)	−677	−870	−6	−1,553
Present value of minimum lease payments outstanding at the balance sheet date	**6,793**	**9,442**	**61**	**16,296**

17 Noncurrent and current other receivables and financial assets

	current	noncurrent	Carrying amount Dec. 31, 2009	Fair value Dec. 31, 2009	current	noncurrent	Carrying amount Dec. 31, 2008	Fair value Dec. 31, 2008
				€ million				
Other receivables from								
affiliated companies	238	9	247	247	152	15	167	167
joint ventures	1,195	421	1,616	1,630	2,935	590	3,525	3,548
associates	21	0	21	21	22	–	22	22
other investees and investors	0	1	1	1	4	106	110	110
Recoverable income taxes	1,345	57	1,403	1,403	1,369	40	1,409	1,409
Positive fair values of derivatives	1,349	1,856	3,205	3,205	2,919	1,666	4,585	4,585
Other assets	1,779	1,402	3,181	3,188	2,667	970	3,637	3,644
	5,927	**3,747**	**9,674**	**9,694**	**10,068**	**3,387**	**13,455**	**13,485**

Other assets include plan assets to fund post-employment benefits in the amount of €54 million (previous year: €69 million). This item also includes the share of the technical provisions attributable to reinsurers amounting to €111 million (previous year: €100 million).

There are no material restrictions on title or right of use in respect of other receivables and financial assets. Default risks are accounted for by means of valuation allowances.

Other receivables and financial assets include loans to joint ventures, associates and other equity investments, and bear interest at rates of up to 15.1% (previous year: 22.1%).

Other receivables from affiliated companies include loans with terms of up to 17 years (previous year: 11 years), which were lent at interest rates of between 0.6% and 9.5% (previous year: 3.4% and 11.2%).

Current other receivables are predominantly non-interest-bearing.

Other assets include €385 million (previous year: €161 million) of collateral furnished for financial liabilities and contingent liabilities.

The positive fair values of derivatives relate to the following items:

	Dec. 31, 2009	Dec. 31, 2008
	€ million	
Transactions for hedging against		
foreign currency risk from assets using fair value hedges	22	240
foreign currency risk from liabilities using fair value hedges	58	348
interest rate risk using fair value hedges	432	255
interest rate risk using cash flow hedges	10	82
foreign currency and price risk from future cash flows (cash flow hedges)	2,110	3,159
Hedging transactions	**2,631**	**4,084**
Assets arising from ineffective hedging derivatives	574	501
	3,205	**4,585**

The positive fair value of transactions for hedging against price risk from future cash flows (cash flow hedges) amounted to €255 million (previous year: €2 million).

Positive fair values of €4 million (previous year: €1 million) were recognized from transactions for hedging against interest rate risk (fair value hedges) used in portfolio hedges.

Further details on derivative financial instruments as a whole are given in note 32 Financial risk management and financial instruments.

18 Tax assets

	current	noncurrent	Carrying amount Dec. 31, 2009	current	noncurrent	Carrying amount Dec. 31, 2008
			€ million			
Deferred tax assets	–	3,013	3,013	–	3,344	3,344
Tax receivables	762	685	1,447	1,024	763	1,787
	762	**3,698**	**4,460**	**1,024**	**4,107**	**5,131**

€970 million (previous year: €1,333 million) of the deferred tax assets is due within one year.

19 Inventories

	Dec. 31, 2009	Dec. 31, 2008
	€ million	
Raw materials, consumables and supplies	2,030	2,009
Work in progress	1,590	1,656
Finished goods and purchased merchandise	8,842	12,396
Current leased assets	1,575	1,703
Payments on account	86	52
	14,124	**17,816**

Of the total inventories, €2,238 million (previous year: €2,484 million) is recognized at net realizable value. At the same time as the relevant revenue was recognized, inventories in the amount of €85,303 million were included in cost of sales (previous year: €90,617 million). Valuation allowances recognized as expenses in the reporting period amounted to €354 million (previous year: €435 million). Vehicles amounting to €142 million (previous year: €94 million) were assigned as collateral for partial retirement obligations.

20 Trade receivables

	Dec. 31, 2009	Dec. 31, 2008
	€ million	
Trade receivables from		
third parties	4,666	5,481
affiliated companies	244	157
joint ventures	777	318
associates	4	11
other investees and investors	1	2
	5,692	**5,969**

The fair values of the trade receivables correspond to the carrying amounts.

21 Marketable securities

The marketable securities serve to safeguard liquidity. Marketable securities are quoted, mainly short-term fixed-income securities, and shares allocated to the available for sale financial instruments category.

22 Cash and cash equivalents

	Dec. 31, 2009	Dec. 31, 2008
	€ million	
Bank balances	20,506	9,018
Checks, cash-in-hand and call deposits	33	456
	20,539	**9,474**

Bank balances are held at various banks in different currencies.

23 Assets held for sale and associated liabilities

The assets and liabilities of Volkswagen Caminhões e Ônibus Indústria e Comércio de Veículos Comerciais Ltda., Resende, Brazil, which was sold in fiscal year 2009, were reclassified as held for sale in the previous year.

The key groups of assets held for sale and associated liabilities were as follows:

	Dec. 31, 2009	Dec. 31, 2008
	€ million	
Intangible assets	–	79
Property, plant and equipment	–	67
Inventories	–	164
Cash and cash equivalents and marketable securities	–	282
Other assets	–	415
Assets held for sale	–	1,007

	Dec. 31, 2009	Dec. 31, 2008
	€ million	
Provisions	–	313
Current financial liabilities	–	175
Other current liabilities	–	278
Liabilities associated with assets held for sale	–	766

Cumulative income and expense recognized in other comprehensive income that is directly associated with the disposal groups was as follows:

	Dec. 31, 2009	Dec. 31, 2008
	€ million	
Actuarial gains	–	–1
Cash flow hedges	–	–60
Foreign exchange differences	–	–52
Deferred taxes	–	21

24 Equity

The subscribed capital of Volkswagen AG is denominated in euros. The shares are no-par value bearer shares. Each share has 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.

The subscribed capital increased by a total of €0.2 million to €1,025 million due to the capital increase implemented in fiscal year 2009 by the exercise of conversion rights under the sixth, seventh and eighth tranche of the stock option plan.

The subscribed capital is composed of 295,005,397 no-par value ordinary shares and 105,238,280 preferred shares.

CHANGE IN ORDINARY AND PREFERRED SHARES AND SUBSCRIBED CAPITAL

	SHARES		€	
	2009	**2008**	**2009**	**2008**
Balance at January 1	**400,158,487**	**396,575,547**	**1,024,405,726**	**1,015,233,400**
Issued shares (stock option plan)	85,190	3,582,940	218,086	9,172,326
Balance at December 31	**400,243,677**	**400,158,487**	**1,024,623,813**	**1,024,405,726**

Based on the resolution by the Annual General Meeting on May 3, 2006, authorized capital of up to €90 million, expiring on May 2, 2011, was approved for the issue of new ordinary bearer shares.

There is also contingent capital of €7 million (originally €40 million) resulting from the resolution by the Annual General Meeting on April 16, 2002. This contingent capital increase will be implemented only to the extent that the holders of convertible bonds issued before April 15, 2007 exercise their conversion rights.

The capital reserves comprise the share premium of a total of €5,030 million from the capital increases, the share premium of €219 million from the issue of bonds with warrants and an amount of €107 million appropriated on the basis of the capital reduction implemented in 2006. Capital reserves rose by €4 million in fiscal year 2009 as a result of the share premium from the capital increase due to the exercise of convertible bonds under the stock option plan. No amounts were withdrawn from the capital reserves.

Based on the resolution by the Extraordinary General Meeting on December 3, 2009, authorized capital of up to €345.6 million, expiring on December 2, 2014, was approved for the issue of new preferred bearer shares. This resolution will only become effective on entry in the commercial register, which had not taken place as of the reporting date.

STOCK OPTION PLAN

The stock option plan entitles the optionees – the Board of Management, Group senior executives and management, as well as employees of Volkswagen AG covered by collective pay agreements – to purchase options on shares of Volkswagen AG by subscribing for convertible bonds at a price of €2.56 each. Each bond is convertible into ten ordinary shares.

The convertible bonds are measured at fair value at the date of grant to the employees. The convertible bonds measured at fair value are recognized in personnel expenses and in equity.

The conversion prices and periods following the expiration of the first five tranches are shown in the following table. The information on the sixth tranche is presented as data for the reporting period, although this tranche has now also expired.

CONVERSION PRICES AND PERIODS FOR EACH TRANCHE OF THE STOCK OPTION PLAN

	6th tranche	7th tranche	8th tranche
		€	
Base conversion price per share	38.68	37.99	58.18
Conversion price			
as from July 10, 2006	42.55		
as from publication of interim report for Jan. – Sept. 2006	44.48		
as from July 9, 2007		41.79	
as from publication of interim report for Jan. – Sept. 2007	46.42	43.69	
as from July 8, 2008			64.00
as from publication of interim report for Jan. – Sept. 2008	48.35	45.59	66.91
as from publication of interim report for Jan. – Sept. 2009		47.49	69.82
as from publication of interim report for Jan. – Sept. 2010			72.73
Beginning of conversion period	July 10, 2006	July 9, 2007	July 8, 2008
End of conversion period	July 2, 2009	July 1, 2010	June 30, 2011

Changes in the rights to stock options granted are shown in the following table:

	NOMINAL VALUE OF CONVERTIBLE BONDS	NUMBER OF CONVERSION RIGHTS	NUMBER OF POTENTIAL ORDINARY SHARES
	€	Rights	Shares
Balance at Jan. 1, 2008	**964,648.96**	**376,816**	**3,768,160**
In fiscal year			
exercised	917,232.64	358,294	3,582,940
returned	3,875.84	1,514	15,140
Balance at Dec. 31, 2008	**43,540.48**	**17,008**	**170,080**
Balance at Jan. 1, 2009	**43,540.48**	**17,008**	**170,080**
In fiscal year			
exercised	21,808.64	8,519	85,190
returned	12.80	5	50
Balance at Dec. 31, 2009	**21,719.04**	**8,484**	**84,840**

MEASUREMENT OF CONVERTIBLE BONDS IN THE SIXTH TO EIGHTH TRANCHES

Those convertible bonds granted after publication of the draft IFRS 2 on November 7, 2002 were measured in accordance with the transitional provisions of IFRS 2.

The fair value of the convertible bonds is estimated using a binomial option pricing model based on the issuance and conversion conditions described above. In terms of the optionees' conversion behavior, it was assumed that they will convert when the share price is 50% higher than the conversion price. Historical and implied volatilities based on the expected remaining term of the conversion rights were used to estimate the fair value of the convertible bonds. The assumptions used and the fair value estimated are presented in the following table:

	6th tranche	7th tranche	8th tranche
Volatility (%)	27.50	27.50	27.50
Risk-free rate (%)	3.49	2.57	3.77
Dividends (%)	3.20	3.20	3.20
Fair value per convertible bond (€)	39.66	48.71	63.49

The fair value of the convertible bonds is recognized ratably as a personnel expense over the two-year vesting period. No personnel expense was recognized in fiscal year 2009 (previous year: €5 million) as the vesting period for the eighth tranche expired in 2008.

Changes in the number of convertible bonds in issue and their exercise prices are shown in the following table:

	AVERAGE EXERCISE PRICE PER CONVERTIBLE BOND*	CONVERTIBLE BONDS
	€	Quantity
Balance at Jan. 1, 2008	**603.70**	**376,816**
In fiscal year		
granted	–	–
returned	629.58	1,514
exercised	609.24	358,294
Balance at Dec. 31, 2008	**556.27**	**17,008**
of which available for exercise	556.27	17,008
Balance at Jan. 1, 2009	**556.27**	**17,008**
In fiscal year		
granted	–	–
returned	669.10	5
exercised	521.41	8,519
Balance at Dec. 31, 2009	**618.53**	**8,484**
of which available for exercise	618.53	8,484

* Conversion price per ten shares.

For 9,050 convertible bonds, the average conversion price increased by €256.10 in 2009.

2009	EXERCISE PRICE PER CONVERTIBLE BOND*	CONVERTIBLE BONDS
	€	Quantity
6th tranche	483.50	–
7th tranche	474.90	3,027
8th tranche	698.20	5,457
		8,484

* Conversion price per ten shares.

DIVIDEND PROPOSAL

In accordance with section 58(2) of the Aktiengesetz (AktG – German Stock Corporation Act), the dividend payment by Volkswagen AG is based on the net retained profits reported in the annual financial statements of Volkswagen AG. Based on the annual financial statements of Volkswagen AG, net retained profits of €884 million are eligible for distribution. The Board of Management and Supervisory Board will propose to the Annual General Meeting that a total dividend of €647 million, i.e. €1.60 per ordinary share and €1.66 per preferred share, be paid from the net retained profits. In the event that the number of no-par value shares carrying dividend rights for fiscal year 2009 changes in the period up to the Annual General Meeting, a proposed resolution that has been appropriately adapted will be presented to the Annual General Meeting and an unchanged €1.60 per ordinary share carrying dividend rights and €1.66 per preferred share carrying dividend rights will be distributed.

A dividend of €1.93 per ordinary share and €1.99 per preferred share were distributed in fiscal year 2009.

MINORITY INTERESTS

The minority interests in equity are attributable primarily to shareholders of Scania AB.

25 Noncurrent and current financial liabilities

The details of noncurrent and current financial liabilities are presented in the following table:

	current	noncurrent	Carrying amount Dec. 31, 2009	current	noncurrent	Carrying amount Dec. 31, 2008
	€ million					
Bonds	10,817	21,405	32,222	7,125	19,672	26,797
Commercial paper and notes	7,580	4,240	11,820	9,274	4,877	14,151
Liabilities to banks	5,878	6,864	12,742	7,918	4,662	12,580
Deposits from direct banking business	15,268	3,041	18,309	10,877	1,958	12,835
Loans	864	1,260	2,123	762	1,912	2,674
Bills of exchange	0	–	0	0	–	0
Finance lease liabilities	23	183	206	32	176	208
Financial liabilities to						
affiliated companies	177	–	177	130	–	130
joint ventures	–	–	–	–	–	–
associates	–	–	–	5	–	5
other investees and investors	–	–	–	–	–	–
	40,606	**36,993**	**77,599**	**36,123**	**33,257**	**69,380**

Of the liabilities reported in the consolidated balance sheet, a total of €151 million (previous year: €168 million, adjusted) is secured, for the most part by real estate liens.

Financial liabilities of €77.6 billion contain a fair value adjustment from portfolio hedging amounting to €0.3 million.

Asset-backed securities transactions amounting to €10,584 million (previous year: €13,117 million) entered into to refinance the financial services business via consolidated special purpose entities are included in bonds, commercial paper and notes, and liabilities from loans. Receivables of €12,785 million (previous year: €15,880 million) from the customer financing and leasing businesses are pledged as collateral.

All public and private asset-backed securities transactions of the Volkswagen Financial Services AG group can be repaid in advance (clean-up call) if less than 9% of the original transaction volume is outstanding. The asset-backed securities conduit transactions of Volkswagen Financial Services (UK) and Volkswagen Financial Services Japan are private transactions that can be terminated at fixed dates.

26 Noncurrent and current other liabilities

	current	noncurrent	Carrying amount Dec. 31, 2009	current	noncurrent	Carrying amount Dec. 31, 2008
			€ million			
Payments on account received in respect of orders	1,222	0	1,222	1,158	35	1,193
Other liabilities to						
affiliated companies	66	–	66	141	–	141
joint ventures	255	–	255	25	–	25
associates	–	–	–	0	–	0
other investees and investors	0	–	0	0	–	0
Negative fair values of derivative financial instruments	718	703	1,421	1,189	1,150	2,339
Liabilities relating to						
other taxes	833	310	1,143	751	391	1,142
social security	283	28	311	261	28	289
wages and salaries	1,381	304	1,686	1,444	297	1,741
Miscellaneous liabilities	3,478	1,683	5,161	3,576	1,334	4,910
	8,237	**3,028**	**11,265**	**8,545**	**3,235**	**11,780**

The negative fair values of derivatives relate to the following items:

	Dec. 31, 2009	Dec. 31, 2008
	€ million	
Transactions for hedging against		
foreign currency risk from assets using fair value hedges	22	8
foreign currency risk from liabilities using fair value hedges	141	296
interest rate risk using fair value hedges	149	210
interest rate risk using cash flow hedges	193	240
foreign currency and price risk from future cash flows (cash flow hedges)	351	1,178
Hedging transactions	**856**	**1,932**
Liabilities arising from ineffective hedging derivatives	565	407
	1,421	**2,339**

The negative fair value of transactions for hedging against price risk from future cash flows (cash flow hedges) amounted to €7 million (previous year: €216 million).

Negative fair values of €73 million (previous year: €151 million) were recognized from transactions for hedging against interest rate risk (fair value hedges) used in portfolio hedges.

Further details on derivative financial instruments as a whole are given in note 32 Financial risk management and financial instruments.

27 Tax liabilities

	current	noncurrent	Carrying amount Dec. 31, 2009	current	noncurrent	Carrying amount Dec. 31, 2008
			€ million			
Deferred tax liabilities	–	2,224	2,224	–	3,654	3,654
Provisions for taxes	973	3,946	4,919	1,160	3,555	4,715
Current tax payables	73	–	73	59	–	59
	1,046	**6,170**	**7,216**	**1,219**	**7,209**	**8,428**

€626 million (previous year: €1,573 million) of the deferred tax liabilities is due within one year.

28 Provisions for pensions and other post-employment benefits

Provisions for pensions are recognized for benefits in the form of retirement, invalidity and dependents' benefits payable under pension plans. The benefits provided by the Group vary according to the legal, tax and economic circumstances of the country concerned, and usually depend on the length of service and remuneration of the employees.

Group companies provide occupational pensions under both defined contribution and defined benefit plans. In the case of defined contribution plans, the Company makes contributions to state or private pension schemes based on legal or contractual requirements, or on a voluntary basis. Once the contributions have been paid, there are no further obligations for the Company. Current contributions are recognized as pension expenses of the period concerned. In 2009, they amounted to a total of €983 million (previous year: €966 million) in the Volkswagen Group. Of this figure, contributions to the compulsory state pension system in Germany amounted to €806 million (previous year: €804 million).

Most pension plans are defined benefit plans, with a distinction made between pensions financed by provisions and externally funded plans.

The pension provisions for defined benefits are measured using the internationally accepted projected unit credit method in accordance with IAS 19, under which the future obligations are measured on the basis of the ratable benefit entitlements earned as of the balance sheet date. Measurement reflects assumptions as to trends in the relevant variables affecting the level of benefits. All defined benefit plans require actuarial calculations. Actuarial gains or losses arise from changes in the number of beneficiaries and differences between actual trends (for example, in salary and pension increases or changes in interest rates) and the assumptions on which calculations were based. Actuarial gains and losses are recognized in other comprehensive income.

Owing to their benefit character, the obligations of the US Group companies in respect of post-employment medical care in particular are also carried under provisions for pensions and other post-employment benefits. These post-employment benefit provisions take into account the expected long-term rise in the cost of healthcare. A one percentage point increase or decrease in the assumed healthcare cost trends only marginally affects the amount of the obligations. €16 million was recognized in fiscal year 2009 as an expense for healthcare costs (previous year: €17 million). The related carrying amount was therefore €142 million as of December 31, 2009 (previous year: €174 million).

Since 1996, the occupational pension arrangements of the Volkswagen Group in Germany have been based on a specially developed expense-related pension model that is classified as a defined benefit plan under IAS 19. With effect from January 1, 2001, this model was further developed into a pension fund, with the annual remuneration-linked contributions being invested in funds by Volkswagen Pension Trust e.V. as the trustee. By investing in funds, this model offers an opportunity for increasing benefit entitlements, while at the same time fully safeguarding them. For this reason, almost all Group companies in Germany have now joined the fund. Since the fund investments held by the trust meet the criteria of IAS 19 for classification as plan assets, they are deducted from the obligation.

Where the foreign Group companies provide collateral for obligations, this mainly takes the form of shares, fixed-income securities and real estate.

The following amounts were recognized in the balance sheet for defined benefit plans:

	Dec. 31, 2009	Dec. 31, 2008	Dec. 31, 2007	Dec. 31, 2006	Dec. 31, 2005
			€ million		
Present value of funded obligations	4,120	3,240	3,330	3,235	2,959
Fair value of plan assets	3,852	3,153	3,422	3,159	2,690
Funded status (net)	268	87	−92	76	269
Present value of unfunded obligations	13,552	12,743	12,532	13,652	13,618
Unrecognized past service cost	36	22	31	23	39
Amount not recognized as an asset because of the limit in IAS 19	26	34	31	42	47
Net liability recognized in the balance sheet	**13,881**	**12,886**	**12,502**	**13,793**	**13,973**
of which provisions for pensions	13,936	12,955	12,603	13,854	14,003
of which other assets	54	69	101	61	30

The present value of the obligations is calculated as follows:

	2009	2008
	€ million	
Present value of obligations at January 1	**15,983**	**15,862**
Current service cost	343	324
Interest cost	918	884
Actuarial gains/losses	985	−687
Employee contributions to plan assets	15	17
Pension payments from company assets	609	576
Pension payments from plan assets	117	121
Past service cost	−33	17
Gains from plan curtailments and settlements	−3	1
Changes in consolidated Group	−14	485
Other changes	25	17
Foreign exchange differences	178	−240
Present value of obligations at December 31	**17,672**	**15,983**

Changes in the composition of the plan assets are shown in the following table:

	2009	2008
	€ million	
Fair value of plan assets at January 1	**3,153**	**3,422**
Expected return on plan assets	203	215
Actuarial gains/losses	136	−473
Employer contributions to plan assets	297	277
Employee contributions to plan assets	16	12
Pension payments from plan assets	114	121
Changes in consolidated Group	−14	120
Other changes	17	−4
Foreign exchange differences	157	−295
Fair value of plan assets at December 31	**3,852**	**3,153**

Investment of the plan assets to cover future pension obligations resulted in income in the amount of €339 million (previous year: losses of €258 million).

Plan assets include €3 million invested in Volkswagen Group assets and €14 million invested in Volkswagen Group debt instruments.

The rate for the expected long-term return on plan assets is based on the long-term returns actually generated for the portfolio, historical overall market returns and a forecast of expected returns on the securities classes held in the portfolio. The forecasts are based on detailed analyses by actuaries and experts in the investment industry. As the remaining period of service is used as the investment horizon, no major changes were made to assumptions regarding the expected return.

Employer contributions to plan assets are expected to amount to €274 million next year.

Plan assets consist of the following components:

	2009	2008
	%	
Equities	29.3	20.1
Fixed-income securities	53.2	54.8
Cash	7.4	18.7
Real estate	4.1	2.5
Other	6.0	3.9

The following amounts were recognized in the income statement:

	2009	2008
	€ million	
Current service cost	343	324
Interest cost	918	884
Expected return on plan assets	203	215
Past service cost	−33	17
Losses/gains from plan curtailments and settlements	−1	2
Losses/gains as a result of application of limit under IAS 19.58(b)	4	14
Net income and expenses recognized in profit or loss	**1,028**	**1,026**

The above amounts are generally included in the personnel costs of the functions in the income statement. Interest cost on pension provisions and the expected return on plan assets are presented in Finance costs.

The net liability recognized in the balance sheet has changed as follows:

	2009	2008
	€ million	
Net liability recognized in the balance sheet at January 1	**12,886**	**12,502**
Changes in consolidated Group	0	365
Net expense recognized in the income statement	1,028	1,026
Benefit payments from company assets and contributions to funds	910	848
Actuarial gains/losses	849	−214
Other changes	40	9
Foreign exchange differences	−11	46
Net liability recognized in the balance sheet at December 31	**13,881**	**12,886**

The experience adjustments, meaning differences between changes in assets and obligations expected on the basis of actuarial assumptions and actual changes in those assets and obligations, are shown in the following table:

	2009	2008	2007	2006	2005
Differences between expected and actual developments:					
as % of present value of the obligation	1.16	−1.04	−0.48	0.03	0.25
as % of fair value of plan assets	3.16	−10.47	−2.44	2.57	2.12

Calculation of the pension provisions was based on the following assumptions:

	GERMANY		ABROAD	
	2009	2008	2009	2008
		%		
Discount rate at December 31	5.40	5.75	1.20 – 11.30	2.00 – 9.00
Expected return on plan assets	5.00	5.00	4.00 – 11.70	2.00 – 11.30
Salary trend	2.50	2.50	1.50 – 8.70	1.50 – 10.00
Pension trend	1.00 – 1.60	1.00 – 1.60	0.80 – 6.00	0.80 – 5.25
Employee turnover rate	0.75 – 1.00	0.75 – 1.20	2.00 – 18.00	1.50 – 5.75
Annual increase in healthcare costs	–	–	4.50 – 8.00	4.50 – 7.25

29 Noncurrent and current other provisions

	Obligations arising from sales	Employee expenses	Other provisions	Total
		€ million		
Balance at Jan. 1, 2008	**10,135**	**3,029**	**4,394**	**17,558**
Foreign exchange differences	−70	−23	−183	−276
Changes in consolidated Group	148	3	120	271
Held for sale	90	7	127	224
Utilized	4,375	1,143	1,173	6,691
Additions/New provisions	5,097	1,079	1,867	8,043
Interest cost	118	4	7	129
Reversals	458	122	684	1,264
Balance at Jan. 1, 2009	**10,505**	**2,820**	**4,221**	**17,546**
Foreign exchange differences	72	21	268	361
Changes in consolidated Group	2	–	10	12
Held for sale	–	–	–	–
Utilized	4,374	1,196	677	6,247
Additions/New provisions	5,411	1,012	2,093	8,517
Interest cost	312	53	19	384
Reversals	538	136	392	1,066
Balance at Dec. 31, 2009	**11,391**	**2,574**	**5,542**	**19,507**
of which current	**5,570**	**1,192**	**2,658**	**9,420**
of which noncurrent	**5,822**	**1,382**	**2,884**	**10,088**

The obligations arising from sales contain provisions covering all risks relating to the sale of vehicles, components and genuine parts through to the disposal of end-of-life vehicles. They primarily comprise warranty claims, calculated on the basis of losses to date and estimated future losses. They also include provisions for discounts, bonuses and similar allowances incurred after the balance sheet date, but for which there is a legal or constructive obligation attributable to sales revenue before the balance sheet date.

Provisions for employee expenses are recognized for long-service awards, time credits, the part-time scheme for employees near to retirement, severance payments and similar obligations, among other things.

Other provisions relate to a wide range of identifiable risks and uncertain obligations and are measured in the amount of the expected settlement value.

Other provisions include technical provisions (insurance) amounting to €157 million (previous year: €139 million).

30 Trade payables

	Dec. 31, 2009	Dec. 31, 2008
	€ million	
Trade payables to		
third parties	10,066	9,571
affiliated companies	87	68
joint ventures	51	21
associates	17	9
other investees and investors	4	7
	10,225	**9,676**

Additional Balance Sheet Disclosures in accordance with IFRS 7 (Financial Instruments)

CARRYING AMOUNT OF FINANCIAL INSTRUMENTS BY MEASUREMENT CATEGORY UNDER IAS 39

	Dec. 31, 2009	Dec. 31, 2008
	€ million	
Financial assets at fair value through profit or loss	574	878
Loans and receivables	53,093	52,751
Available-for-sale financial assets	24,414	13,450
Financial liabilities at fair value through profit or loss	565	407
Financial liabilities measured at amortized cost	90,944	81,728

RECONCILIATION OF BALANCE SHEET ITEMS TO CLASSES OF FINANCIAL INSTRUMENTS

The following table shows the reconciliation of the balance sheet items to the relevant classes of financial instruments, broken down by carrying amount and fair value of the financial instruments.

The fair value of financial instruments measured at amortized cost, such as receivables and liabilities, is calculated by discounting using a market rate of interest for a similar risk and matching maturity. For reasons of materiality, the fair value of current balance sheet items is deemed to be their carrying amount.

RECONCILIATION OF BALANCE SHEET ITEMS TO CLASSES OF FINANCIAL INSTRUMENTS AS OF DECEMBER 31, 2008

	MEASURED AT FAIR VALUE	MEASURED AT AMORTIZED COST		NOT WITHIN SCOPE OF IFRS 7	OTHER-NOT FINANCIAL INSTRUMENTS	BALANCE SHEET ITEM AT DEC. 31, 2008
	Carrying amount	Carrying amount	Fair Value	Carrying amount € million	Carrying amount	
Noncurrent assets						
Equity-accounted investments	–	–	–	6,373	–	6,373
Other equity investments	2	581	581	–	–	583
Financial services receivables	–	31,855	32,366	–	–	31,855
Other receivables and financial assets	1,666	1,456	1,456	–	265	3,387
Current assets						
Trade receivables	–	5,969	5,970	–	–	5,969
Financial services receivables	–	27,035	27,035	–	–	27,035
Other receivables and financial assets	2,919	4,104	4,104	–	3,045	10,068
Marketable securities	3,770	–	–	–	–	3,770
Cash and cash equivalents	9,474	–	–	–	–	9,474
Noncurrent liabilities						
Noncurrent financial liabilities	100	33,157	33,410	–	–	33,257
Other noncurrent liabilities	1,150	436	436	–	1,649	3,235
Current liabilities						
Current financial liabilities	–	36,123	36,123	–	–	36,123
Trade payables	–	9,676	9,676	–	–	9,676
Other current liabilities	1,189	2,544	2,544	–	4,812	8,545

RECONCILIATION OF BALANCE SHEET ITEMS TO CLASSES OF FINANCIAL INSTRUMENTS AS OF DECEMBER 31, 2009

	MEASURED AT FAIR VALUE	MEASURED AT AMORTIZED COST		NOT WITHIN SCOPE OF IFRS 7	OTHER – NOT FINANCIAL INSTRUMENTS	BALANCE SHEET ITEM AT DEC. 31, 2009
	Carrying amount	Carrying amount	Fair value	Carrying amount € million	Carrying amount	
Noncurrent assets						
Equity-accounted investments	–	–	–	10,385	–	10,385
Other equity investments	–	543	543	–	–	543
Financial services receivables	–	33,174	33,264	–	–	33,174
Other receivables and financial assets	1,858	920	941	–	969	3,747
Current assets						
Trade receivables	–	5,692	5,692	–	–	5,692
Financial services receivables	–	27,403	27,403	–	–	27,403
Other receivables and financial assets	1,349	2,352	2,352	–	2,226	5,927
Marketable securities	3,330	–	–	–	–	3,330
Cash and cash equivalents	20,539	–	–	–	–	20,539
Noncurrent liabilities						
Noncurrent financial liabilities	–	36,993	38,808	–	–	36,993
Other noncurrent liabilities	703	1,148	1,148	–	1,177	3,028
Current liabilities						
Current financial liabilities	–	40,606	40,606	–	–	40,606
Trade payables	–	10,225	10,225	–	–	10,225
Other current liabilities	718	2,178	2,178	–	5,340	8,237

BALANCE SHEET ITEMS MEASURED AT FAIR VALUE

	Dec. 31, 2009	Level 1	Level 2	Level 3
		€ million		
Financial assets at fair value through profit or loss				
Derivatives	3,205	–	3,007	198
Available-for-sale financial assets				
Marketable securities	3,332	3,320	12	–
Cash and cash equivalents	20,539	20,539	–	–
Financial assets measured at fair value	**27,075**	**23,859**	**3,019**	**198**
Financial liabilities at fair value through profit or loss				
Derivatives	1,421	–	1,357	65
Financial liabilities measured at fair value	**1,421**	**–**	**1,357**	**65**

The allocation of fair value to the three levels in the fair value hierarchy is based on the availability of observable market prices in an active market. Level 1 is used to report the fair value of financial instruments, for example cash and cash equivalents or marketable securities, for which a quoted price is available. Fair values in Level 2, e.g. of derivatives, are measured on the basis of market inputs such as exchange rates or yield curves using market-based valuation techniques. Level 3 fair values are calculated using valuation techniques that do not incorporate inputs that are directly observable in active markets. In the Volkswagen Group, Level 3 fair values primarily comprise long-term commodity futures because the prices available on the market must be extrapolated for measurement purposes. Options on equity instruments are also reported in Level 3.

CHANGES IN BALANCE SHEET ITEMS MEASURED AT FAIR VALUE BASED ON LEVEL 3

	Financial assets measured at fair value	Financial liabilities measured at fair value
	€ million	
Balance at Jan. 1, 2009	**–**	**64**
Total comprehensive income	184	37
recognized in profit or loss	42	5
recognized in other comprehensive income	142	32
Additions (purchases)	48	65
Transfers into Level 2	−34	−27
Balance at Dec. 31, 2009	**198**	**65**
Total gains or losses recognized in profit or loss	**42**	**5**
Net other operating expense/income	–	–
of which attributable to assets/liabilities held at the reporting date	–	–
Financial result	42	5
of which attributable to assets/liabilities held at the reporting date	11	–

The transfers out of Level 3 into Level 2 comprise commodity futures for which observable quoted prices are available for measurement purposes due to the decline in their remaining maturities; consequently, no extrapolation is required.

Commodity prices are the key risk variable for the fair value of commodity futures. Sensitivity analyses are used to present the effect of changes in commodity prices on profit and equity.

If commodity prices for commodity futures classified as Level 3 had been 10% higher (lower) as of December 31, 2009, profit would have been €3 million and equity €54 million higher (lower).

The key risk variable for measuring options on equity instruments held by the Company is the relevant enterprise value. Sensitivity analyses are used to present the effect of changes in risk variables on profit.

If the assumed enterprise values had been 10% higher (lower), profit would have been €15 million higher (lower).

CHANGES IN CREDIT RISK VALUATION ALLOWANCES ON FINANCIAL ASSETS

	Specific valuation allowances	Portfolio-based valuation allowances	2009	Specific valuation allowances	Portfolio-based valuation allowances	2008
			€ million			
Balance at Jan. 1	**1,155**	**619**	**1,774**	**991**	**563**	**1,554**
Currency and other changes	37	18	56	58	5	63
Additions	1,348	118	1,467	741	115	856
Utilization	347	–	347	368	–	368
Reversals	249	286	535	182	149	331
Reclassification	−98	98	0	−85	85	0
Balance at Dec. 31	**1,847**	**568**	**2,415**	**1,155**	**619**	**1,774**

The valuation allowances mainly relate to the credit risks associated with the financial services business.

Other Disclosures

31 Cash Flow Statement

Cash flows are presented in the cash flow statement classified into cash flows from operating activities, investing activities and financing activities, irrespective of the format of the balance sheet.

Cash flows from operating activities are derived indirectly from profit before tax. Profit before tax is adjusted to eliminate noncash expenses (mainly depreciation and amortization) and income. This results in cash flows from operating activities after accounting for changes in working capital, which also include changes in leasing and rental assets and in financial services receivables.

Investing activities include additions to property, plant and equipment and investments, as well as to capitalized development costs.

Financing activities include outflows of funds from dividend payments and redemption of bonds, as well as inflows from the issue of bonds and changes in other financial liabilities.

The changes in balance sheet items that are presented in the cash flow statement cannot be derived directly from the balance sheet, as the effects of currency translation and changes in the consolidated Group are noncash transactions and are therefore eliminated.

In 2009, cash flows from operating activities include interest received amounting to €3,873 million (previous year: €4,576 million) and interest paid amounting to €3,172 million (previous year: €3,404 million). In addition, the share of profits and losses of equity-accounted investments (note 7) includes dividends amounting to €407 million (previous year: €679 million).

Dividends amounting to €779 million (previous year: €720 million) were paid to Volkswagen AG shareholders.

	Dec. 31, 2009	Dec. 31, 2008
	€ million	
Cash and cash equivalents as reported in the balance sheet	20,539	9,474
Cash and cash equivalents held for sale	–	11
Time deposit investments	−2,304	−42
Cash and cash equivalents as reported in the cash flow statement	18,235	9,443

32 Financial risk management and financial instruments

1. HEDGING GUIDELINES AND FINANCIAL RISK MANAGEMENT PRINCIPLES

The principles and responsibilities for managing and controlling the risks that could arise from financial instruments are defined by the Board of Management and monitored by the Supervisory Board. General rules apply to the Group-wide risk policy; these are oriented on the statutory requirements and the "Minimum Requirements for Risk Management by Credit Institutions".

Group Treasury is responsible for operational risk management and control. The Executive Committee for Liquidity and Foreign Currency is regularly informed about current financial risks. In addition, the Group Board of Management and the Supervisory Board are regularly updated on the current risk situation.

For more information, please see the Management Report on page 188.

2. CREDIT AND DEFAULT RISK

The credit and default risk arising from financial assets involves the risk of default by counterparties, and therefore comprises at a maximum the amount of the claims under carrying amounts receivable from them and the irrevocable credit commitments. The risk arising from non-derivative financial instruments is accounted for by recognizing bad debt losses. Cash and capital investments and derivatives are only entered into with prime-rated national and international counterparties. Risk is additionally limited by a limit system based on credit assessments by the international rating agencies and on the equity base of the counterparties concerned.

There were no material concentrations of risk in fiscal year 2009 due to the global allocation of the Group's business activities and the resulting diversification.

CREDIT AND DEFAULT RISK RELATING TO FINANCIAL ASSETS BY GROSS CARRYING AMOUNT

	Neither past due nor impaired	Past due and not impaired	Impaired	Dec. 31, 2009	Neither past due nor impaired	Past due and not impaired	Impaired	Dec. 31, 2008
	€ million							
Measured at amortized cost								
Financial services receivables	56,223	3,760	2,488	62,471	55,838	2,587	1,923	60,348
Trade receivables	4,466	1,104	321	5,891	4,724	1,136	388	6,248
Other receivables	3,249	101	326	3,677	11,158	161	242	11,561
	63,938	**4,966**	**3,135**	**72,039**	**71,720**	**3,884**	**2,553**	**78,157**

There are no overdue financial instruments measured at fair value in the Volkswagen Group. In fiscal year 2009, marketable securities measured at fair value with a cost of €20 million (previous year: €363 million) were individually impaired.

CREDIT RATING OF THE GROSS CARRYING AMOUNTS OF FINANCIAL ASSETS THAT ARE NEITHER PAST DUE NOR IMPAIRED

	Risk class 1	Risk class 2	Dec. 31, 2009	Risk class 1	Risk class 2	Dec. 31, 2008
			€ million			
Measured at amortized cost						
Financial services receivables	48,221	8,002	56,223	47,651	8,187	55,838
Trade receivables	4,465	0	4,466	4,724	0	4,724
Other receivables	3,240	10	3,249	11,153	5	11,158
Measured at fair value	6,289	–	6,289	7,395	–	7,395
	62,214	**8,012**	**70,226**	**70,923**	**8,192**	**79,115**

The Volkswagen Group performs a credit assessment of borrowers in all loan and lease agreements, using scoring systems for the high-volume business and rating systems for corporate customers and receivables from dealer financing. Receivables rated as good are contained in risk class 1. Receivables from customers whose credit rating is not good but have not yet defaulted are contained in risk class 2.

MATURITY ANALYSIS OF THE GROSS CARRYING AMOUNTS OF FINANCIAL ASSETS THAT ARE PAST DUE AND NOT IMPAIRED

	PAST DUE BY:			GROSS CARRYING AMOUNT
	up to 30 days	30 to 90 days	more than 90 days	Dec. 31, 2008
			€ million	
Measured at amortized cost				
Financial services receivables	1,843	584	160	2,587
Trade receivables	668	278	190	1,136
Other receivables	74	29	58	161
Measured at fair value	–	–	–	–
	2,585	**891**	**408**	**3,884**

	PAST DUE BY:			GROSS CARRYING AMOUNT
	up to 30 days	30 to 90 days	more than 90 days	Dec. 31, 2009
			€ million	
Measured at amortized cost				
Financial services receivables	2,339	1,110	312	3,760
Trade receivables	645	329	130	1,104
Other receivables	54	16	31	101
Measured at fair value	–	–	–	–
	3,039	**1,454**	**472**	**4,966**

CARRYING AMOUNTS OF FINANCIAL INSTRUMENTS THAT WOULD OTHERWISE BE PAST DUE WHOSE TERMS HAVE BEEN RENEGOTIATED

	Dec. 31, 2009	Dec. 31, 2008
	€ million	
Measured at amortized cost		
Financial services receivables	1,330	849
Trade receivables	21	–
Other receivables	0	–
Measured at fair value	–	–
	1,351	**849**

The collateral held by the Volkswagen Group relates mainly to financial services receivables and trade receivables. Collateral comprises vehicles and assets transferred as security, as well as guarantees and real property liens.

Collateral that was accepted in fiscal year 2009 for financial assets that are past due and not impaired and for financial assets that are individually impaired was recognized in the balance sheet in the amount of €276 million (previous year: €225 million). This mainly relates to vehicles.

3. LIQUIDITY RISK

The solvency and liquidity of the Volkswagen Group is ensured at all times by rolling liquidity planning, a liquidity reserve in the form of cash, confirmed credit lines and globally available debt issuance programs. There were no significant risk concentrations in the past fiscal year.

The following overview shows the contractual undiscounted cash flows from financial instruments.

MATURITY ANALYSIS OF UNDISCOUNTED CASH FLOWS FROM FINANCIAL INSTRUMENTS

	REMAINING CONTRACTUAL MATURITIES				REMAINING CONTRACTUAL MATURITIES			
	under one year	within one to five years	over five years	2009	under one year	within one to five years	over five years	2008
	€ million							
Financial liabilities	42,098	33,845	5,148	81,091	39,340	31,524	3,535	74,399
Trade payables	10,222	2	0	10,225	9,674	4	1	9,679
Other financial liabilities	2,295	461	613	3,369	2,531	666	538	3,735
Derivatives	19,074	20,244	72	39,389	23,666	17,460	14	41,140
	73,688	**54,553**	**5,833**	**134,074**	**75,211**	**49,654**	**4,088**	**128,953**

Derivatives comprise both cash flows from derivative financial instruments with negative fair values and cash flows from derivatives with positive fair values for which gross settlement has been agreed. The cash outflows from derivatives for which gross settlement has been agreed are matched in part by cash inflows. These cash inflows are not reported in the maturity analysis. If these cash inflows were also recognized, the cash flows presented would be substantially lower.

The cash outflows from irrevocable credit commitments are presented in note 36, classified by contractual maturities.

4. MARKET RISK

4.1 HEDGING POLICY AND FINANCIAL DERIVATIVES

During the course of its general business activities, the Volkswagen Group is exposed to foreign currency, interest rate, commodity price and fund price risk. Corporate policy is to limit or eliminate such risk by means of hedging. All necessary hedging transactions are executed or coordinated centrally by Group Treasury. There were no significant risk concentrations in the past fiscal year.

The following table shows the gains and losses on hedges:

	2009	2008
	€ million	
Hedging instruments used in fair value hedges	−326	424
Hedged items used in fair value hedges	278	−427
Ineffective portion of cash flow hedges	−2	−5

The ineffective portion of cash flow hedges represents the income and expenses from changes in the fair value of hedging instruments that exceed the fair value of hedged items that are shown to be within the permitted range of 80% to 125% when measuring effectiveness. Such income or expenses are recognized directly in the financial result.

In 2009, €−1,087 million (previous year: €−1,389 million) from the cash flow hedge reserve was transferred to the net other operating result, which increased earnings, and €76 million (previous year: €−38 million) was transferred to the financial result, reducing earnings, and €103 million to the cost of sales, also reducing earnings.

The Volkswagen Group uses two different methods to present market risk from non-derivative and derivative financial instruments in accordance with IFRS 7. A value-at-risk model is used to measure foreign currency and interest rate risk in the Volkswagen Financial Services segment, while market risk in the other segments is determined using a sensitivity analysis. The value-at-risk calculation entails determining potential changes in financial instruments in the event of variations in interest and exchange rates using a historical simulation based on the last 250 trading days. Other calculation parameters are a holding period of 10 days and a confidence level of 99%. The sensitivity analysis calculates the effect on equity and profit by modifying risk variables within the respective market risks.

4.2 MARKET RISK IN THE VOLKSWAGEN FINANCIAL SERVICES SEGMENT

Exchange rate risk in the Volkswagen Financial Services segment is mainly attributable to assets that are not denominated in the functional currency and from refinancing within operating activities. Interest rate risk relates to refinancing without matching maturities and the varying interest rate elasticity of individual asset and liability items. The risks are limited by the use of currency and interest rate hedges.

The Group continued to use a fair value portfolio hedge in accordance with IAS 39, under which fixed-rate receivables and liabilities are hedged against changes in the risk-free base rate and which was initiated in the previous year. The assets and liabilities included in this hedging strategy are measured at fair value for the remaining term. The resulting effects in the income statement are offset by the corresponding gains and losses on the interest rate hedging instruments.

As of December 31, 2009, the value at risk for interest rate risk was €55 million (previous year: €54 million) and €82 million for foreign currency risk (previous year: €95 million).

The entire value at risk for interest rate and foreign currency risk at the Volkswagen Financial Services segment was €128 million (previous year: €93 million).

4.3 MARKET RISK IN THE PASSENGER CARS AND LIGHT COMMERCIAL VEHICLES AND SCANIA SEGMENTS

4.3.1 Foreign currency risk

Foreign currency risk in the Passenger Cars and Light Commercial Vehicles and Scania segments is attributable to investments, financing measures and operating activities. Currency forwards, currency options, currency swaps and cross-currency swaps are used to limit foreign currency risk. These transactions relate to the exchange rate hedging of all payments covering general business activities that are not made in the functional currency of the respective Group companies. The principle of matching currencies applies to the Group's financing activities.

Hedging transactions performed as part of foreign currency risk management in 2009 related primarily to the US dollar, sterling, the Mexican peso, the Russian ruble, the Swedish krona, the Czech koruna, the Polish zloty, the Brazilian real, the Chinese renminbi, the Australian dollar, the Swiss franc, and the Japanese yen.

All non-functional currencies in which the Volkswagen Group enters into financial instruments are included as relevant risk variables in the sensitivity analysis in accordance with IFRS 7.

If the functional currencies concerned had appreciated or depreciated by 10% against the other currencies, the exchange rates shown below would have resulted in the following effects on the hedging reserve in equity and on profit before tax. It is not appropriate to add together the individual figures, since the results of the various functional currencies concerned are based on different scenarios.

	DEC. 31, 2009 +10%	DEC. 31, 2009 −10%	DEC. 31, 2008 +10%	DEC. 31, 2008 −10%
	€ million			
Exchange rate				
EUR / USD				
Hedging reserve	926	−684	1,147	−712
Profit before tax	−195	68	−433	203
EUR / GBP				
Hedging reserve	447	−443	748	−748
Profit before tax	5	5	−30	55
EUR / CHF				
Hedging reserve	98	−98	97	−97
Profit before tax	−1	1	0	0
EUR / CZK				
Hedging reserve	56	−56	118	−118
Profit before tax	−29	29	−27	27
EUR / JPY				
Hedging reserve	−63	63	147	−147
Profit before tax	−2	2	36	−36
GBP / USD				
Hedging reserve	61	−61	79	−79
Profit before tax	−1	1	4	−3
EUR / AUD				
Hedging reserve	41	−41	39	−39
Profit before tax	−21	21	−18	18
EUR / SEK				
Hedging reserve	−44	44	−137	137
Profit before tax	−10	10	1	−1
EUR / CAD				
Hedging reserve	42	−42	36	−36
Profit before tax	−9	9	4	−4
CZK / USD				
Hedging reserve	41	−41	53	−53
Profit before tax	−4	4	−2	3
EUR / RUB				
Hedging reserve	0	0	44	−44
Profit before tax	−44	44	−50	50
USD / MXN				
Hedging reserve	29	−29	59	−59
Profit before tax	−8	8	−11	11

4.3.2 Interest rate risk

Interest rate risk in the Passenger Cars and Light Commercial Vehicles and Scania segments results from changes in market interest rates, primarily for medium- and long-term variable interest receivables and liabilities. Interest rate swaps, cross-currency swaps and other types of interest rate contracts are entered into to hedge against this risk under fair value or cash flow hedges, depending on market conditions. Intra-Group financing arrangements are normally structured to match the maturities of their refinancing.

Interest rate risk within the meaning of IFRS 7 is calculated for these segments using sensitivity analyses. The effects of the risk variables in the form of market rates of interest on the financial result and on equity are presented.

If market interest rates had been 100 bps higher as of December 31, 2009, equity would have been €16 million lower (previous year: €39 million). If market interest rates had been 100 bps lower as of December 31, 2009, equity would have been €18 million higher (previous year: €45 million).

If market interest rates had been 100 bps higher as of December 31, 2009, profit would have been €0.3 million (previous year: €12 million) higher. If market interest rates had been 100 bps lower as of December 31, 2009, profit would have been €1 million lower (previous year: €11 million).

4.3.3 Commodity price risk

Commodity price risk in the Passenger Cars and Light Commercial Vehicles and Scania segments results from price fluctuations and the availability of non-ferrous metals and precious metals, as well as of coal and CO_2 certificates. Forward transactions and swaps are entered into to limit these risks.

Hedge accounting in accordance with IAS 39 was applied to the hedging of commodity risk associated with aluminium and copper.

Commodity price risk within the meaning of IFRS 7 is presented using sensitivity analyses. These show the effect on profit and equity of changes in risk variables in the form of commodity prices.

If the commodity prices of the hedged metals had been 10% higher (lower) as of December 31, 2009, profit would have been €42 million (previous year: €26 million) higher (lower).

If the commodity prices of the hedging transactions accounted for using hedge accounting had been 10% higher (lower) as of December 31, 2009, equity would have been €113 million (previous year: €48 million) higher (lower).

4.3.4 Fund price risk

The Spezialfonds (special funds) launched using surplus liquidity are subject in particular to equity and bond price risk, which can arise from fluctuations in quoted market prices, stock exchange indices and market rates of interest. The changes in bond prices resulting from variations in the market rates of interest are quantified in sections 4.3.1 and 4.3.2, as are the measurement of foreign currency and other interest rate risks arising from the special funds. As a rule, we counter the risks arising from the special funds by ensuring a broad diversification of products, issuers and regional markets when investing funds, as stipulated by our Investment Guidelines. In addition, we use exchange rate hedges in the form of futures contracts when market conditions are appropriate. The relevant measures are centrally coordinated by Group Treasury and implemented in operations by the special funds' risk management team.

As part of the presentation of market risk, IFRS 7 requires disclosures on how hypothetical changes in risk variables affect the price of financial instruments. Potential risk variables here are in particular quoted market prices or indices, as well as interest rate changes as bond price parameters.

If share prices had been 10% higher (lower) as of December 31, 2009, equity would have been €18 million (previous year: €35 million) higher (lower).

5. METHODS FOR MONITORING HEDGE EFFECTIVENESS

In the Volkswagen Group, hedge effectiveness is assessed prospectively using the critical terms match method and using statistical methods in the form of a regression analysis. Retrospective analysis of effectiveness uses effectiveness tests in the form of the dollar offset method or a regression analysis.

Under the dollar offset method, the changes in value of the hedged item expressed in monetary units are compared with the changes in value of the hedging instrument expressed in monetary units.

Where regression analysis is used, the change in value of the hedged item is presented as an independent variable, and that of the hedging instrument as a dependent variable. Currency transactions are classified as effective hedge relationships if they have sufficient coefficients of determination and slope factors.

NOTIONAL AMOUNT OF DERIVATIVES

	REMAINING TERM			TOTAL NOTIONAL AMOUNT	TOTAL NOTIONAL AMOUNT
	under one year	within one to five years	over five years	Dec. 31, 2009	Dec. 31, 2008
	€ million				
Notional amount of hedging instruments used in cash flow hedges:					
Interest rate swaps	3,848	6,297	875	11,020	15,321
Currency forwards	13,199	7,410	72	20,681	19,800
Currency options	374	3,310	–	3,685	14,856
Currency swaps	1,508	36	–	1,543	1,672
Cross-currency swaps	193	2,297	143	2,633	–
Commodity futures contracts	272	649	72	994	697
Notional amount of other derivatives:					
Interest rate swaps	14,496	25,636	689	40,820	42,300
Interest rate option contracts	93	102	67	262	–
Currency forwards	1,077	237	–	1,314	5,238
Currency swaps	4,529	1,154	–	5,683	4,802
Cross-currency swaps	706	2,406	–	3,112	1,458
Commodity futures contracts	198	176	–	373	431

In addition to the derivatives used for hedging foreign currency, interest rate and price risk, at the reporting date the Group held options on equity instruments with a notional amount of €11.1 billion whose remaining maturity is more than one year.

The hedged items in cash flow hedges are expected to be realized in accordance with the maturity buckets of the hedges reported in the table.

The fair values of the derivatives are estimated using market data at the balance sheet date as well as by appropriate valuation techniques. The following term structures were used for the calculation:

	EUR	USD	GBP	MXN	RUB	SEK	CZK	CHF	JPY
					as %				
Interest rate for six months	**0.994**	**0.430**	**0.839**	**4.840**	**7.460**	**0.698**	**1.820**	**0.338**	**0.480**
Interest rate for one year	**1.248**	**0.984**	**1.248**	**5.060**	**7.360**	**1.005**	**2.130**	**0.638**	**0.694**
Interest rate for five years	**2.805**	**2.929**	**3.390**	**7.239**	**7.950**	**2.850**	**2.990**	**1.710**	**0.696**
Interest rate for ten years	**3.598**	**3.918**	**4.088**	**7.965**	**8.200**	**3.583**	**3.520**	**2.500**	**1.408**

33 Capital management

The goal of capital management is to ensure that the Group can effectively achieve its goals and strategies in the interests of shareholders, employees and other stakeholders. In particular, management focuses on generating the minimum return on invested assets in the Automotive Division that is required by the capital markets, and on increasing the return on equity in the Financial Services Division. In addition, the goals of the Financial Services Division are to meet the banking supervisory authorities' regulatory capital requirements, to support the external rating by ensuring capital adequacy and to procure equity for the growth planned in the next fiscal years. In the process, it aims overall to achieve the highest possible growth in the value of the Group and its divisions for the benefit of all the Company's stakeholder groups.

The Volkswagen Group's financial target system focuses systematically on continuously and sustainably increasing the value of the Company. In order to maximize the use of resources in the Automotive Division and to measure the success of this, we have been using value contribution, a control variable linked to the cost of capital, for a number of years.

The concept of value contribution not only allows overall performance to be measured in the Automotive Division, but also in the individual business units, projects and products. In addition, business units and product-specific investment projects can be managed operationally and strategically using the value contribution.

Equity and financial liabilities are compared in the following table:

	Dec. 31, 2009	Dec. 31, 2008
	€ million	
Equity	**37,430**	**37,388**
Proportion of total equity and liabilities	21.1%	22.3%
Noncurrent financial liabilities	36,993	33,257
Current financial liabilities	40,606	36,123
Total financial liabilities.	**77,599**	**69,380**
Proportion of equity and liabilities	43.8%	41.3%
Total equity and liabilities	**177,178**	**167,919**

34 Contingent liabilities

	Dec. 31, 2009	Dec. 31, 2008
	€ million	
Liabilities from guarantees	162	78
Liabilities from warranty contracts	48	30
Pledges on company assets as security for third-party liabilities	12	15
Other contingent liabilities*	905	590
	1,126	**713**

* Prior-period amount adjusted.

The trust assets and liabilities of the savings and trust entities belonging to the South American subsidiaries not included in the consolidated balance sheet amount to €818 million (previous year: €501 million).

35 Litigation

In the course of their operating activities, Volkswagen AG and the companies in which it is directly or indirectly invested become involved in legal disputes and official proceedings in Germany and internationally. In particular, such proceedings may occur in relation to suppliers, dealers, customers, or investors.

For the companies involved, these may result in payment or other obligations. Particularly in cases where US customers assert claims for vehicle defects individually or by way of a class action, highly cost-intensive measures may have to be taken and substantial compensation or punitive damages paid. Corresponding risks also result from US patent litigation.

Where transparent and economically viable, adequate insurance cover is taken out for these risks and appropriate provisions recognized for the remaining identifiable risks. The Company does not believe, therefore, that these risks will have a sustained effect on the economic position of the Group.

However, as some risks cannot be assessed or can only be assessed to a limited extent, the possibility of loss or damage not being covered by the insured amounts and provisions cannot be ruled out.

36 Other financial obligations

	PAYABLE 2010	PAYABLE 2011 – 2014	PAYABLE from 2015	TOTAL Dec. 31, 2009	TOTAL Dec. 31, 2008
			€ million		
Purchase commitments in respect of					
property, plant and equipment	1,787	572	–	2,359	1,978
intangible assets	136	33	4	173	184
investment property	1	–	–	1	1
Obligations from					
loan commitments to unconsolidated subsidiaries	105	–	–	105	99
irrevocable credit commitments to customers	1,725	–	–	1,725	1,758
long-term leasing and rental contracts	378	845	1,496	2,720	2,751
Other financial obligations	3,564	802	142	4,508	2,876

Other financial obligations from long-term leasing and rental contracts are partly offset by expected income from subleases of €705 million.

In the course of the acquisition of a 100% equity interest in LeasePlan Corporation N.V., Amsterdam, and the subsequent sale of 50% of the shares to two co-investors, Volkswagen AG reached an agreement with the co-investors on put options entitling these investors to sell their shares to Volkswagen AG. On December 22, 2008, the co-investors announced that they would exercise their put options. In September 2009, Volkswagen agreed to purchase the shares from the co-investors for €1.4 billion in fiscal year 2010. Volkswagen plans to simultaneously transfer the purchased shares to a new co-investor, although this required the approval of the supervisory authorities at the reporting date. Approval was granted on January 12, 2010.

The other financial obligations also include the order volumes agreed with the purchaser of the gedas Group.

On December 9, 2009, Volkswagen AG and Suzuki Motor Corporation, Tokyo, signed a master agreement to begin a long-term strategic partnership. The transaction was subject to the approval of the relevant authorities, which was granted on January 15, 2010. The purchase price of €1.7 billion is included in other financial obligations.

37 Auditors' fees recognized as expenses

Under the provisions of the German Commercial Code (HGB), Volkswagen AG is obliged to disclose the audit fees of the Group auditors in Germany that are recognized as expenses.

	2009	2008
	€ million	
Audits of financial statements	8	6
Other assurance or valuation services	1	3
Tax advisory services	0	0
Other services	5	4
	14	**13**

38 Total expense for the period

	2009	2008
	€ million	
Cost of materials		
Cost of raw materials, consumables and supplies, purchased merchandise and services	**67,925**	**75,954**
Personnel expenses		
Wages and salaries	12,755	12,728
Social security, post-employment and other employee benefit costs	3,272	3,056
	16,027	**15,784**

39 Average number of employees during the year

	2009	2008
Performance-related wage-earners	162,636	169,764
Salaried staff	166,787	153,742
	329,423	**323,506**
of which in the passive phase of early retirement	(7,910)	(9,102)
Vocational trainees	9,076	8,686
	338,499	**332,192**
Unconsolidated vehicle-producing investments	28,270	25,015
	366,769	**357,207**

40 Events after the balance sheet date

The Volkswagen Group holds a 50% indirect interest in the joint venture LeasePlan Corporation N.V., Amsterdam, the Netherlands, via its 50% stake in the joint venture Global Mobility Holding B.V., Amsterdam, the Netherlands. On December 22, 2008, the co-investors exercised the put option granted to them by Volkswagen AG. Volkswagen has now agreed with Fleet Investments B.V., Amsterdam, the Netherlands, an investment company belonging to the von Metzler family, that Fleet Investments will become the new co-investor for an initial period of two years. On the basis of an agreement entered into in September 2009, the previous co-investors were instructed by Volkswagen AG to transfer their shares to Fleet Investments B.V. on February 1, 2010 for the same purchase price of €1.4 billion. Volkswagen AG will grant the new co-investor a put option on its shares. If this option is exercised, Volkswagen must pay the original purchase price plus accumulated pro rata preferred dividends or the higher fair value. The put option is accounted for at fair value.

In addition, Volkswagen will pledge claims under certificates of deposit with Bankhaus Metzler in the amount of €1.4 billion to secure a loan granted to Fleet Investments B.V. by Bankhaus Metzler. This pledge does not increase the Volkswagen Group's risk arising from the above-mentioned short position.

On December 9, 2009, Volkswagen AG and Suzuki Motor Corporation, Tokyo, signed a master agreement to begin a long-term strategic partnership. Effective January 15, 2010, Volkswagen acquired 19.89% of the shares of Suzuki for €1.7 billion. The relevant authorities have approved the transaction.

41 Related party disclosures in accordance with IAS 24

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 are influenced by another related party of Volkswagen AG.

At the beginning of fiscal year 2009, the interest held by Porsche Automobil Holding SE, Stuttgart, in Volkswagen AG's ordinary shares exceeded the 50% threshold. From this date, Porsche Automobil Holding SE held the majority of the voting rights of 50.76%.

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 Automobil Holding SE can no longer 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. The resolutions have not yet been entered in the commercial register. However, Porsche Automobil Holding SE also has the power to participate in the operating policy decisions of the Volkswagen Group. Prior to this, the Supervisory Board of Volkswagen approved the Comprehensive Agreement between Volkswagen AG, Porsche Automobil Holding SE, Porsche Holding Gesellschaft m.b.H., Salzburg, and Porsche GmbH, Salzburg, Porsche Zwischenholding GmbH, Stuttgart, the ordinary shareholders of Porsche Automobil Holding SE and the employee representatives of Volkswagen AG, Porsche Automobil Holding SE and Dr. Ing. h.c.F. Porsche AG, Stuttgart, to create an integrated automotive group led by Volkswagen.

In the course of the performance of these agreements, on December 7, 2009 Volkswagen acquired an equity interest of 49.9% in Porsche Zwischenholding GmbH, which is the parent and holds 100% of the shares of Dr. Ing. h.c. F. Porsche AG. On the basis of agreements under company law, Volkswagen shares the management of Porsche Zwischenholding GmbH with Porsche Automobil Holding SE. Porsche Automobil Holding SE indemnifies Volkswagen AG and Porsche Zwischenholding GmbH against obligations arising from certain legal disputes, from tax claims and from certain substantial losses that arose before the agreement between Porsche Automobil Holding SE and Volkswagen AG on the investment by Volkswagen AG in Dr. Ing. h.c. F. Porsche AG entered into as part of the implementation of the Comprehensive Agreement was signed. Porsche Automobil Holding SE has also granted guarantees to Volkswagen AG in respect of Porsche Zwischenholding GmbH and Dr. Ing. h.c. F. Porsche AG. In return, Volkswagen AG has indemnified Porsche Automobil Holding SE internally from claims by the Einlagen-sicherungsfonds (German deposit protection fund) after Porsche Automobil Holding SE submitted an indemnification agreement required by the Bundesverband Deutscher Banken (Association of German Banks) to the Einlagensicherungsfonds in August 2009. Volkswagen AG has undertaken to indemnify the Einlagensicherungsfonds from any losses caused by measures taken in favor of a bank in which Volkswagen AG holds a majority interest.

Furthermore, in the event that the merger of Porsche Automobil Holding SE with Volkswagen AG that is planned under the Comprehensive Agreement does not take place, Volkswagen AG and Porsche Automobil Holding SE have agreed mutually exercisable call and put options in respect of the remaining interest in Porsche Zwischenholding GmbH. The put option is exercisable from November 15, 2012 to January 14, 2013 inclusive and again from December 1, 2014 to January 31, 2015 inclusive; the call option may be exercised from March 1, 2013 to April 30, 2013 inclusive and again from August 1, 2014 to September 30, 2014 inclusive.

In addition, Volkswagen has granted a put option to Porsche Holding Gesellschaft m. b. H., a company owned by the Porsche and Piëch families, relating to the operating sales business of the company. In return, Volkswagen was granted rights of involvement in the management of the company during the term of the option.

All transactions with Porsche Automobil Holding SE, Porsche Zwischenholding GmbH, and Porsche Holding Gesellschaft m. b. H., as well as with all companies affiliated with these, are conducted on an arm's length basis.

According to a notification dated January 15, 2010, the State of Lower Saxony and Hannoversche Beteiligungsgesellschaft mbH, Hanover, held 20.01% of the voting rights of Volkswagen AG on December 31, 2009. 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). Transactions with private companies owned by the State of Lower Saxony are conducted on an arm's length basis.

All transactions with unconsolidated dated subsidiaries, joint ventures, associates and other related parties are conducted on an arm's length basis.

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 these companies are conducted on an arm's length basis.

The amounts of the supplies and services transacted, as well as outstanding receivables and liabilities, between consolidated companies of the Volkswagen Group and related parties (unconsolidated subsidiaries, joint ventures, associates, Porsche Automobile Holding SE, Stuttgart, Porsche Zwischenholding GmbH, Stuttgart, Porsche Holding Gesellschaft m.b.H., Salzburg/Austria and their affiliated companies as well as other related parties) are presented in the following tables:

RELATED PARTIES

	SUPPLIES AND SERVICES RENDERED		SUPPLIES AND SERVICES RECEIVED	
	2009	2008	2009	2008
	€ million			
Porsche Automobil Holding SE	0	–	392	–
Supervisory Board members	0	0	0	0
Group Board of Management	0	0	0	1
Unconsolidated subsidiaries	1,744	1,583	828	739
Joint ventures[1]	3,612	3,213	464	492
Associates	1,368	30	191	201
Pension plans	1	0	1	3
Other related parties	1	6	31	41
Porsche[2]	4,165	6,317	250	389
State of Lower Saxony and majority interests	11	6	0	1

1 Including Porsche Zwischenholding GmbH, Stuttgart, and its subsidiaries from December 7, 2009.
2 Includes in particular Porsche Holding Gesellschaft m.b.H., Salzburg/Austria, and its subsidiaries as well as Porsche Zwischenholding GmbH, Stuttgart, and its subsidiaries up to December 6, 2009.

	RECEIVABLES FROM		PAYABLES TO	
	Dec. 31, 2009	Dec. 31, 2008	Dec. 31, 2009	Dec. 31, 2008
	€ million			
Porsche Automobil Holding SE	–	–	–	–
Supervisory Board members	0	0	5	5
Group Board of Management	0	0	14	14
Unconsolidated subsidiaries	653	324	303	339
Joint ventures	2,395	3,843	309	46
Associates	24	33	16	14
Pension plans	1	0	0	0
Other related parties	0	0	2	1
Porsche	155	185	10	10
State of Lower Saxony and majority interests	1	0	0	–

Volkswagen AG made a cash contribution of €3.9 billion to acquire the interest in Porsche Zwischenholding GmbH.

The Company extended financing of €0.7 billion to Porsche at arm's length conditions and collateral requirements; €0.2 billion of this amount was still outstanding from factoring at the reporting date.

In fiscal year 2009, Porsche Corporate Finance GmbH Zurich branch, Salzburg, Austria, subscribed for three commercial paper issues by Volkswagen International Finance N.V., Amsterdam, the Netherlands, with a total volume of €0.1 billion, which are guaranteed by Volkswagen AG.

Loans to joint ventures were repaid in the amount of €1.8 billion.

The Board of Management and Supervisory Board of the Volkswagen Group are related parties within the meaning of IAS 24. The following benefits and remuneration were recorded for these persons:

	2009	2008
	€	
Short-term benefits	22,588,862	22,508,592
Post-employment benefits	3,025,899	3,237,434
Share-based payment	–	39,000
	25,614,761	**25,785,026**

There are outstanding balances for bonuses of the Board of Management members in the amount of €13,100,000 at the end of the fiscal year (previous year: €12,500,000). The post-employment benefits relate to additions to pension provisions for current members of the Board of Management. The expenses shown above do not correspond to the definition of remuneration of members of the Board of Management and the Supervisory Board in accordance with the German Corporate Governance Code.

42 Notices and disclosure of changes regarding the ownership of voting rights in Volkswagen AG in accordance with the Wertpapierhandelsgesetz (WpHG — German Securities Trading Act)

PORSCHE

Porsche Automobil Holding SE, Stuttgart, Germany has notified us in accordance with section 21(1) of the WpHG that its share of the voting rights in Volkswagen Aktiengesellschaft, Wolfsburg, Germany, exceeded the threshold of 50% on January 5, 2009 and amounted to 50.76% (149,696,680 voting rights) at this date.

1) The following persons notified us in accordance with section 21(1) of the WpHG that their share of the voting rights in Volkswagen Aktiengesellschaft in each case exceeded the threshold of 50% on January 5, 2009 and in each case amounted to 50.76% (149,696,680 voting rights) at this date. All of the above-mentioned 149,696,680 voting rights are attributable to each of the persons making the notification in accordance with section 22(1) sentence 1 no. 1 of the WpHG. The voting rights attributable to the persons making the notifications are held via subsidiaries within the meaning of section 22(3) of the WpHG, whose attributable share of the voting rights amounts to 3% or more and whose names are given in brackets:

Mag. Josef Ahorner, Austria
(Ferdinand Porsche Privatstiftung, Salzburg/Austria; Ferdinand Porsche Holding GmbH, Salzburg/Austria; Louise Daxer-Piëch GmbH, Salzburg/Austria; Louise Daxer-Piëch GmbH, Grünwald/Germany; Prof Ferdinand Alexander Porsche GmbH, Salzburg/Austria; Ferdinand Alexander Porsche GmbH, Grünwald/Germany; Gerhard Anton Porsche GmbH, Salzburg/ Austria; Gerhard Porsche GmbH, Grünwald/Germany; Familien Porsche-Daxer-Piëch Beteiligung GmbH, Grünwald/Germany; Porsche Automobil Holding SE, Stuttgart/Germany),

Mag. Louise Kiesling, Austria
(Ferdinand Porsche Privatstiftung, Salzburg/Austria; Ferdinand Porsche Holding GmbH, Salzburg/Austria; Louise Daxer-Piëch GmbH, Salzburg/Austria; Louise Daxer-Piëch GmbH, Grünwald/Germany; Prof Ferdinand Alexander Porsche GmbH, Salzburg/Austria; Ferdinand Alexander Porsche GmbH, Grünwald/Germany; Gerhard Anton Porsche GmbH, Salzburg/ Austria; Gerhard Porsche GmbH, Grünwald/Germany; Familien Porsche-Daxer-Piëch Beteiligung GmbH, Grünwald/Germany; Porsche Automobil Holding SE, Stuttgart/Germany),

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

Dr. Oliver Porsche, Austria
(Ferdinand Porsche Privatstiftung, Salzburg/Austria; Ferdinand Porsche Holding GmbH, Salzburg/Austria; Louise Daxer-Piëch GmbH, Salzburg/Austria; Louise Daxer-Piëch GmbH, Grünwald/Germany; Prof Ferdinand Alexander Porsche GmbH, Salzburg/Austria; Ferdinand Alexander Porsche GmbH, Grünwald/Germany; Gerhard Anton Porsche GmbH, Salzburg/ Austria; Gerhard Porsche GmbH, Grünwald/Germany; Familien Porsche-Daxer-Piëch Beteiligung GmbH, Grünwald/Germany; Porsche Automobil Holding SE, Stuttgart/Germany),

Kai Alexander Porsche, Austria
(Ferdinand Porsche Privatstiftung, Salzburg/Austria; Ferdinand Porsche Holding GmbH, Salzburg/Austria; Louise Daxer-Piëch GmbH, Salzburg/Austria; Louise Daxer-Piëch GmbH, Grünwald/Germany; Prof Ferdinand Alexander Porsche GmbH, Salzburg/Austria; Ferdinand Alexander Porsche GmbH, Grünwald/Germany; Gerhard Anton Porsche GmbH, Salzburg/ Austria; Gerhard Porsche GmbH, Grünwald/Germany; Familien Porsche-Daxer-Piëch Beteiligung GmbH, Grünwald/Germany; Porsche Automobil Holding SE, Stuttgart/Germany),

Mark Philipp Porsche, Austria
(Ferdinand Porsche Privatstiftung, Salzburg/Austria; Ferdinand Porsche Holding GmbH, Salzburg/Austria; Louise Daxer-Piëch GmbH, Salzburg/Austria; Louise Daxer-Piëch GmbH, Grünwald/Germany; Prof Ferdinand Alexander Porsche GmbH, Salzburg/Austria; Ferdinand Alexander Porsche GmbH, Grünwald/Germany; Gerhard Anton Porsche GmbH, Salzburg/ Austria; Gerhard Porsche GmbH, Grünwald/Germany; Familien Porsche-Daxer-Piëch Beteiligung GmbH, Grünwald/Germany; Porsche Automobil Holding SE, Stuttgart/Germany),

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

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

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

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

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

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

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

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

Louise Daxer-Piëch GmbH, Salzburg/Austria
(Louise Daxer-Piëch GmbH, Grünwald/Germany; Porsche Automobil Holding SE, Stuttgart/Germany; Familien Porsche-Daxer-Piëch Beteiligung GmbH, Grünwald/Germany),

Prof. Ferdinand Alexander Porsche GmbH, Salzburg/Austria
(Ferdinand Alexander Porsche GmbH, Grünwald/Germany; Familien Porsche-Daxer-Piëch Beteiligung GmbH, Grünwald/Germany; Porsche Automobil Holding SE, Stuttgart/Germany),

Gerhard Anton Porsche GmbH, Salzburg/Austria
(Gerhard Porsche GmbH, Grünwald/Germany; Familien Porsche-Daxer-Piëch Beteiligung GmbH, Grünwald/ Germany; Porsche Automobil Holding SE, Stuttgart/Germany),

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

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

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

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

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

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

Familien Porsche-Daxer-Piëch Beteiligung GmbH, Grünwald/Germany
(Porsche Automobil Holding SE, Stuttgart/Germany),

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

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

Dr. Hans Michel Piëch, Austria
(Porsche Automobil Holding SE, Stuttgart/Germany; Hans Michel Piëch GmbH, Grünwald/Germany; Dr. Hans Michel Piëch GmbH, Salzburg/Austria),

Dr. Hans Michel Piëch GmbH, Salzburg/Austria
(Porsche Automobil Holding SE, Stuttgart/Germany; Hans Michel Piëch GmbH, Grünwald/Germany),

Hans Michel Piëch GmbH, Grünwald/Germany
(Porsche Automobil Holding SE, Stuttgart/Germany),

Dipl.-Ing. Dr. h.c. Ferdinand Piëch, Austria
(Porsche Automobil Holding SE, Stuttgart/Germany; Ferdinand Piëch GmbH, Grünwald/Germany; Dipl.-Ing. Dr. h.c. Ferdinand Piëch GmbH, Salzburg/Austria; Ferdinand Karl Alpha Privatstiftung, Vienna/Austria),

Ferdinand Karl Alpha Privatstiftung, Vienna/Austria
(Porsche Automobil Holding SE, Stuttgart/Germany; Ferdinand Piëch GmbH, Grünwald/Germany; Dipl.-Ing. Dr. h.c. Ferdinand Piëch GmbH, Salzburg/Austria),

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

Ferdinand Piëch GmbH, Grünwald/Germany
(Porsche Automobil Holding SE, Stuttgart/Germany).

2) Porsche Holding Gesellschaft m.b.H., Salzburg/Austria, and Porsche GmbH, Salzburg/ Austria, notified us in accordance with section 21(1) of the WpHG that their share of the voting rights in Volkswagen Aktiengesellschaft in each case exceeded the threshold of 50% on January 5, 2009 and in each case amounted to 53.13% (156,702,015 voting rights) at this date.

All the above-mentioned 156,702,015 voting rights are attributable to Porsche Holding Gesellschaft m.b.H. in accordance with section 22(1) sentence 1 no. 1 of the WpHG. The companies via which the voting rights are actually held and whose attributable share of the voting rights amounts to 3% or more are:

– Porsche GmbH, Salzburg/Austria;

– Porsche GmbH, Stuttgart/Germany;

– Porsche Automobil Holding SE, Stuttgart/Germany.

Of the above-mentioned 156,702,015 voting rights, 50.76% (149,696,753 voting rights) is attributable to Porsche GmbH, Salzburg/Austria, in accordance with section 22(1) sentence 1 no. 1 of the WpHG. The companies via which the voting rights are actually held and whose attributable share of the voting rights amounts to 3% or more are:

– Porsche GmbH, Stuttgart/Germany;

– Porsche Automobil Holding SE, Stuttgart/Germany.

QATAR

(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 olding 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.

(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

The State of Lower Saxony notified us on January 15, 2010 that it held a total of 59,022,310 ordinary shares as of December 31, 2009. It held 440 VW ordinary shares directly and 59,021,870 ordinary shares indirectly via Hannoversche Beteiligungsgesellschaft mbH (HanBG), which is owned by the State of Lower Saxony.

43 German Corporate Governance Code

On November 20, 2009, the Board of Management and Supervisory Board of Volkswagen AG issued their declaration of conformity with the German Corporate Governance Code as required by section 161 of the Aktiengesetz (AktG — German Stock Corporation Act) and made it permanently available to the shareholders of Volkswagen AG on the Company's website at www.volkswagenag.com/ir.

On November 23, 2009, the Board of Management and Supervisory Board of AUDI AG likewise issued their declaration of conformity with the German Corporate Governance Code and made it permanently available to the shareholders at www.audi.com.

44 Remuneration of the Board of Management and the Supervisory Board

	2009	2008
	€	
Board of Management remuneration		
Non-performance-related remuneration	5,623,917	5,346,622
Performance-related remuneration	13,100,000	12,500,000
Stock options exercised or subscribed	–	27,535,750
Supervisory Board remuneration		
Fixed remuneration components	365,550	273,000
Variable remuneration components	3,474,964	4,301,665
Loans to Supervisory Board members	15,833	17,500

The Board of Management's fixed remuneration also includes differing levels of remuneration for the assumption of appointments at Group companies as well as noncash benefits, which consist in particular of the use of company cars and the grant of insurance cover. The additional annual variable amount paid to each member of the Board of Management contains annually recurring components tied to the business success of the Company. It is primarily oriented on the results achieved and the financial position of the Company.

On December 31, 2009 the pension provisions for members of the Board of Management amounted to €43,805,628 (previous year: €32,732,521). 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. The members of the Board of Management are entitled to payment of their normal remuneration for six months in the event of illness and to the retirement pension in the event of disability. Surviving dependents receive a widow's pension of 66⅔% and a 20% orphan's pension per child based on the pension of the former member of the Board of Management.

Retired members of the Board of Management and their surviving dependents received €8,252,535 (previous year: €8,269,973). Provisions for pensions for this group of people were recognized in the amount of €106,679,193 (previous year: €102,789,267).

Loans in the total amount of €15,833 have been granted to members of the Supervisory Board (amount redeemed in 2008: €17,500). The loans generally bear interest at a rate of 4.0% and have an agreed term of up to 12.5 years.

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 (see page 112).

Significant Group companies

Name, location	Equity interest as %
VOLKSWAGEN AG, Wolfsburg	
Volkswagen Sachsen GmbH, Zwickau	100.00
VOLKSWAGEN SLOVAKIA, a.s., Bratislava/Slovak Republic	100.00
SITECH Sitztechnik GmbH, Wolfsburg	100.00
Volkswagen Navarra, S.A., Arazurí (Navarra)/Spain	100.00
AUTOEUROPA-AUTOMÓVEIS LDA., Palmela/Portugal	100.00
Volkswagen Motor Polska Sp.z o.o., Polkowice/Poland	100.00
Volkswagen-Audi España, S.A., El Prat de Llobregat (Barcelona)/Spain	100.00
Volkswagen Original Teile Logistik GmbH & Co. KG, Baunatal	52.96
VOLKSWAGEN Group United Kingdom Ltd., Milton Keynes/United Kingdom	100.00
Groupe VOLKSWAGEN France s.a., Villers-Cotterêts/France	100.00
Automobilmanufaktur Dresden GmbH, Dresden	100.00
Volkswagen Poznan Sp.z o.o., Poznan/Poland	100.00
Volkswagen Group Sverige Aktiebolag, Södertälje/Sweden	100.00
Auto 5000 GmbH, Wolfsburg	100.00
Volkswagen Group of America, Inc., Herndon, Virginia/USA	100.00
Volkswagen Group Canada, Inc., Ajax, Ontario/Canada	100.00
VOLKSWAGEN Group Japan K.K., Toyohashi/Japan	100.00
OOO VOLKSWAGEN Group Rus, Kaluga/Russia	93.78
AUDI AG, Ingolstadt	99.55
AUDI BRUSSELS S.A./N.V., Brussels/Belgium	100.00
AUDI HUNGARIA MOTOR Kft., Györ/Hungary	100.00
Audi of America, LLC, Herndon, Virginia/USA	100.00
Audi Volkswagen Korea Ltd., Seoul/Korea	100.00
Audi Volkswagen Middle East FZE, Dubai/United Arab Emirates	100.00
Automobili Lamborghini Holding S.p.A., Sant' Agata Bolognese/Italy	100.00
VOLKSWAGEN GROUP ITALIA S.P.A., Verona/Italy	100.00
quattro GmbH, Neckarsulm	100.00

Name, location	Equity interest as %
SEAT, S.A., Martorell, Barcelona/Spain	100.00
SEAT Deutschland GmbH, Mörfelden-Walldorf	100.00
Gearbox del Prat, S.A., El Prat de Llobregat (Barcelona)/Spain	100.00
ŠKODA AUTO a.s., Mladá Boleslav/Czech Republic	100.00
ŠkodaAuto Deutschland GmbH, Weiterstadt	100.00
ŠKODA AUTO Slovensko s.r.o., Bratislava/Slovak Republic	100.00
ŠKODA AUTO POLSKA, S.A., Poznan/Poland	51.00
Bentley Motors Ltd., Crewe/United Kingdom	100.00
Volkswagen de México, S.A. de C.V., Puebla/Pue./Mexico	100.00
Volkswagen do Brasil Ltda., São Bernardo do Campo, SP/Brazil	100.00
Volkswagen Argentina S.A., Buenos Aires/Argentina	100.00
Volkswagen of South Africa (Pty) Ltd., Uitenhage/South Africa	100.00
Scania AB, Södertälje/Sweden[1]	49.29
S.A.S. Scania Holding France, Angers/France	100.00
Scania Deutschland Holding GmbH, Koblenz	100.00
Scania Europe Holding B.V., Zwolle/The Netherlands	100.00
Scania CV AB, Södertälje/Sweden	100.00
Shanghai-Volkswagen Automotive Company Ltd., Shanghai/PR. China[2]	50.00
FAW-Volkswagen Automotive Company, Ltd., Changchun/PR. China[2]	40.00
Volkswagen (China) Investment Company Ltd., Beijing/PR. China	100.00
Volkswagen Group Services S.A., Brussels/Belgium	100.00
Volkswagen International Finance N.V., Amsterdam/The Netherlands	100.00
Porsche Zwischenholding GmbH, Stuttgart[2,4]	49.90
Dr. Ing. h.c. F. Porsche AG, Stuttgart	–
MAN SE, Munich[3]	28.67

1 The share of the voting rights in Scania is 71.81% and thus differs from the equity interest.
2 Joint ventures are accounted for using the equity method.
3 The share of the voting rights in MAN is 29.9% and thus differs from the equity interest. The company is accounted for using the equity method.
4 Porsche Zwischenholding GmbH, Stuttgart, holds 100% of the shares of Dr. Ing. h.c. F. Porsche AG, Stuttgart. The company's fiscal year ends on June 30, 2010.

Name, location	Equity interest as %
VOLKSWAGEN FINANCIAL SERVICES AG, Braunschweig	100.00
Volkswagen Leasing GmbH, Braunschweig	100.00
Volkswagen Bank GmbH, Braunschweig	100.00
Volkswagen Reinsurance AG, Braunschweig	100.00
Volkswagen-Versicherungsdienst GmbH, Wolfsburg	100.00
VOLKSWAGEN FINANCE, S.A., Alcobendas (Madrid)/Spain	100.00
Volkswagen Financial Services (UK) Ltd., Milton Keynes/United Kingdom	100.00
Volkswagen Financial Services N.V., Amsterdam/The Netherlands	100.00
Volkswagen Financial Services Japan Ltd., Tokyo/Japan	100.00
ŠkoFIN s.r.o., Prague/Czech Republic	100.00
Global Mobility Holding B.V., Amsterdam/The Netherlands[1,2]	50.00
LeasePlan Corporation N.V., Amsterdam/The Netherlands	–
Volkswagen Pon Financial Services B.V., Amersfoort/The Netherlands[1]	60.00
VW CREDIT, INC., Wilmington, Delaware/USA	100.00
VOLKSWAGEN LEASING SA DE CV, Puebla/Mexico	100.00
VOLKSWAGEN BANK SA INSTITUCION DE BANCA MULTIPLE, Puebla/Mexico	100.00
Financial services companies in Brazil, São Paulo/Brazil	100.00
Financial services companies in Argentina, Buenos Aires/Argentina	100.00

1 Joint ventures are accounted for using the equity method.
2 Global Mobility Holding B.V., Amsterdam, holds all shares of LeasePlan Corporation N.V., Amsterdam.

Executive Bodies
(Part of the Notes to the Consolidated Financial Statements)

Members of the Board of Management and their Appointments
APPOINTMENTS: AS OF DECEMBER 31, 2009

PROF. DR. RER. NAT.
MARTIN WINTERKORN (62)
Chairman (since January 1, 2007),
Research and Development
July 1, 2000*
Chairman of the Executive Board of
Porsche Automobil Holding SE
November 25, 2009*
Appointments:
○ FC Bayern München AG, Munich
○ Salzgitter AG, Salzgitter
⊙ Porsche Ges.m.b.H., Salzburg
⊙ Porsche Holding GmbH, Salzburg

DR. RER. POL. H.C.
FRANCISCO JAVIER
GARCIA SANZ (52)
Procurement
July 1, 2001*

PROF. DR. RER. POL.
JOCHEM HEIZMANN (58)
Production
January 11, 2007*
Appointments:
○ Lufthansa Technik AG, Hamburg

CHRISTIAN KLINGLER (41)
Sales and Marketing
January 1, 2010*

DR. RER. POL.
HORST NEUMANN (60)
Human Resources and Organization
December 1, 2005*
Appointments:
○ Wolfsburg AG, Wolfsburg

HANS DIETER PÖTSCH (58)
Finance and Controlling
January 1, 2003*
Chief Financial Officer of
Porsche Automobil Holding SE
November 25, 2009*
Appointments:
○ Allianz Versicherungs-AG, Munich
○ Bizerba GmbH & Co. KG, Balingen (until December 31, 2009)
⊙ Porsche Ges.m.b.H., Salzburg
⊙ Porsche Holding GmbH, Salzburg

RUPERT STADLER (46)
Chairman of the Board of Management of
AUDI AG
January 1, 2010*

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 date signifies the beginning or period of membership of the Board of Management.

Members of the Supervisory Board and their Appointments
APPOINTMENTS: AS OF DECEMBER 31, 2009

HON.-PROF. DR. TECHN. H.C.
DIPL.-ING. ETH
FERDINAND K. PIËCH (72)
Chairman
April 16, 2002*
Appointments:
○ AUDI AG, Ingolstadt
○ Dr. Ing. h.c. F. Porsche AG, Stuttgart
○ MAN SE, Munich (Chairman)
○ Porsche Automobil Holding SE, Stuttgart
⊙ Porsche Ges.m.b.H., Salzburg
⊙ Porsche Holding GmbH, Salzburg

JÜRGEN PETERS (65)
Deputy Chairman
November 1, 2003*
Appointments:
○ Salzgitter AG, Salzgitter (Deputy Chairman)

JÖRG BODE (39)
Minister of Economic Affairs, Labor and Transport for the Federal State of Lower Saxony
November 4, 2009*
Appointments:
○ Deutsche Messe AG, Hanover

DR. JUR. MICHAEL FRENZEL (62)
Chairman of the Board of Management of TUI AG
June 7, 2001*
Appointments:
○ AWD Holding AG, Hanover
○ AXA Konzern AG, Cologne
○ E.ON Energie AG, Munich
● Hapag-Lloyd AG, Hamburg (Chairman)
● Hapag-Lloyd Fluggesellchaft mbH, Hanover (Chairman)
● TUI Cruises GmbH, Hamburg
● TUI Deutschland GmbH, Hanover (Chairman)
⊙ Preussag North America, Inc., Atlanta (Chairman)
⊙ TUI China Travel Co. Ltd., Beijing
⊙ TUI Travel PLC, Crawley

BABETTE FRÖHLICH (44)
IG Metall,
Head of Strategic Planning
October 25, 2007*
Appointments:
○ MTU Aero Engines Holding AG, Munich

DR. JUR. HANS MICHAEL GAUL (67)
June 19, 1997*
Appointments:
○ Evonik Industries AG, Essen
○ EWE AG, Oldenburg
○ HSBC Trinkaus & Burkhardt AG, Düsseldorf
○ IVG Immobilien AG, Bonn
○ Siemens AG, Munich
○ VNG – Verbundnetz Gas AG, Leipzig

DR. ING. JÜRGEN GROSSMANN (57)
Chairman of the Board of Management of RWE AG;
Partner, Georgsmarienhütte Holding GmbH
May 3, 2006*
Appointments:
○ Amprion GmbH, Dortmund (Chairman)
○ BATIG Gesellschaft für Beteiligungen mbH, Hamburg
○ British American Tobacco (Germany) GmbH, Hamburg
○ British American Tobacco (Industrie) GmbH, Hamburg
○ Deutsche Bahn AG, Berlin
○ Surteco SE, Buttenwiesen-Pfaffenhofen (Chairman)
⊙ Hanover Acceptances Ltd., London

HOLGER P. HÄRTER (53)
May 3, 2006 – July 23, 2009*

WALTER HIRCHE (69)
April 8, 2003 – April 23, 2009*

PETER JACOBS (52)
Chairman of the Works Council at the Volkswagen AG Emden plant
April 19, 2007*
Appointments:
○ Volkswagen Belegschaftsgenossenschaft für Regenerative Energien am Standort Emden eG, Emden
⊙ Volkswagen Coaching GmbH, Wolfsburg

DR. JUR. KLAUS LIESEN (78)
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.

● Group appointments to statutory supervisory boards.

⊙ Comparable appointments in Germany and abroad.

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

HARTMUT MEINE (57)
Director of the Lower Saxony and Saxony-Anhalt Regional Office of IG Metall
December 30, 2008*
Appointments:
○ Continental AG, Hanover
○ KME Germany AG, Osnabrück

PETER MOSCH (38)
Chairman of the General Works Council of AUDI AG
January 18, 2006*
Appointments:
○ AUDI AG, Ingolstadt
○ Porsche Automobil Holding SE, Stuttgart

ROLAND OETKER (60)
Managing Partner of ROI Verwaltungsgesellschaft mbH;
Hon. President of Deutsche Schutzvereinigung für Wertpapierbesitz e.V.
June 19, 1997*
Appointments:
○ Deutsche Post AG, Bonn
⊙ Dr. August Oetker KG-Gruppe, Bielefeld (Deputy Chairman)
⊙ RAG Foundation, Essen

BERND OSTERLOH (53)
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
⊙ Auto 5000 GmbH, Wolfsburg
⊙ Projekt Region Braunschweig GmbH, Braunschweig
⊙ VfL Wolfsburg-Fußball GmbH, Wolfsburg
⊙ Volkswagen Coaching GmbH, Wolfsburg

DR. JUR. HANS MICHEL PIËCH (68)
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 Bank AG, Salzburg
⊙ Porsche Cars Great Britain Ltd., Reading
⊙ Porsche Cars North America Inc., Wilmington
⊙ Porsche Ges.m.b.H., Salzburg (Deputy Chairman)
⊙ Porsche Holding GmbH, Salzburg (Deputy Chairman)
⊙ Porsche Ibérica S.A., Madrid
⊙ Porsche Italia S.p.A., Padua
⊙ Schmittenhöhebahn AG, Zell am See
⊙ Volksoper Wien GmbH, Vienna

DR. JUR. FERDINAND OLIVER PORSCHE (48)
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
○ Voith AG, Heidenheim
⊙ Eterna S.A., Grenchen
⊙ PGA S.A., Paris
⊙ Porsche Lizenz- und Handelsgesellschaft mbH & Co. KG, Bietigheim-Bissingen

DR. RER. COMM. WOLFGANG PORSCHE (66)
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:
○ Dr. Ing. h.c. F. Porsche AG, Stuttgart (Chairman)
○ Porsche Automobil Holding SE, Stuttgart (Chairman)
⊙ Eterna S.A., Grenchen (Chairman)
⊙ Familie Porsche AG Beteiligungsgesellschaft, Salzburg (Chairman)
⊙ Porsche Bank AG, Salzburg (Deputy Chairman)
⊙ Porsche Cars Great Britain Ltd., Reading
⊙ Porsche Cars North America Inc., Wilmington
⊙ Porsche Ges.m.b.H., Salzburg (Chairman)
⊙ Porsche Holding GmbH, Salzburg (Chairman)
⊙ Porsche Ibérica S.A., Madrid
⊙ Porsche Italia S.p.A., Padua

WOLFGANG RITMEIER (61)
Chairman of the Board of Management of Volkswagen Management Association (VMA)
April 19, 2007*
Appointments:
⊙ Volkswagen Pension Trust e.V., Wolfsburg

DR. MED. PHILIPP RÖSLER (36)
April 23, 2009 – October 28, 2009*

HEINRICH SÖFJER (58)
Member of the Works Council
Volkswagen Commercial Vehicles
August 3, 2007*

JÜRGEN STUMPF (55)
Chairman of the Works Council
at the Volkswagen AG Kassel plant
January 1, 2005*

BERND WEHLAUER (55)
Deputy Chairman of the General and Group Works Councils of Volkswagen AG
September 1, 2005*
Appointments:
○ Wolfsburg AG, Wolfsburg
⊙ Volkswagen Immobilien GmbH
⊙ Volkswagen Pension Trust e.V., Wolfsburg

DR. ING. WENDELIN WIEDEKING (57)
January 28, 2006 – July 23, 2009*

CHRISTIAN WULFF (50)
Minister-President of the Federal State of Lower Saxony
April 8, 2003*

COMMITTEES OF THE SUPERVISORY BOARD
As of December 31, 2009

Members of the Presidium
Hon.-Prof. Dr. techn. h.c. Dipl.-Ing. ETH Ferdinand K. Piëch (Chairman)
Jürgen Peters (Deputy Chairman)
Bernd Osterloh
Dr. Wolfgang Porsche
Bernd Wehlauer
Christian Wulff

Members of the Mediation Committee in accordance with section 27(3) of the Mitbestimmungsgesetz (German Codetermination Act)
Dr. Ferdinand Oliver Porsche (Chairman)
Jürgen Peters (Deputy Chairman)
Bernd Osterloh
Christian Wulff

Members of the Audit Committee
Dr. Ferdinand Oliver Porsche (Chairman)
Bernd Wehlauer (Deputy Chairman)
Babette Fröhlich
Dr. jur. Hans Michael Gaul

Members of the Nominating Committee
Hon.-Prof. Dr. techn. h.c. Dipl.-Ing. ETH Ferdinand K. Piëch (Chairman)
Dr. Wolfgang Porsche
Christian Wulff

Members of the Shareholder Business Relationships Committee
Roland Oetker (Chairman)
Wolfgang Ritmeier (Deputy Chairman)
Dr. jur. Michael Frenzel
Bernd Wehlauer

Members of the Committee for Special Business Relationships
Hon.-Prof. Dr. techn. h.c. Dipl.-Ing. ETH Ferdinand K. Piëch (Chairman)
Jürgen Peters (Deputy Chairman)
Bernd Osterloh
Dr. Wolfgang Porsche
Bernd Wehlauer
Christian Wulff

○ Membership of statutory supervisory boards in Germany.

● Group appointments to statutory supervisory boards.

⊙ Comparable appointments in Germany and abroad.

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

List of Shareholdings in accordance with sections 285 and 313 of the HGB of Volkswagen AG and the Volkswagen Group as of December 31, 2009

Name and domicile of company	Currency	Exchange rate (€1 =) Dec. 31, 2009	VW AG's interest in capital in % Direct	Indirect	Total	Equity in thousands, local currency	Profit/loss in thousands, local currency	Footnote	Year
I. PARENT COMPANY									
VOLKSWAGEN AG, Wolfsburg	€								
A. Consolidated companies									
1. Germany									
AUDI AG, Ingolstadt	€		99.55	–	99.55	3,451,399	–	1)	2009
Audi Retail GmbH, Ingolstadt	€		–	100.00	100.00	67,800	–	1)	2009
Audi Vertriebsbetreuungsgesellschaft mbH, Ingolstadt	€		–	100.00	100.00	100	–	1)	2009
Audi Zentrum Berlin GmbH, Berlin	€		–	100.00	100.00	1,799	–	1)	2009
Audi Zentrum Hamburg GmbH, Hamburg	€		–	100.00	100.00	13,425	–	1)	2009
Audi Zentrum Hannover GmbH, Hanover	€		–	100.00	100.00	2,464	1,285		2009
Auto 5000 GmbH, Wolfsburg	€		–	100.00	100.00	10,000	–	1)	2009
Automobilmanufaktur Dresden GmbH, Dresden	€		100.00	–	100.00	80,090	–	1)	2009
Autostadt GmbH, Wolfsburg	€		100.00	–	100.00	50	–	1)	2009
AutoVision GmbH, Wolfsburg	€		100.00	–	100.00	41,130	–	1)	2009
B+V Grundstücks- und Verwertungs GmbH, Koblenz	€		–	100.00	100.00	66,720	6,778		2008
B+V Grundstücksverwertungs-GmbH & Co KG, Koblenz	€		–	100.00	100.00	13,560	886		2008
Bugatti Engineering GmbH, Wolfsburg	€		–	100.00	100.00	25	–	1)	2008
LOCATOR Grundstücks-Vermietungsgesellschaft mbH und Volkswagen AG in GbR, Eschborn	€		–	–	–	–	–		
quattro GmbH, Neckarsulm	€		–	100.00	100.00	100	–	1)	2009
Raffay Versicherungsdienst GmbH, Hamburg	€		–	100.00	100.00	153	–	1)	2008
Scania Danmark GmbH, Flensburg	€		–	100.00	100.00	212	−3		2008
Scania Deutschland GmbH, Koblenz	€		–	100.00	100.00	35,289	0		2008
Scania Deutschland Holding GmbH, Koblenz	€		–	100.00	100.00	65,281	25,970		2008
Scania Finance Deutschland GmbH, Koblenz	€		–	100.00	100.00	32,241	2,177		2007
Scania Flensborg GmbH, Flensburg	€		–	100.00	100.00	365	72		2008
Scania Vertrieb und Service GmbH, Kerpen	€		–	94.90	94.90	1,496	823		2008
Scania Vertrieb und Service GmbH, Koblenz	€		–	100.00	100.00	5,332	0		2008
Seat Deutschland GmbH, Mörfelden-Walldorf	€		–	100.00	100.00	28,710	8,444		2009
SITECH Sitztechnik GmbH, Wolfsburg	€		–	100.00	100.00	45,834	3,109		2009
SkodaAuto Deutschland GmbH, Weiterstadt	€		–	100.00	100.00	29,783	22,749		2009
Volim Volkswagen Immobilien Vermietgesellschaft für VW-/Audi-Händlerbetriebe mbH, Braunschweig	€		–	100.00	100.00	26	–	1)	2009
Volkswagen Automobile Berlin GmbH, Berlin	€		–	100.00	100.00	105	−3	13)	2008
Volkswagen Automobile Hamburg GmbH, Hamburg	€		–	100.00	100.00	35,394	−10,083	13)	2008
Volkswagen Bank GmbH, Braunschweig	€		–	100.00	100.00	3,579,125	–	1)	2009
Volkswagen Business Services GmbH, Braunschweig	€		–	100.00	100.00	26	–	1)	2009
VOLKSWAGEN FINANCIAL SERVICES AG, Braunschweig	€		100.00	–	100.00	3,351,495	–	1)	2009
Volkswagen Financial Services Beteiligungsgesellschaft mbH, Braunschweig	€		–	100.00	100.00	507,193	–	1)	2009
Volkswagen Gebrauchtfahrzeughandels und Service GmbH, Langenhagen	€		100.00	–	100.00	100	–	1)	2009
Volkswagen Gewerbegrund GmbH, Wolfsburg	€		100.00	–	100.00	86,012	–	1)	2009
Volkswagen Group Real Estate GmbH & Co. KG, Wolfsburg	€		–	100.00	100.00	154,330	5,780		2009
Volkswagen Immobilien Service GmbH, Wolfsburg	€		51.00	49.00	100.00	5,761	31		2009
Volkswagen Individual GmbH, Wolfsburg	€		–	100.00	100.00	7,900	–	1)	2009
Volkswagen Leasing GmbH, Braunschweig	€		–	100.00	100.00	219,123	–	1)	2009
Volkswagen Logistics GmbH & Co. OHG, Wolfsburg	€		81.00	19.00	100.00	511	201,875		2008
Volkswagen Logistics GmbH, Wolfsburg	€		100.00	–	100.00	645	102		2008
Volkswagen Original Teile Logistik Beteiligungs-GmbH, Baunata	€		47.20	3.80	51.00	29	0		2009
Volkswagen Original Teile Logistik GmbH & Co. KG, Baunata	€		49.08	3.87	52.95	47,000	72,547		2009
Volkswagen Reinsurance AG, Braunschweig	€		–	100.00	100.00	32,055	–	1)	2009
VOLKSWAGEN Retail GmbH, Wolfsburg	€		100.00	–	100.00	135,234	–	1)	2009
Volkswagen Sachsen GmbH, Zwickau	€		100.00	–	100.00	515,718	–	1)	2009
Volkswagen Sachsen Immobilienverwaltungs GmbH, Zwickau	€		100.00	–	100.00	76,695	–	1)	2009
Volkswagen Versicherungsvermittlung GmbH, Wolfsburg	€		–	100.00	100.00	36,969	12,821		2009
Volkswagen Zubehör GmbH, Dreieich	€		100.00	–	100.00	8,969	–	1)	2009
Volkswagen-Versicherungsdienst GmbH, Braunschweig	€		–	100.00	100.00	54,369	11,026		2009

Name and domicile of company	Currency	Exchange rate (€1 =) Dec. 31, 2009	VW AG's interest in capital in % Direct	Indirect	Total	Equity in thousands, local currency	Profit/loss in thousands, local currency	Footnote	Year
VW Kraftwerk GmbH, Wolfsburg	€		100.00	–	100.00	99,214	–	1)	2009
VW Wohnungs GmbH & Co. KG, Wolfsburg	€		–	100.00	100.00	83,865	15,499		2009
2. International									
Aconcagua Vehiculos Comerciales S.A., Mendoza	ARS	5.4681	–	100.00	100.00	9,591	4,586		2008
Aktiebolaget Tönseth & Co, Södertälje	SEK	10.2520	–	100.00	100.00	8,015	151		2008
Astur Wagen, S.A., Gijón	€		–	100.00	100.00	3,370	−171		2008
Audi Australia Pty Limited, Botany	AUD	1.6008	–	100.00	100.00	77,946	5,991		2009
Audi Brasil Distribuidora de Veículos Ltda., São Paulo	BRL	2.5113	–	100.00	100.00	30,880	18,822		2009
AUDI BRUSSELS S.A./N.V., Brussels	€		99.99	0.01	100.00	235,800	8,911		2009
Audi Canada Inc., Ajax, Ontario	CAD	1.5128	–	100.00	100.00	11,862	13,303		2008
AUDI HUNGARIA MOTOR Kft., Györ	€		–	100.00	100.00	4,621,423	291,203		2009
Audi Japan K.K., Tokyo	JPY	133.1600	–	100.00	100.00	6,013,276	15,324		2009
Audi of America, LLC, Herndon, Virginia	USD	1.4406	–	100.00	100.00	48,218	35,250		2008
Audi Volkswagen Korea Ltd., Seoul	KRW	1,666.9700	–	100.00	100.00	18,351,407	581,126		2009
Audi Volkswagen Middle East FZE, Dubai	USD	1.4406	–	100.00	100.00	34,312	8,468		2009
AUTOEUROPA-AUTOMÓVEIS LDA., Palmela	€		–	100.00	100.00	370,855	14,288		2009
Automobili Lamborghini Holding S.p.A., Sant' Agata Bolognese	€		–	100.00	100.00	768,320	−38,338		2009
Automobili Lamborghini S.p.A., Sant' Agata Bolognese	€		–	100.00	100.00	343,975	−31,802		2009
Automotores del Atlantico S.A., Mar de Plata	ARS	5.4681	–	100.00	100.00	13,160	3,572		2008
Automotores Pesados S.A., Tucuman	ARS	5.4681	–	99.38	99.38	22,477	6,546		2008
Banco Volkswagen S.A., São Paulo	BRL	2.5113	–	100.00	100.00	1,161,305	241,168		2008
Barna Wagen, S.A., Barcelona	€		–	100.00	100.00	–	−1,563		2008
Beers N.V., The Hague	€		–	100.00	100.00	149,581	26,718		2008
Bentley Motor Cars Export Ltd., Crewe	GBP	0.8881	–	100.00	100.00	–	–	5)	2008
Bentley Motor Cars International S.A., Lausanne	CHF	1.4836	–	100.00	100.00	4,733	126	2)	2008
Bentley Motors Canada Ltd./Ltee., Montreal	CAD	1.5128	–	100.00	100.00	1,578	475		2007
Bentley Motors Ltd., Crewe	GBP	0.8881	100.00	–	100.00	–	−92,200		2008
Bentley Motors, Inc., Boston	USD	1.4406	–	100.00	100.00	–	–	11)	2008
Bugatti Automobiles S.A.S., Molsheim	€		–	100.00	100.00	20,578	351		2009
Bugatti International S.A., Luxembourg	€		100.00	–	100.00	3,163	914		2008
Castellana Wagen, S.A., Madrid	€		–	100.00	100.00	4,939	−1,265		2008
Cataluña Wagen, S.A., Barcelona	€		–	100.00	100.00	4,623	−858		2008
Centro Técnico de SEAT, S.A., Martorell	€		–	100.00	100.00	133,285	887		2009
Codema Coml Import LTDA, Guarulhos	BRL	2.5113	–	99.99	99.99	95,798	12,150		2008
Conimco NV, Drongen	€		–	99.90	99.90	3,183	420		2008
Consórcio Nacional Volkswagen – Administradora de Consórcio Ltda., São Paulo	BRL	2.5113	–	100.00	100.00	114,905	37,458		2008
Crewe Genuine Ltd., Crewe	GBP	0.8881	–	100.00	100.00	–	–	5)	2008
Din Bil Fastigheter Malmö AB, Malmö	SEK	10.2520	–	100.00	100.00	689	48		2008
Din Bil Helsingborg AB, Helsingborg	SEK	10.2520	–	100.00	100.00	13,314	65		2008
Din Bil Stockholm Norr AB, Kista	SEK	10.2520	–	100.00	100.00	–	–	5)	2008
Din Bil Stockholm Söder AB, Stockholm	SEK	10.2520	–	100.00	100.00	–	–	5)	2008
Din Bil Sverige AB, Stockholm	SEK	10.2520	–	100.00	100.00	292,545	26,208		2009
Donbas-Scan-Service LLC, Makeevka	UAH	11.5450	–	99.00	99.00	19,470	2,461		2008
Dynamate AB, Södertälje	SEK	10.2520	–	100.00	100.00	35,011	78,921		2008
DynaMate Industrial Services AB, Södertälje	SEK	10.2520	–	100.00	100.00	–	–	5)	2009
DynaMate IntraLog AB, Södertälje	SEK	10.2520	–	100.00	100.00	6,100	2,941		2008
Europeisk Biluthyrning AB, Stockholm	SEK	10.2520	–	100.00	100.00	27,037	–	8)	2008
Fastighets AB Katalysatorn, Södertälje	SEK	10.2520	–	100.00	100.00	307	−9		2008
Fastighetsaktiebolaget Flygmotorn, Malmö	SEK	10.2520	–	100.00	100.00	18,815	1,707		2008
Fastighetsaktiebolaget Hjulnavet, Stockholm	SEK	10.2520	–	100.00	100.00	73,922	416		2008
Fastighetsaktiebolaget Motorblocket, Södertälje	SEK	10.2520	–	100.00	100.00	–	–	6)	2009
Fastighetsaktiebolaget Vindbron, Gothenburg	SEK	10.2520	–	100.00	100.00	33,459	−3		2008
Ferruform AB, Luleå	SEK	10.2520	–	100.00	100.00	279,851	−2,835		2008
GB&M Garage et Carrosserie SA, Geneva	CHF	1.4836	–	100.00	100.00	4,379	10		2008
Gearbox del Prat, S.A., El Prat de Llobregat	€		–	100.00	100.00	115,267	7,585		2009
Global Automotive C.V., Amsterdam	€		99.99	0.01	100.00	4,141,762	1,150,055		2009
Global Automotive Finance C.V., Amsterdam	€		–	100.00	100.00	507,010	−150		2009
Global VW Automotive B.V., Amsterdam	€		100.00	–	100.00	92,547	12,491		2009
Griffin Automotive Ltd, Road Town	TWD	46.0550	–	100.00	100.00	20,912	−6,033		2008
Groupe VOLKSWAGEN France s.a., Villers-Cotterêts	€		100.00	–	100.00	416,457	61,148		2009
Hedenlunda Fastighet AB, Flen	SEK	10.2520	–	100.00	100.00	5,597	38		2008
Import Volkswagen Group s.r.o., Prague	CZK	26.4730	–	100.00	100.00	559,360	138,713		2009
Italscania SPA, Trento	€		–	100.00	100.00	53,489	21,361		2008
James Young Ltd., Crewe	GBP	0.8881	–	100.00	100.00	–	–	5)	2008
Kiev-Scan LLC, Kiev	UAH	11.5450	–	100.00	100.00	–	–	6)	2009

Name and domicile of company	Currency	Exchange rate (€1 =) Dec. 31, 2009	VW AG's interest in capital in % Direct	Indirect	Total	Equity in thousands, local currency	Profit/loss in thousands, local currency	Footnote	Year
Lamborghini ArtiMarca S.p.A., Sant' Agata Bolognese	€		–	100.00	100.00	16,121	2,146		2009
Lark Air Ltd., George Town, Cayman Islands	USD	1.4406	–	100.00	100.00	–	–	6)	2008
Lauken International S.A., Montevideo	UYU	28.1460	–	100.00	100.00	–	–	6)	2009
Lauken S.A., Montevideo	UYU	28.1460	–	100.00	100.00	–	–	5)	2009
Leioa Wagen, S.A., Lejona (Vizcaya)	€		–	100.00	100.00	3,453	311		2008
Levante Wagen, S.A., Valencia	€		–	100.00	100.00	4,157	405		2009
Lion Air Services, Inc., George Town	USD	1.4406	–	100.00	100.00	–	–	11)	2008
LLC Scania Bus Leasing, Moscow	RUB	43.1540	–	100.00	100.00	5,169	−10,585		2008
Málaga Wagen, S.A., Málaga	€		–	100.00	100.00	1,197	−1,276		2009
MML S.p.A., Sant' Agata Bolognese	€		–	100.00	100.00	2,358	−3,990		2009
Motorcam S.A., Buenos Aires	ARS	5.4681	–	100.00	100.00	30,586	8,453		2008
Norsk Scania AS, Oslo	NOK	8.3000	–	100.00	100.00	214,136	186,444		2008
OOO Petroscan, St. Petersburg	RUB	43.1540	–	100.00	100.00	−13,976	21,251		2008
OOO Scania Service, Golitsino	RUB	43.1540	–	100.00	100.00	689,850	240,353		2008
OOO Volkswagen Group Rus, Kaluga	RUB	43.1540	28.06	65.72	93.78	–	–	3) 14)	2009
Oy Maakunnan Auto Ab, Seinäjoki	€		–	100.00	100.00	623	−6		2008
Oy Scan-Auto Ab, Helsinki	€		–	100.00	100.00	36,603	22,988		2008
Power Vehicle Co. Ltd., Bangkok	THB	47.9860	–	100.00	100.00	578	0		2008
Proarga, S.L., Pontevedra	€		–	100.00	100.00	493	66		2008
PSE Sverige AB, Södertälje	SEK	10.2520	–	100.00	100.00	681	–	8)	2008
Raven Air Ltd., George Town, Cayman Islands	USD	1.4406	–	100.00	100.00	–	–	6)	2008
Reliable Vehicles Ltd, London	GBP	0.8881	–	100.00	100.00	–	–	5)	2009
S.A.S. Scania Holding France, Angers	€		–	100.00	100.00	58,839	15,556		2008
Scagalicia, S.L., Pontevedra	€		–	100.00	100.00	2,731	273		2008
Scan Siam Service Co. Ltd, Bangkok	THB	47.9860	–	73.98	73.98	2,935	1,177		2008
Scanexpo International S.A., Montevideo	UYU	28.1460	–	100.00	100.00	–	–	6)	2009
Scanexpo S.A., Montevideo	UYU	28.1460	–	100.00	100.00	–	–	5)	2009
Scania (Hong Kong) Limited, Hong Kong	HKD	11.1709	–	100.00	100.00	–	–	6)	2009
Scania (Malyasia) SDN BHD, Kuala Lumpur	MYR	4.9326	–	100.00	100.00	30,062	7,280		2008
Scania AB, Södertälje	SEK	10.2520	49.29	–	49.29	12,198,000	2,897,000		2008
Scania Administradora de Consórcios Ltda, Cotia	BRL	2.5113	–	99.99	99.99	79,438	−2,428		2008
Scania Argentina S.A., Buenos Aires	ARS	5.4681	–	100.00	100.00	214,822	24,929		2008
Scania Asset Management AB, Södertälje	SEK	10.2520	–	100.00	100.00	10,529,412	0		2008
Scania Australia Pty Ltd, Melbourne	AUD	1.6008	–	100.00	100.00	27,816	2,827		2008
Scania Banco Brazil, Sao Paulo	BRL	2.5113	–	100.00	100.00	–	–		2009
Scania Beers B.V., The Hague	€		–	100.00	100.00	61,224	18,588		2008
Scania Beers Rayon II B.V., The Hague	€		–	100.00	100.00	0	0		2008
Scania Belgium SA-NV, Breda	€		–	100.00	100.00	75,749	−3,147		2008
Scania Biler A/S, Kolding	DKK	7.4418	–	100.00	100.00	94,212	10,209		2008
Scania Bosnia Hertzegovina d.o.o., Sarajevo	BAM	1.9558	–	100.00	100.00	3,047	54		2008
Scania Botswana (Pty) Ltd, Gaborone	BWP	9.5913	–	99.90	99.90	3,007	9,097		2008
Scania Bulgaria EOOD, Sofia	BGN	1.9558	–	100.00	100.00	11,919	4,723		2008
Scania Bus Belgium N.V.-S.A., Diegem	€		–	100.00	100.00	27,459	448		2008
Scania Bus Financing AB, Stockholm	SEK	10.2520	–	100.00	100.00	1,030,767	−12		2008
Scania Central Asia LLP, Almaty	KZT	213.8250	–	100.00	100.00	65,200	−92,633		2008
Scania Chile S.A., Santiago	CLP	730.2900	–	100.00	100.00	7,221,904	453,468		2008
Scania Comercial, S.A. de C.V., Queretaro	MXN	18.9223	–	100.00	100.00	−161074.00	−272		2008
Scania Commercial Vehicles Renting S.L., Madrid	€		–	100.00	100.00	5,005	374		2008
Scania Commerciale SPA, Trento	€		–	100.00	100.00	5,921	988		2008
Scania Credit AB, Södertälje	€		–	100.00	100.00	4,430	6,112		2008
Scania Credit Hrvatska d.o.o., Rakitje, Hrvatska	HRK	7.3000	–	100.00	100.00	1,000	146		2008
Scania Credit Romania IFN SA, Ciorogarla	RON	4.2363	–	100.00	100.00	14,386	4,342		2008
Scania Credit Ukraine Ltd, Kiev	UAH	11.5450	–	100.00	100.00	8,861	4,897		2008
Scania CV AB, Södertälje	SEK	10.2520	–	100.00	100.00	10,409,000	7,416,000		2008
Scania Czech Republic s.r.o., Prague	CZK	26.4730	–	100.00	100.00	510,278	177,799		2008
Scania Danmark A/S, Herlev	DKK	7.4418	–	100.00	100.00	174,330	46,972		2008
Scania de Mexico S.A. de CV, Queretaro	MXN	18.9223	–	100.00	100.00	372,331	100,191		2008
Scania de Venezuela S.A., Valencia	VEB	3,071.5500	–	100.00	100.00	6,886	1,118		2008
Scania del Peru S.A., Lima	PEN	4.1064	–	100.00	100.00	50,623	13,472		2008
Scania Delivery Center AB, Södertälje	SEK	10.2520	–	100.00	100.00	–	–	5)	2009
Scania East Adriatic Region d.o.o., Ljubljana	€		–	100.00	100.00	1,073	604		2008
Scania Eesti AS, Tallinn	EEK	15.6466	–	100.00	100.00	72,971	13,887		2008
Scania Europe Holding B.V., Zwolle	€		–	100.00	100.00	90,034	19,921		2007
Scania Finance Belgium N.V-S.A., Neder-Over-Heembeek	€		–	99.90	99.90	13,954	1,660		2008
Scania Finance Bulgaria EOOD, Sofia	BGN	1.9558	–	100.00	100.00	1,739	1,276		2008
Scania Finance Chile S.A., Santiago	CLP	730.2900	–	100.00	100.00	−98,843	−567,368		2008
Scania Finance Czech Republic Spol. s.r.o., Prague	CZK	26.4730	–	100.00	100.00	528,881	−244,959		2008

Name and domicile of company	Currency	Exchange rate (€1 =) Dec. 31, 2009	VW AG's interest in capital in % Direct	Indirect	Total	Equity in thousands, local currency	Profit/loss in thousands, local currency	Footnote	Year
Scania Finance France S.A.S., Angers	€		–	100.00	100.00	17,743	194		2008
Scania Finance Great Britain Ltd, Farringdon Place	GBP	0.8881	–	100.00	100.00	34,752	1,461		2008
Scania Finance Hispania EFC S.A., Madrid	€		–	100.00	100.00	19,073	−3,362		2008
Scania Finance Holding AB, Södertälje	SEK	10.2520	–	100.00	100.00	21,528	−23,876		2008
Scania Finance Holding Great Britain Ltd, London	GBP	0.8881	–	100.00	100.00	3,769	0		2008
Scania Finance Italy S.p.A, Trento	€		–	100.00	100.00	29,248	1,050		2008
Scania Finance Korea Ltd, Kyoung Sang Nam-Do	KRW	1,666.9700	–	100.00	100.00	33,484,559	2,203,338		2008
Scania Finance Luxembourg S.A., Münsbach	€		–	100.00	100.00	2,699	−143		2008
Scania Finance Magyarország zrt., Biatorbágy	HUF	270.4200	–	99.00	99.00	467,527	−222,561		2008
Scania Finance Nederland B.V., The Hague	€		–	100.00	100.00	37,407	6,803		2008
Scania Finance Polska Sp.z.o.o., Nadarzyn	PLN	4.1045	–	100.00	100.00	87,281	1,905		2008
Scania Finance Pty Ltd, Melbourne	AUD	1.6008	–	100.00	100.00	2	28		2008
Scania Finance Schweiz AG, Kloten	CHF	1.4836	–	100.00	100.00	2,420	−1,119		2008
Scania Finance Slovak Republic, Bratislava	€		–	100.00	100.00	508,000	−129,118		2008
Scania Finance Southern Africa (Pty) Ltd, Aerton Gauteng	ZAR	10.6660	–	100.00	100.00	133,554	35,861		2008
Scania Finans AB, Södertälje	SEK	10.2520	–	100.00	100.00	284,511	75,028		2008
Scania France S.A.S., Angers	€		–	100.00	100.00	50,043	16,150		2008
Scania Great Britain Ltd, Milton Keynes	GBP	0.8881	–	100.00	100.00	56,314	46,392		2008
Scania Group Treasury B.V., The Hague	SEK	10.2520	–	100.00	100.00	1,217	−72		2008
Scania Group Treasury Belgium N.V., Neder-over-Heembeek	€		–	100.00	100.00	–	–	6)	2009
Scania Hispania Holding S.L., Madrid	€		–	100.00	100.00	4,648	19,296		2008
Scania Hispania S.A., Madrid	€		–	100.00	100.00	18,788	10,039		2008
Scania Holding Inc, Wilmington	USD	1.4406	–	100.00	100.00	11,104	−535		2008
Scania Hrvatska d.o.o., Zagreb	HRK	7.3000	–	100.00	100.00	15,997	−2,673		2008
Scania Hungaria KFT, Biatorbágy	HUF	270.4200	–	100.00	100.00	1,627,738	2,809		2008
Scania Infomate Zwolle, Zwolle	€		–	100.00	100.00	1,944	−108		2008
Scania Insurance Belgium BVBA, Brussels	€		–	100.00	100.00	–	–	6)	2009
Scania Insurance Nederland B.V., The Hague	€		–	100.00	100.00	562	104		2008
Scania Investimentos Imobiliários S.A., Santa Iria de Azóla	€		–	100.00	100.00	–	–	6)	2009
Scania IT AB, Södertälje	SEK	10.2520	–	100.00	100.00	53,381	1,729		2008
Scania IT Angers S.A.S, Angers	€		–	100.00	100.00	1,109	163		2008
Scania Japan Limited, Tokyo	JPY	133.1600	–	100.00	100.00	–	–	6)	2009
Scania Korea Ltd, Seoul	KRW	1,666.9700	–	100.00	100.00	24,375,323	512,635		2008
Scania Latin America Ltda, São Bernardo do Campo	BRL	2.5113	–	100.00	100.00	688,408	499,624		2008
Scania Latvia SIA, Riga	LVL	0.7093	–	100.00	100.00	4,605	1,327		2008
Scania Leasing d.o.o., Ljubljana	€		–	100.00	100.00	–	–	6)	2009
Scania Leasing OOO, Moscow	RUB	43.1540	–	100.00	100.00	−148,086	−319,468		2008
Scania Leasing Österreich Ges.m.b.H, Brunn am Gebirge	€		–	100.00	100.00	18,035	1,735		2007
Scania Lízing KFT, Biatorbágy	HUF	270.4200	–	100.00	100.00	−111211.00	−360,048		2008
Scania Locations S.A.S., Angers	€		–	100.00	100.00	10,917	1,511		2008
Scania Luxembourg S.A., Münsbach	€		–	99.90	99.90	3,471	1,044		2008
Scania Malaga S.L., Malaga	€		–	100.00	100.00	–	–	6)	2009
Scania Maroc S.A., Casablanca	MAD	11.3319	–	100.00	100.00	20,116	15,207		2008
Scania Multi Services S.A.S., Angers	€		–	100.00	100.00	–	–	5)	2009
Scania Nederland Holding B.V., Zwolle	€		–	100.00	100.00	–	–	5)	2009
Scania Networks B.V., The Hague	€		–	100.00	100.00	2,914	612		2008
Scania Omni AB, Södertälje	SEK	10.2520	–	100.00	100.00	3,522	−155,583		2008
Scania Österreich GmbH, Brunn am Gebirge	€		–	100.00	100.00	15,329	4,973		2008
Scania Österreich Holding GmbH, Brunn am Gebirge	€		–	100.00	100.00	–	–	5)	2009
Scania Overseas AB, Södertälje	SEK	10.2520	–	100.00	100.00	44,325	−95		2008
Scania Parts Logistics AB, Södertälje	SEK	10.2520	–	100.00	100.00	120	4,666		2008
Scania Peter OOO, St. Petersburg	RUB	43.1540	–	100.00	100.00	242,286	191,339		2008
Scania Plan S.A., Buenos Aires	ARS	5.4681	–	96.66	96.66	3,944	336		2008
Scania Polska S.A., Warsaw	PLN	4.1045	–	100.00	100.00	102,944	15,710		2008
Scania Portugal S.A., Santa Iria de Azóia	€		–	100.00	100.00	5,000	443		2008
Scania Production Angers S.A.S., Angers	€		–	100.00	100.00	28,789	1,290		2008
Scania Production Meppel B.V., Meppel	€		–	100.00	100.00	10,308	990		2008
Scania Production Slupsk S.A., Slupsk	PLN	4.1045	–	100.00	100.00	34,641	7,808		2008
Scania Production Zwolle B.V., Zwolle	€		–	100.00	100.00	46,632	5,719		2008
Scania Real Estate AB, Södertälje	SEK	10.2520	–	100.00	100.00	86,125	−3,788		2008
Scania Real Estate s.r.o., Bratislava	€		–	100.00	100.00	–	–	6)	2009
Scania Real Estate Services AB, Södertälje	SEK	10.2520	–	100.00	100.00	120	0		2008
Scania Rent Romania SRL, Ciorogarla	RON	4.2363	–	100.00	100.00	–	–	6)	2009
Scania Romania SRL, Ciorogarla	RON	4.2363	–	100.00	100.00	22,871	6,652		2008

Name and domicile of company	Currency	Exchange rate (€1 =) Dec. 31, 2009	VW AG's interest in capital in % Direct	Indirect	Total	Equity in thousands, local currency	Profit/loss in thousands, local currency	Footnote	Year
Scania Russia, Moscow	RUB	43.1540	–	100.00	100.00	2,067,923	393,634		2008
Scania Sales & Services AB, Södertälje	SEK	10.2520	–	100.00	100.00	738,605	487,161		2008
Scania Sales (China) Co Ltd, Beijing	CNY	9.8350	–	100.00	100.00	43,130	−3,617		2008
Scania Schweiz AG, Kloten	CHF	1.4836	–	100.00	100.00	12,967	9,500		2008
Scania Services S.A., Buenos Aires	ARS	5.4681	–	100.00	100.00	6,917	691		2008
Scania Servicios, S.A. de C.V., Queretaro	MXN	18.9223	–	100.00	100.00	11,253	2,682		2008
Scania Siam Co Ltd, Bangkok	THB	47.9860	–	99.90	99.90	194,623	34,741		2008
Scania Siam Leasing Co. Ltd., Bangkok	THB	47.9860	–	100.00	100.00	68,553	13,339		2008
Scania Singapore Pte Ltd, Singapore	SGD	2.0194	–	100.00	100.00	5,252	1,589		2008
Scania Slovakia s.r.o., Bratislava	€		–	100.00	100.00	12,571	2,527		2008
Scania Slovenija d.o.o., Ljubljana	€		–	100.00	100.00	4,259	78		2008
Scania South Africa Pty Ltd, Sandton	ZAR	10.6660	–	100.00	100.00	356,124	139,968		2008
Scania Srbia d.o.o., Belgrad	RSD	96.1133	–	100.00	100.00	114,491	44,409		2008
Scania Sverige AB, Södertälje	SEK	10.2520	–	100.00	100.00	108,457	115,963		2008
Scania Tanzania Ltd, Dar Es Salaam	TZS	1,888.9000	–	100.00	100.00	9,194,717	2,121,790		2008
Scania Thailand Co Ltd, Bangkok	THB	47.9860	–	99.99	99.99	47,556	12,435		2008
Scania Trade Development AB, Södertälje	SEK	10.2520	–	100.00	100.00	271,400	−35,720		2008
Scania Treasury AB, Södertälje	SEK	10.2520	–	100.00	100.00	6,663,166	147,002		2008
Scania Treasury Belgium NV, Neder-Over-Heembeek	SEK	10.2520	–	100.00	100.00	25,544,920	1,107,492		2008
Scania Treasury Netherland B.V., The Hague	SEK	10.2520	–	100.00	100.00	4,196	−36		2008
Scania Truck & Busses AB, Södertälje	SEK	10.2520	–	100.00	100.00	–	–	5)	2009
Scania Truck Financing AB, Södertälje	SEK	10.2520	–	100.00	100.00	292,230	9,503		2008
Scania Tüketici Finansmani A.S., Istanbul	TRY	2.1547	–	100.00	100.00	15,604	−1,574		2008
Scania Ukraine LLC, Kiev	UAH	11.5450	–	99.00	99.00	−53242.00	−82,285		2008
Scania USA Inc, San Antonio, TX	USD	1.4406	–	100.00	100.00	3,151	−1,111		2008
Scanlink Ltd, Milton Keynes	GBP	0.8881	–	100.00	100.00	–	–	5)	2009
SCANRENT – Alguer de Viaturas sem Condutor, S.A, Lisbon	€		–	100.00	100.00	124	−36		2008
Scaramancha S.L., Zarragosa	€		–	100.00	100.00	–	–	6)	2009
SEAT Motor España S.A., Barcelona	€		–	100.00	100.00	10,221	−3,758		2009
SEAT Portugal Unipessoal, Lda., Lisbon	€		–	100.00	100.00	1,121	13		2009
SEAT, S.A., Martorell	€		100.00	–	100.00	837,864	−186,517		2009
SERVILEASE, S.A., Madrid	€		–	100.00	100.00	11,894	1,097		2008
Seville Wagen, S.A., Seville	€		–	100.00	100.00	6,703	1,613		2008
SITECH Sp.z o.o., Polkowice	PLN	4.1045	–	100.00	100.00	438,365	39,334		2009
SKODA AUTO a.s., Mladá Boleslav	CZK	26.4730	–	100.00	100.00	71,721,183	11,267,418	12)	2008
SKODA AUTO India Private Limited, Aurangabad	INR	67.0400	–	100.00	100.00	2,352,371	−703,028		2009
SKODA AUTO POLSKA S.A., Poznan	PLN	4.1045	–	51.00	51.00	48,505	16,610		2009
SKODA AUTO Slovensko, s.r.o., Bratislava	€		–	100.00	100.00	13,942	1,645		2009
ŠkoFIN s.r.o., Prague	CZK	26.4730	–	100.00	100.00	4,153,366	527,716		2009
Södertälje Bil Invest AB, Södertälje	SEK	10.2520	–	100.00	100.00	203,793	29,744		2008
Stockholms Industriassistans AB, Stockholm	SEK	10.2520	–	100.00	100.00	10,741	5,483		2008
Suvesa Super Veics Pesados LTDA, Canoas	BRL	2.5113	–	99.99	99.99	44,378	6,723		2008
Svenska Mektek AB, Enköping	SEK	10.2520	–	100.00	100.00	2,298	1,661		2008
Thommen Nutzfahrzeuge AG, Rümlingen	CHF	1.4836	–	100.00	100.00	3,489	427		2008
Transportlaboratorium AB, Södertälje	SEK	10.2520	–	100.00	100.00	–	–	6)	2009
Truck Namibia (Pty) Ltd, Windhoek	NAD	10.6081	–	100.00	100.00	14,297	9,345		2008
UAB Scania Lietuva, Vilnius	LTL	3.4528	–	100.00	100.00	24,291	10,225		2008
Vabis Försäkrings AB, Södertälje	SEK	10.2520	–	100.00	100.00	132,091	7,823		2008
Valladolid Wagen, S.A., Valladolid	€		–	100.00	100.00	2,641	486		2008
Vallehermoso Wagen, S.A., Madrid	€		–	100.00	100.00	2,956	−491		2008
VCI Loan Services, LLC, Salt Lake City, Utah	USD	1.4406	–	100.00	100.00	–	–	11)	2008
Volkswagen (China) Investment Company Ltd., Beijing	CNY	9.8350	100.00	–	100.00	4,664,029	1,164,541		2008
Volkswagen Argentina S.A., Buenos Aires	ARS	5.4681	–	100.00	100.00	668,303	224,737		2009
Volkswagen Auto Lease Entity, LLC, Wilmington, Delaware	USD	1.4406	–	100.00	100.00	–	–	11)	2008
VOLKSWAGEN AUTO LEASE LOAN UNDERWRITTEN FUNDING, LLC, Wilmington, Delaware	USD	1.4406	–	100.00	100.00	–	–	11)	2008
VOLKSWAGEN AUTO LOAN VEHICLE, LLC, Wilmington, Delaware	USD	1.4406	–	100.00	100.00	–	–	11)	2008
VOLKSWAGEN AUTO SECURITIZATION TRANSACTION, L.L.C., Wilmington, Delaware	USD	1.4406	–	100.00	100.00	–	–	5) 11)	2008
VOLKSWAGEN AUTOMOTIVE FINANCE, LLC, Wilmington, Delaware	USD	1.4406	–	100.00	100.00	–	–	11)	2008
VOLKSWAGEN BANK SA INSTITUCION DE BANCA MULTIPLE, Puebla	MXN	18.9223	–	100.00	100.00	504,590	−35,962		2009
Volkswagen Credit Compania Financiera S.A., Buenos Aires	ARS	5.4681	–	100.00	100.00	33,573	3,249		2008

Name and domicile of company	Currency	Exchange rate (€1 =) Dec. 31, 2009	VW AG's interest in capital in % Direct	Indirect	Total	Equity in thousands, local currency	Profit/loss in thousands, local currency	Footnote	Year
Volkswagen de México, S.A. de C.V., Puebla/Pue	MXN	18.9223	100.00	–	100.00	22,275,800	2,764,500		2008
VOLKSWAGEN DEALER FINANCE, LLC, Wilmington, Delaware	USD	1.4406	–	100.00	100.00	–	–	11)	2008
Volkswagen do Brasil Indústria de Veículos Automotores Ltda., São Bernardo do Campo	BRL	2.5113	–	100.00	100.00	2,968,807	1,245,155		2008
Volkswagen Enhanced Auto Loan, LLC., Wilmington, Delaware	USD	1.4406	–	100.00	100.00	–	–	11)	2008
VOLKSWAGEN FINANCE BELGIUM S.A., Brussels	€		–	100.00	100.00	9,099	2,452		2009
Volkswagen Finance Cooperation B.V., Amsterdam	€		–	100.00	100.00	–	−111		2009
Volkswagen Finance Overseas B.V., Amsterdam	€		–	100.00	100.00	507,020	−117		2009
VOLKSWAGEN FINANCE, S.A. – ESTABLECIMIENTO FINANCIERO DE CRÉDITO – , Madrid	€		–	100.00	100.00	290,612	16,976		2008
Volkswagen Financial Services (UK) (June) Ltd., Milton Keynes	GBP	0.8881	–	100.00	100.00	–	–	5)	2009
Volkswagen Financial Services (UK) (March) Ltd., Milton Keynes	GBP	0.8881	–	100.00	100.00	–	–	5)	2009
Volkswagen Financial Services (UK) (September) Ltd., Milton Keynes	GBP	0.8881	–	100.00	100.00	–	–	5)	2009
Volkswagen Financial Services (UK) Ltd., Milton Keynes	GBP	0.8881	–	100.00	100.00	173,057	42,578		2009
VOLKSWAGEN FINANCIAL SERVICES AUSTRALIA PTY LIMITED, Botany	AUD	1.6008	–	100.00	100.00	26,272	2,357		2008
VOLKSWAGEN FINANCIAL SERVICES JAPAN LTD., Tokyo	JPY	133.1600	–	100.00	100.00	5,909,022	857,895		2009
Volkswagen Financial Services N.V, Amsterdam	€		–	100.00	100.00	24,876	2,564		2009
Volkswagen Finans Sverige AB, Södertälje	SEK	10.2520	–	100.00	100.00	150,785	2,936		2009
Volkswagen Global Finance Holding B.V., Amsterdam	€		–	100.00	100.00	33	14		2009
VOLKSWAGEN GROUP AUSTRALIA PTY LTD., Botany	AUD	1.6008	–	100.00	100.00	52,007	1,326		2009
Volkswagen Group Canada, Inc., Ajax, Ontario	CAD	1.5128	100.00	–	100.00	219,163	42,072	12)	2008
VOLKSWAGEN GROUP FIRENZE S.P.A., Florence	€		–	100.00	100.00	3,626	−1,171		2009
VOLKSWAGEN GROUP ITALIA S.P.A., Verona	€		–	100.00	100.00	310,859	19,526		2009
VOLKSWAGEN Group Japan K.K., Toyohashi	JPY	133.1600	–	100.00	100.00	25,510,012	790,314		2009
Volkswagen Group of America Chattanooga Operations, LLC., Herndon	USD	1.4406	–	100.00	100.00	–	–	6)	2008
Volkswagen Group of America, Inc., Herndon, Virginia	USD	1.4406	100.00	–	100.00	617,022	32,868	10) 12)	2008
Volkswagen Group Sales India P.L., Mumba	INR	67.0400	91.00	9.00	100.00	3,194,429	−1,789,423	3)	2009
Volkswagen Group Services S.A., Brussels	€		100.00	–	100.00	4,597,982	86,663		2009
Volkswagen Group Sverige Aktiebolag, Södertälje	SEK	10.2520	–	100.00	100.00	564,729	144,241		2008
VOLKSWAGEN Group United Kingdom Ltd., Milton Keynes	GBP	0.8881	100.00	–	100.00	767,500	44,200		2008
VOLKSWAGEN HOLDING FINANCIÈRE S.A., Villers-Cotterêts	€		–	100.00	100.00	186,530	3,098		2009
Volkswagen Import Company Ltd., Tianjin	CNY	9.8350	–	100.00	100.00	88,973	14,157		2008
VOLKSWAGEN INDEPENDENT BORROWING ENTITY, LLC, Wilmington, Delaware	USD	1.4406	–	100.00	100.00	–	–	11)	2008
Volkswagen India Private Ltd., Pune	INR	67.0400	91.00	9.00	100.00	10,679,815	−7,610	3)	2008
Volkswagen International Finance N.V., Amsterdam	€		–	100.00	100.00	4,442,917	1,075,462		2009
Volkswagen International Payment Services N.V., Amsterdam	€		–	100.00	100.00	788,843	22,809		2009
Volkswagen IT Service Sverige AB, Södertälje	SEK	10.2520	–	100.00	100.00	–	–	5) 8)	2008
VOLKSWAGEN LEASING SA DE CV, Puebla	MXN	18.9223	–	100.00	100.00	982,128	456,063		2009
Volkswagen Motor Polska Sp.z o.o., Polkowice	PLN	4.1045	–	100.00	100.00	589,765	74,435		2008
Volkswagen Navarra, S.A., Polígono de Landaben, s/n, Arazurí (Navarra)	€		–	100.00	100.00	608,593	13,222		2009
Volkswagen of South Africa (Pty.) Ltd., Uitenhage	ZAR	10.6660	100.00	–	100.00	5,551,135	124,692		2009
VOLKSWAGEN OPERATING LEASE TRANSACTION, LLC, Wilmington, Delaware	USD	1.4406	–	100.00	100.00	–	–	11)	2008
Volkswagen Participações Ltda., São Paulo	BRL	2.5113	–	100.00	100.00	1,201,925	60,510		2008
Volkswagen Parts Logistics Sverige AB, Södertälje	SEK	10.2520	–	100.00	100.00	–	–	5) 8)	2008
Volkswagen Poznan Sp.z o.o., Poznan	PLN	4.1045	–	100.00	100.00	2,357,612	250,213		2009
Volkswagen Public Auto Loan Securitization, LLC, Wilmington, Delaware	USD	1.4406	–	100.00	100.00	–	–	11)	2008
Volkswagen S.A. de Ahorro Para Fines Determinados, Buenos Aires	ARS	5.4681	–	100.00	100.00	30,355	12,113		2008
Volkswagen Serviços Ltda., São Paulo	BRL	2.5113	–	100.00	100.00	32,915	18,004		2008
VOLKSWAGEN SLOVAKIA, a.s., Bratislava	€		–	100.00	100.00	1,791,317	56,727		2009
VOLKSWAGEN Tokyo K.K., Tokyo	JPY	133.1600	–	100.00	100.00	1,169,447	210,136		2009

Name and domicile of company	Currency	Exchange rate (€1 =) Dec. 31, 2009	VW AG's interest in capital in % Direct	Indirect	Total	Equity in thousands, local currency	Profit/loss in thousands, local currency	Footnote	Year
Volkswagen-Audi España, S.A., El Prat de Llobregat	€		–	100.00	100.00	214,130	30,913		2009
Volkswagen-Versicherungsdienst Gesellschaft m.b.H., Vienna	€		–	100.00	100.00	6,440	3,500		2009
VW Credit Canada, Inc., St. Laurent, Quebec	CAD	1.5128	–	100.00	100.00	–	–	11)	2008
VW Credit Leasing Ltd., Wilmington, Delaware	USD	1.4406	–	100.00	100.00	–	–	11)	2008
VW Credit, Inc., Auburn Hills, MI	USD	1.4406	–	100.00	100.00	–	–	11)	2008
Wagens Retail, S.L., Barcelona	€		–	100.00	100.00	–	–	6)	2009
B. Unconsolidated companies									
1. Germany									
4Collection GmbH, Braunschweig	€		–	100.00	100.00	25	–	1)	2009
Audi Akademie GmbH, Ingolstadt	€		–	100.00	100.00	2,280	–	1)	2009
Audi Electronics Venture GmbH, Gaimersheim	€		–	100.00	100.00	15,703	–	1)	2009
AUDI Immobilien GmbH & Co. KG, Ingolstadt	€		–	100.00	100.00	7	39		2009
AUDI Immobilien Verwaltung GmbH, Ingolstadt	€		–	100.00	100.00	55	7		2009
Audi Qualifizierungsgesellschaft mbH, Ingolstadt	€		–	100.00	100.00	25	–	1)	2009
Audi Stiftung für Umwelt GmbH, Ingolstadt	€		–	100.00	100.00	5,013	13	4) 6)	2009
Audi Zentrum Frankfurt GmbH, Frankfurt am Main	€		–	100.00	100.00	8,000	–	1)	2009
Audi Zentrum Leipzig GmbH, Leipzig	€		–	100.00	100.00	9,500	–	1)	2009
Audi Zentrum Stuttgart GmbH, Stuttgart	€		–	100.00	100.00	6,678	–	1)	2009
Auto Union GmbH, Ingolstadt	€		–	100.00	100.00	354	–	1)	2009
Automotive Safety Technologies GmbH, Gaimersheim	€		–	75.50	75.50	1,513	12		2009
AVG Automobilvertriebsgesellschaft mbH, Hanover	€		–	100.00	100.00	–	–		2008
AZU Autoteile und -zubehör Vertriebs GmbH, Dreieich	€		–	100.00	100.00	57	0		2008
Brandenburgische Automobil GmbH, Potsdam	€		–	100.00	100.00	2,704	−21		2008
Carmeq GmbH, Berlin	€		–	100.00	100.00	3,100	–	1)	2008
CC WellCom GmbH, Potsdam	€		–	100.00	100.00	1,244	–	1)	2009
Fahr- und Sicherheitstraining FuS GmbH, Ingolstadt	€		–	27.45	27.45	53	888		2009
Groupe Volkswagen France Grundstücksgesellschaft mbH, Wolfsburg	€		–	100.00	100.00	25	0		2008
Karosserie- und Lackierzentrum Potsdam GmbH & Co. KG, Potsdam	€		–	100.00	100.00	765	224		2008
Karosserie- und Lackierzentrum Potsdam Verwaltungs-GmbH, Potsdam	€		–	100.00	100.00	49	5		2008
Kunden Club GmbH des Volkswagen-Konzerns, Wolfsburg	€		100.00	–	100.00	144	–	1)	2008
MMI Marketing Management Institut GmbH, Braunschweig	€		100.00	–	100.00	512	–	1)	2008
NSU GmbH, Neckarsulm	€		–	100.00	100.00	326	–	1)	2009
SEAT Deutschland Niederlassung GmbH, Frankfurt	€		–	100.00	100.00	244	−66		2009
stop+go Systemzentrale GmbH, Unna	€		–	100.00	100.00	3,500	–	1)	2008
Vehicle Trading International (VTI) GmbH, Braunschweig	€		–	100.00	100.00	2,763	−678		2008
VfL Wolfsburg-Fußball GmbH, Wolfsburg	€		100.00	–	100.00	2,438	556	3)	2008
Volkswagen Automobile Berlin-Tegel GmbH & Co. KG, Berlin	€		–	100.00	100.00	4,448	−128		2008
Volkswagen Automobile Berlin-Zehlendorf GmbH, Berlin	€		–	100.00	100.00	1,749	103		2008
Volkswagen Automobile Chemnitz GmbH, Chemnitz	€		–	100.00	100.00	6,439	232	13)	2008
Volkswagen Automobile Frankfurt GmbH, Frankfurt a.M	€		–	100.00	100.00	4,557	−29,306		2008
VOLKSWAGEN Automobile Leipzig GmbH, Leipzig	€		–	100.00	100.00	12,902	−273	13)	2008
Volkswagen Automobile Ostfriesland GmbH, Aurich	€		–	100.00	100.00	1,733	−2,278	13)	2008
Volkswagen Automobile Rhein-Neckar GmbH, Mannheim	€		–	100.00	100.00	7,382	−5,098	13)	2008
Volkswagen Automobile Stuttgart GmbH, Stuttgart	€		–	100.00	100.00	46	8	13)	2008
Volkswagen Coaching GmbH, Wolfsburg	€		100.00	–	100.00	5,369	–	1)	2009
Volkswagen Design Center Potsdam GmbH, Potsdam	€		–	100.00	100.00	2,521	–	1)	2009
Volkswagen Insurance Brokers GmbH, Braunschweig	€		–	100.00	100.00	1,076	−622		2008
Volkswagen Klassik GmbH, Wolfsburg	€		–	100.00	100.00	25	–	1) 5)	2008
Volkswagen Motorsport GmbH, Hanover	€		–	100.00	100.00	2,034	–	1)	2008
Volkswagen Motorsport Verwaltungs GmbH, Hanover	€		–	100.00	100.00	1,092	2		2008
Volkswagen Osnabrück GmbH, Braunschweig	€		100.00	–	100.00	–	–	5)	2009

Name and domicile of company	Currency	Exchange rate (€1 =) Dec. 31, 2009	VW AG's interest in capital in % Direct	Indirect	Total	Equity in thousands, local currency	Profit/loss in thousands, local currency	Footnote	Year
Volkswagen Procurement Services GmbH, Wolfsburg	€		–	100.00	100.00	100	–	1)	2008
Volkswagen Qualifizierungsgesellschaft mbH, Wolfsburg	€		–	100.00	100.00	503	–	1)	2009
Volkswagen Retail Dienstleistungsgesellschaft mbH & Co. Betriebs-KG, Berlin	€		–	100.00	100.00	233	0		2008
Volkswagen Retail Dienstleistungsgesellschaft mbH, Berlin	€		–	100.00	100.00	27	−1		2008
Volkswagen Vertriebsbetreuungsgesellschaft mbH, Chemnitz	€		100.00	–	100.00	1,182	266		2008
Volkswagen Zentrum Bochum GmbH, Bochum	€		–	100.00	100.00	–	–	5) 13)	2008
Volkswagen Zentrum Bochum Verwaltungsgesellschaft mbH, Bochum	€		–	100.00	100.00	7,025	0	13)	2008
Volkswagen-Bildungsinstitut GmbH, Zwickau	€		–	100.00	100.00	256	–	1)	2009
VWL Funding 2008-1 GmbH, Braunschweig	€		–	100.00	100.00	25	–	5)	2009
Weser-Ems Vertriebsgesellschaft mbH, Bremen	€		81.25	–	81.25	5,908	1,894		2008
ZENDA Dienstleistungen GmbH, Würzburg	€		–	100.00	100.00	593	103		2008
2. International									
1998 Ltd., Springfield, Virginia	USD	1.4406	–	100.00	100.00	–	−485		2008
Amer Assurantien B.V., Amersfoort	€		–	100.00	100.00	–	–	11)	2008
Apolo Administradora de Bens S/S Ltda., São Bernardo do Campo, SP	BRL	2.5113	–	100.00	100.00	–	–		2008
ASSIVALO PRESTAÇÃO DE SERVIÇOS AUXILIARES DO SETOR DE SEGUROS LTDA., São Paulo	BRL	2.5113	–	70.00	70.00	1,537	89		2008
Audi (China) Enterprise Management Co. Ltd., Beijing	CNY	9.8350	–	100.00	100.00	51,956	1,956	6)	2009
Audi Akademie Hungaria Kft., Györ	HUF	270.4200	–	100.00	100.00	45,251	−51,835		2008
AUDI AUSTRALIA RETAIL OPERATIONS PTY LTD, Botany	AUD	1.6008	–	100.00	100.00	1,395	89		2009
Audi Japan Sales K.K., Tokyo	JPY	133.1600	–	100.00	100.00	–	−718,144		2009
Audi Real Estate, S.L., El Prat de Llobregat	€		–	100.00	100.00	14,427	58		2008
AUDI SINGAPORE PTE. LTD., Singapore	SGD	3.3400	–	100.00	100.00	5,400	–		2008
AUDI TAIWAN CO. LTD., Taipei	TWD	46.0550	–	100.00	100.00	93,338	7,410		2008
Audi Tooling Barcelona, S.L., Barcelona	€		–	100.00	100.00	2,455	462		2008
Automobiles Villers Services S.A.S., Villers-Cotterêts	€		–	100.00	100.00	67	29		2008
Automobili Lamborghini America, LLC, Wilmington, Delaware	USD	1.4406	–	100.00	100.00	60	7		2009
Automotive Components International RUS OOO, Kaluga	RUB	43.1540	–	100.00	100.00	–	–	5)	2008
Autovisão Brasil Desenvolvimento de Negócios Ltda., São Bernardo do Campo	BRL	2.5113	–	100.00	100.00	181	8		2008
AutoVision Magyarország Kft., Györ	HUF	270.4200	–	100.00	100.00	–	–	6)	2008
AutoVision People, Empresa de trabalho temporário, unipessoal, Lda., Palmela	€		–	100.00	100.00	61	111		2008
AutoVision S.A., Brussels	€		–	100.00	100.00	2,237	2,169		2008
AUTOVISION SLOVAKIA, s.r.o., Bratislava	€		–	100.00	100.00	–	–	6)	2008
A-Vision – Prestação de Serviços á Indústria Automóvel, unipessoal, Lda., Palmela	€		–	100.00	100.00	1,356	846		2008
Bentley Insurance Services Ltd., Crewe	GBP	0.8881	–	100.00	100.00	221	−3		2008
Bentley Motor Cars, Inc., New York	USD	1.4406	–	100.00	100.00	–	–	5)	2008
Bentley Motor Export Services Ltd., Crewe	GBP	0.8881	–	100.00	100.00	–	–	5)	2008
Cariviera S.A.S., Nice	€		–	100.00	100.00	636	−377		2008
Centre Automobile De La Riviera Car S.A.S., Nice	€		–	100.00	100.00	–	−445		2008
Centro Usato Sangallo S.r.l., Florence	€		–	100.00	100.00	50	12		2009
DFM Verzekeringen B.V., Diemen	€		–	100.00	100.00	–	–	11)	2008
H. J. Mulliner & Co. Ltd., Crewe	GBP	0.8881	–	100.00	100.00	–	–	5)	2008
Hamlin Services LLC, Wilmington, Delaware	USD	1.4406	–	100.00	100.00	–	–	5)	2008
INIS International Insurance Service s.r.o., Mladá Boleslav	CZK	26.4730	–	100.00	100.00	28,124	22,552		2008
Instituto para Formación y Desarollo Volkswagen, S.C., Puebla/Pue	MXN	18.9223	–	100.00	100.00	999	−14,218		2008
InterRent Biluthyrning AB, Södertälje	SEK	10.2520	–	100.00	100.00	–	–	5)	2008
Limited Liability Company Volkswagen Financial Services RUS, Moscow	RUB	43.1540	–	100.00	100.00	320,110	110		2008
MULTIMARCAS CORRETORA DE SEGUROS S/S LTDA., São Paulo	BRL	2.5113	–	99.98	99.98	14	−1	10)	2008
NIRA Dynamics AB, Linköping	€		–	90.69	90.69	3,279	331		2009
Park Ward & Co. Ltd., Crewe	GBP	0.8881	–	100.00	100.00	–	–	5)	2008
Park Ward Motors Inc., Wilmington, Delaware	USD	1.4406	–	100.00	100.00	–	–	5)	2008
Picardie Auto Services S.A.S., Villers-Cotterêts	€		–	100.00	100.00	220	−98		2008
PUTT ESTATES (PROPRIETARY) LIMITED, Upington	ZAR	10.6660	–	100.00	100.00	1,546	600	3)	2009
Riviera Technic S.A.S., Mougins	€		–	100.00	100.00	1,182	−50		2008

Name and domicile of company	Currency	Exchange rate (€1 =) Dec. 31, 2009	VW AG's interest in capital in % Direct	Indirect	Total	Equity in thousands, local currency	Profit/loss in thousands, local currency	Footnote	Year
SASR Siebenundzwanzigste Beteiligungsverwaltung GmbH, Vienna	€		100.00	–	100.00	–	–	7)	2009
SEAT Center Arrabida Lda., Setúbal	€		–	100.00	100.00	284	–304		2009
Seat Saint-Martin S.A.S., Paris	€		–	100.00	100.00	386	–340		2009
SEAT Sport S.A., Martorell	€		–	100.00	100.00	3,961	8		2009
SOCIÉTÉ IMMOBILIÈRE AUDI SARL, Paris	€		–	100.00	100.00	17,744	–86		2009
V.V.S. Assuradeuren B.V., Diemen	€		–	100.00	100.00	–	–	11)	2008
VAREC Ltd., Tokyo	JPY	133.1600	–	100.00	100.00	105,936	24,280		2008
Villers Services Center S.A.S., Paris	€		–	100.00	100.00	–	–1,100		2008
Volksprop (Halfway House) (Pty.) Ltd., Uitenhage	ZAR	10.6660	–	100.00	100.00	–	–51		2008
VOLKSWAGEN Automatik Transmission (Dalian) Co., Ltd., Dalian	CNY	9.8350	–	100.00	100.00	531,478	–48,336	12)	2008
VOLKSWAGEN CORRETORA DE SEGUROS LTDA., Sao Paulo	BRL	2.5113	–	100.00	100.00	–	557		2008
Volkswagen Finance (China) Co., Ltd., Beijing	CNY	9.8350	–	100.00	100.00	915,233	38,795		2008
Volkswagen Finance Private LTD., Mumbai	INR	67.0400	–	100.00	100.00	–	–	6)	2009
VOLKSWAGEN FINANCIAL SERVICES SINGAPORE LTD., Singapore	SGD	2.0194	–	100.00	100.00	633	35		2008
Volkswagen Financial Services Taiwan Ltd., Taipei	TWD	46.0550	–	100.00	100.00	193,747	27,188		2008
Volkswagen Group Finanz OOO, Moscow	RUB	43.1540	–	100.00	100.00	167,344	–51,490		2008
Volkswagen Group Insurance and Risk Management Services Ltd., Milton Keynes	GBP	0.8881	–	100.00	100.00	–	–	5)	2008
Volkswagen Group Ireland Ltd., Dublin	€		–	100.00	100.00	–	–	6)	2008
Volkswagen Group Latin America, Inc., Miami, Florida	USD	1.4406	–	100.00	100.00	–	–1,076		2008
Volkswagen Group Malaysia Sdn. Bhd., Kuala Lumpur	MYR	4.9326	100.00	–	100.00	21,811	92		2008
VOLKSWAGEN GROUP MILANO S.R.L., Milan	€		–	100.00	100.00	545	–164		2008
Volkswagen Group Pension Scheme Trustee Ltd., Milton Keynes	GBP	0.8881	–	100.00	100.00	–	–	5)	2008
Volkswagen Group Singapore Pty. Ltd., Singapore	SGD	2.0194	100.00	–	100.00	10,114	–1,135		2007
Volkswagen Grundbesitz GmbH, Maria Wörth	€		–	100.00	100.00	35	–	6)	2009
Volkswagen Hong Kong Ltd., Hong Kong	HKD	11.1709	–	89.40	89.40	–	–	7)	2008
Volkswagen Insurance Company Ltd., Dublin	€		–	100.00	100.00	26,544	920		2008
VOLKSWAGEN INSURANCE SERVICE LTD., Milton Keynes	GBP	0.8881	–	100.00	100.00	1,130	1,013		2008
VOLKSWAGEN INSURANCE SERVICES, CORREDURIA DE SEGUROS, S.L., Barcelona	€		–	100.00	100.00	3,693	3,302		2008
Volkswagen Investments Ltd. Partnership, George Town	USD	1.4406	99.90	0.10	100.00	–	–	2) 5)	2008
Volkswagen Investments Ltd., Dublin	€		100.00	–	100.00	–	–	2) 5)	2008
Volkswagen Logistics Prestação de Serviços de Logística e Transporte Ltda., São Bernardo do Campo	BRL	2.5113	–	100.00	100.00	8,008	4,557		2008
VOLKSWAGEN SARAJEVO, d.o.o, Vogosca	BAM	1.9558	58.00	–	58.00	38,923	251		2008
Volkswagen Servicios de Administración de Personal, S.A. de C.V., Puebla	MXN	18.9223	–	100.00	100.00	10,985	10,851		2008
VOLKSWAGEN SERVICIOS SA DE CV, Puebla	MXN	18.9223	–	100.00	100.00	–	2,188		2008
Volkswagen Versicherungsdienst AG, Wallisellen	CHF	1.4836	–	100.00	100.00	2,350	717		2008
VVS Verzekerings-Service N.V., Amsterdam	€		–	60.00	60.00	1,718	1,491		2008
VWT Participações Ltda. – Participações em Outras Sociedades e Prestação de Serviços em Geral, Saõ Bernardo do Campo	BRL	2.5113	–	100.00	100.00	4,866	2,724		2008
III. JOINT VENTURES									
A. Equity-accounted investments									
1. Germany									
IAV GmbH Ingenieurgesellschaft Auto und Verkehr, Berlin	€		50.00	–	50.00	61,160	10,892		2008
Porsche Zwischenholding GmbH, Stuttgart	€		49.90	–	49.90	–	–	5) 7)	2009
2. International									
DFM Autofinanciering B.V., Amersfoort	€		–	100.00	100.00	–	–	11)	2008
DFM N.V., Amersfoort	€		–	100.00	100.00	–	–	11)	2008
DutchLease B.V., Rotterdam	€		–	100.00	100.00	–	–	11)	2008
FAW-Volkswagen Automotive Company, Ltd., Changchun	CNY	9.8350	20.00	20.00	40.00	20,886,045	10,634,064	12)	2009
Global Mobility Holding B.V., Amsterdam	€		–	50.00	50.00	2,090,456	–278	12)	2008
Lease+ B.V., Amersfoort	€		–	100.00	100.00	–	–	11)	2008
Lease+Balans B.V., Amersfoort	€		–	100.00	100.00	–	–	11)	2008
LeasePlan Corporation N.V., Amsterdam	€		–	–	9)	1,384,072	202,463	12)	2008
Midland Beheer B.V., Amersfoort	€		–	100.00	100.00	–	–	11)	2008
Shanghai Volkswagen Powertrain Company Ltd., Shanghai	CNY	9.8350	–	60.00	60.00	1,073,770	396,679		2009

Name and domicile of company	Currency	Exchange rate (€1 =) Dec. 31, 2009	VW AG's interest in capital in % Direct	Indirect	Total	Equity in thousands, local currency	Profit/loss in thousands, local currency	Footnote	Year
Shanghai-Volkswagen Automotive Company Ltd., Shanghai	CNY	9.8350	40.00	10.00	50.00	20,231,311	4,938,606		2009
vdf Faktoring Hizmetleri A.S., Istanbul	TRY		–	100.00	100.00	–	–	6)	2009
vdf Servis Holding A.Ş., Istanbul	TRY	2.1547	–	51.00	51.00	–	−143		2008
vdf SIGORTA ARACILIK HIZMETLERI A.Ş., Istanbul	TRY	2.1547	–	99.99	99.99	2,029	665		2008
VOLKSWAGEN BANK POLSKA S.A., Warsaw	PLN	4.1045	–	60.00	60.00	217,302	37,169	12)	2008
VOLKSWAGEN DOĞUŞ TÜKETICI FINANSMANI ANONIM ŞIRKETI, Maslak-Istanbul	TRY	2.1547	–	51.00	51.00	26,417	−27,969		2008
VOLKSWAGEN FAW Engine (Dalian) Co., Ltd., Dalian	CNY	9.8350	–	60.00	60.00	759,725	−6		2008
Volkswagen FAW Platform Company Ltd., Changchun	CNY	9.8350	–	60.00	60.00	481,916	16,440		2008
VOLKSWAGEN Finančné služby Slovensko s.r.o., Bratislava	SKK	30.1260	–	58.00	58.00	946,373	130,518	12)	2008
Volkswagen Leasing B.V., Amersfoort	€		–	100.00	100.00	–	–	11)	2008
Volkswagen Leasing Polska Sp. z o.o., Warsaw	PLN	4.1045	–	60.00	60.00	7,124	1,164	12)	2008
Volkswagen Pon Financial Services B.V., Amersfoort	€		–	60.00	60.00	191,954	23,531	10)	2008
VOLKSWAGEN SERWIS UBEZPIECZENIOWY SP. Z O.O., Warsaw	PLN	4.1045	–	100.00	100.00	18,504	18,454	12)	2008
VOLKSWAGEN Transmission (Shanghai) Company Ltd., Shanghai	CNY	9.8350	–	60.00	60.00	378,325	35,576		2008
B. Companies accounted for at cost									
1. Germany									
August Horch Museum Zwickau GmbH, Zwickau	€		–	50.00	50.00	754	66		2008
AUTOMEILE Ausstellungsgesellschaft m.b.H., Hamburg	€		–	50.00	50.00	29	–	5)	2008
e.solutions GmbH, Gaimersheim	€		–	49.00	49.00	892	366	4) 6)	2009
Ingolstadt	€		–	50.00	50.00	1,745	−676		2008
Elektronische Fahrwerksysteme GmbH, Gamersheim	€		–	49.00	49.00	–	–	6)	2009
Objekt Audi Zentrum Berlin-Charlottenburg Verwaltungsgesellschaft mbH, Berlin	€		–	50.00	50.00	61	2		2009
Objektgesellschaft Audi Zentrum Berlin-Charlottenburg GmbH & Co. KG, Berlin	€		–	50.00	50.00	5,719	355		2009
PMDTechnologies GmbH, Siegen	€		–	50.00	50.00	6,663	87		2009
VOLKSWAGEN VARTA Microbattery Forschungsgesellschaft mbH & Co. KG, Ellwangen	€		–	50.00	50.00	–	–	6)	2009
VOLKSWAGEN VARTA Microbattery Verwaltungsgesellschaft mbH, Ellwangen	€		–	50.00	50.00	–	–	6)	2009
Wolfsburg AG, Wolfsburg	€		50.00	–	50.00	19,569	8,404		2008
2. International									
Central Eléctrica Anhangüera Ltda., São Paulo	BRL	2.5113	–	40.00	40.00	–	–	7)	2008
Módulos Automotivos do Brasil Ltda., São José dos Pinhais, PR	BRL	2.5113	–	100.00	100.00	6,875	−11,024		2008
SAIC-VOLKSWAGEN Sales Company Ltd., Shanghai	CNY	9.8350	–	40.00	40.00	483,918	41,738		2008
SITECH Dongchang Automotive Seating Technology, Ltd., Shanghai	CNY	9.8350	–	60.00	60.00	80,634	12,406		2008
Sturups Bilservice AB, Malmö	SEK	10.2520	–	50.00	50.00	276,941	5,378		2008
Trio Bilservice AB, Västerås	SEK	10.2520	–	33.33	33.33	132,294	52		2008
Volkswagen Beijing Center Company Ltd., Beijing	CNY	9.8350	–	70.00	70.00	38,861	465		2008
VOLKSWAGEN Finančné služby Maklérska s.r.o., Bratislava	SKK	30.1260	–	58.00	58.00	60,595	60,375		2008
Volkswagen Møller BilFinans AS, Oslo	NOK		–	51.00	51.00	–	–	6)	2009
IV. ASSOCIATES									
A. Equity-accounted associates									
1. Germany									
Autoport Emden GmbH, Emden	€		–	33.33	33.33	62	11		2008
Autoport Emden GmbH, Emden	€		28.67	–	28.67	2,419,789	667,046		2008
2. International									
Bits Data i Södertälje AB, Södertälje	SEK	10.2520	–	33.00	33.00	17,105	2,814		2008
Cummins-Scania high pressure injection L.L.C., Columbus	USD	1.4406	–	30.00	30.00	7,333	92		2008
Cummins-Scania XPI Manufacturing L.L.C., Columbus	USD	1.4406	–	50.00	50.00	90,463	1,276		2008
H.R. Owen Plc., London	GBP	0.8881	–	27.91	27.91	–	–	7)	2008
Oppland Tungbilservice AS, Fagernes	NOK	8.3000	–	50.00	50.00	3,151	1,718		2008
Scamadrid S.A., Madrid	€		–	49.00	49.00	5,072	264		2008
ScaValencia, S.A., Valencia	€		–	26.00	26.00	9,020	1,001		2008
Tynset Diesel AS, Tynset	NOK	8.3000	–	50.00	50.00	3,961	973		2008

Name and domicile of company	Currency	Exchange rate (€1 =) Dec. 31, 2009	VW AG's interest in capital in % Direct	Indirect	Total	Equity in thousands, local currency	Profit/loss in thousands, local currency	Footnote	Year
B. Associates accounted for at cost									
1. Germany									
Abgaszentrum der Automobilindustrie (GbR), Weissach	€		–	–	–	–	–		
ALC – Auto-Lackier-Center GmbH, Chemnitz	€		–	20.00	20.00	611	133		2008
EXTESSY AG, Wolfsburg	€		–	22.95	22.95	81	–306		2007
Fahrzeugteile Service-Zentrum Mellendorf GmbH, Wedemark (Mellendorf)	€		26.00	23.70	49.70	3,063	–116		2008
GIF Gewerbe- und Industriepark Bad Friedrichshall GmbH, Bad Friedrichshall	€		–	30.00	30.00	2,195	326		2008
GVZ Entwicklungsgesellschaft Wolfsburg mbH, Wolfsburg	€		–	30.80	30.80	1,411	314		2008
Hönigsberg & Düvel Datentechnik GmbH, Wolfsburg	€		–	87.10	87.10	4,947	4,399		2008
Living Solids GmbH, Magdeburg	€		–	24.90	24.90	0	209		2008
PDB – Partnership for Dummy Technology and Biomechanics GbR, Ingolstadt	€		–	–	–	–	–		
POLYSIL GmbH, Wolfsburg	€		–	24.92	24.92	–	–	7)	2008
Theater der Stadt Wolfsburg GmbH, Wolfsburg	€		25.40	–	25.40	124	0	3)	2008
2. International									
e4t electronics for transportation s.r.o., Prague	CZK	26.4730	–	49.00	49.00	37,883	10,222		2008
Servicios Especiales de Ventas Automotrices, S.A. de C.V., México, D.F.	MXN	18.9223	–	25.00	25.00	51,602	4,672		2008
SKO-ENERGO s.r.o., Mladá Boleslav	CZK	26.4730	–	46.00	46.00	56,638	2,211		2008
Smart Material Corp., Sarasota, Florida	USD	1.4406	–	24.90	24.90	1,001	–36		2008
TAS Tvornica Automobila Sarajevo d.o.o, Vogosca	BAM	1.9558	50.00	–	50.00	–	–	5)	2008
TTTech Computertechnik AG, Vienna	€		–	24.99	24.99	21,639	–2,055		2008
Volkswagen of Nigeria Ltd., Lagos	NGN	215.2350	40.00	–	40.00	–	–	5)	2008
V. OTHER EQUITY INVESTMENTS									
1. Germany									
Flughafen Braunschweig-Wolfsburg GmbH, Braunschweig	€		35.57	–	35.57	3,756	2,256		2008
GKH Gemeinschaftskraftwerk Hanover GmbH, Hanover	€		–	15.30	15.30	10,226	–	1)	2008
NEULAND Wohnungsgesellschaft mbH, Wolfsburg	€		–	20.00	20.00	79,676	5,547		2008
Niedersächsische Gesellschaft zur Endablagerung von Sonderabfall mbH, Hanover	€		10.00	–	10.00	9,534	913		2008
2. International									
SKO-ENERGO-FIN s.r.o., Mladá Boleslav	CZK	26.4730	–	10.00	10.00	853,067	241,680		2008

1) Profit and loss transfer agreement
2) In liquidation
3) Different fiscal year
4) Short fiscal year
5) Currently not trading
6) Newly established company
7) Newly acquired company
8) Other profit and loss transfer agreement
9) Global Mobility Holding B.V., Amsterdam holds a 100% interest in LeasePlan Corporation N.V., Amsterdam
10) Consolidated financial statements
11) Figures are contained in the consolidated financial statements of the parent company
12) Figures in accordance with IFRSs
13) Profit and loss transfer agreement from 2009
14) Merger

VOLKSWAGEN AG is the general partner of the following companies:

1. Abgaszentrum der Automobilindustrie (GbR), Weissach
2. LOCATOR Grundstücks-Vermietungsgesellschaft mbH und Volkswagen AG in GbR, Eschborn
3. PDB – Partnership for Dummy Technology and Biomechanics GbR, Ingolstadt
4. Volkswagen AG Preussen Elektra AG OHG, Wolfsburg
5. Volkswagen Logistics GmbH & Co. OHG, Wolfsburg

Responsibility Statement

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

Wolfsburg, February 16, 2010
Volkswagen Aktiengesellschaft
The Board of Management

Martin Winterkorn	Francisco Javier Garcia Sanz	Jochem Heizmann
Christian Klingler	Horst Neumann	Hans Dieter Pötsch
Rupert Stadler		

The following auditor's report (*Bestätigungsvermerk*) has been issued in accordance with § 322 German Commercial Code (*Handelsgesetzbuch*) on the consolidated financial statements and the group management report (*Konzernlagebericht*) of Volkswagen AG as of and for the fiscal year ended December 31, 2009. The group management report is neither included nor incorporated by reference in this Prospectus. This report was originally prepared in German. In case of ambiguities the German version takes precedence.

Auditors' Report

We have audited the consolidated financial statements prepared by VOLKSWAGEN AKTIENGESELLSCHAFT, Wolfsburg, comprising the income statement and statement of comprehensive income, the balance sheet, the statement of changes in equity, the cash flow statement and the notes to the consolidated financial statements, together with the group management report, which is combined with the management report of the Company for the business year from January 1 to December 31, 2009. The preparation of the consolidated financial statements and the combined management report in accordance with the IFRSs, as adopted by the EU, and the additional requirements of German commercial law pursuant to § (article) 315a Abs. (paragraph) 1 HGB ("Handelsgesetzbuch": German Commercial Code) are the responsibility of the Company's Board of Management. Our responsibility is to express an opinion on the consolidated financial statements and on the combined management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with § 317 HGB 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 consolidated financial statements in accordance with the applicable financial reporting framework and in the combined management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements 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 consolidated financial statements and the combined management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of the entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by the Company's Board of Management, as well as evaluating the overall presentation of the consolidated financial statements and the combined management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with the IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Article 315a paragraph 1 HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The combined management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Hanover, February 17, 2010

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Harald Kayser Wirtschaftsprüfer	ppa. Martin Schröder Wirtschaftsprüfer

Consolidated Financial Statements of the Volkswagen Group

Income Statement of the Volkswagen Group for the Period January 1 to December 31, 2008

	Note	2008	2007
		€ million	
Sales revenue	**1**	**113,808**	**108,897**
Cost of sales	2	96,612	92,603
Gross profit		**+ 17,196**	**+ 16,294**
Distribution expenses	3	10,552	9,274
Administrative expenses	4	2,742	2,453
Other operating income	5	8,770	5,994
Other operating expenses	6	6,339	4,410
Operating profit		**+ 6,333**	**+ 6,151**
Share of profits and losses of equity-accounted investments	7	+ 910	+ 734
Finance costs	8	1,815	1,647
Other financial result	9	+ 1,180	+ 1,305
Financial result		**+ 275**	**+ 392**
Profit before tax		**+ 6,608**	**+ 6,543**
Income tax income/expense	10	1,920	2,421
current		2,338	2,744
deferred		−418	−323
Profit after tax		**+ 4,688**	**+ 4,122**
Minority interests		−65	+ 2
Profit attributable to shareholders of Volkswagen AG		+ 4,753	+ 4,120
Basic earnings per ordinary share in €	**11**	**11.92**	**10.43**
Basic earnings per preferred share in €	**11**	**11.98**	**10.49**
Diluted earnings per ordinary share in €	**11**	**11.88**	**10.34**
Diluted earnings per preferred share in €	**11**	**11.94**	**10.40**

Balance Sheet of the Volkswagen Group as of December 31, 2008

	Note	Dec. 31, 2008	Dec. 31, 2007
		€ million	
Assets			
Noncurrent assets			
Intangible assets	12	12,291	6,830
Property, plant and equipment	13	23,121	19,338
Leasing and rental assets	14	9,889	8,179
Investment property	14	150	152
Equity-accounted investments	15	6,373	7,795
Other equity investments	15	583	548
Financial services receivables	16	31,855	27,522
Other receivables and financial assets	17	3,387	2,416
Noncurrent tax receivables	18	763	952
Deferred tax assets	18	3,344	3,109
		91,756	**76,841**
Current assets			
Inventories	19	17,816	14,031
Trade receivables	20	5,969	5,691
Financial services receivables	16	27,035	24,914
Other receivables and financial assets	17	10,068	6,653
Current tax receivables	18	1,024	500
Marketable securities	21	3,770	6,615
Cash and cash equivalents	22	9,474	10,112
Assets held for sale	23	1,007	–
		76,163	**68,516**
Total assets		**167,919**	**145,357**
Equity and Liabilities			
Equity	24		
Subscribed capital		1,024	1,015
Capital reserves		5,351	5,142
Retained earnings		28,636	25,718
Equity attributable to shareholders of Volkswagen AG		35,011	31,875
Minority interests		2,377	63
		37,388	**31,938**
Noncurrent liabilities			
Noncurrent financial liabilities	25	33,257	29,315
Other noncurrent liabilities	26	3,235	2,245
Deferred tax liabilities	27	3,654	2,637
Provisions for pensions	28	12,955	12,603
Provisions for taxes	27	3,555	2,275
Other noncurrent provisions	29	9,073	8,276
		65,729	**57,351**
Current liabilities			
Current financial liabilities	25	36,123	28,677
Trade payables	30	9,676	9,099
Current tax payables	27	59	98
Other current liabilities	26	8,545	7,084
Provisions for taxes	27	1,160	1,828
Other current provisions	29	8,473	9,282
Liabilities associated with assets held for sale	23	766	–
		64,802	**56,068**
Total equity and liabilities		**167,919**	**145,357**

Statement of Recognized Income and Expense of the Volkswagen Group for the Period January 1 to December 31, 2008

	2008	2007
	€ million	
Actuarial gains	190	1,427
Available-for-sale financial instruments (securities):		
Fair value changes taken directly to equity	−330	123
Transferred to profit or loss	100	−498
Cash flow hedges:		
Fair value changes taken directly to equity	1,054	1,572
Transferred to profit or loss	−1,427	−577
Foreign exchange differences	−1,445	−228
Deferred taxes	145	−740
Share of profits and losses of equity-accounted investments recognized directly in equity, after tax	−188	47
Income and expense recognized directly in equity	**−1,901**	**1,126**
Profit after tax	4,688	4,122
Total recognized income and expense for the period	**2,787**	**5,248**
of which attributable to		
shareholders of Volkswagen AG	3,310	5,246
minority interests	−523	2

This statement has been expanded to include total recognized income and expense attributable to minority interests. Prior-period figures were adjusted.

Explanatory notes on equity are presented in note 24.

DISCLOSURES ON THE ACCOMPANYING CASH FLOW STATEMENT

To enhance comparability, as from fiscal year 2008 we are reporting liquidity movements resulting from changes in loans (previously reported in cash flows from financing activities) and cash and cash equivalents of companies that were not included in consolidation in previous years due to immateriality in cash flows from investing activities. In addition, capital transactions with minority interests performed in the course of the acquisition of additional shares in subsidiaries that are already consolidated are recognized in a separate line item within cash flows from financing activities. The prior-year figures were adjusted.

Explanatory notes on the cash flow statement are presented in note 31.

Cash Flow Statement of the Volkswagen Group for the Period January 1 to December 31, 2008

	2008	2007
	€ million	
Cash and cash equivalents at beginning of period	**9,914**	**9,367**
Profit before tax	6,608	6,543
Income taxes paid	−2,075	−1,172
Depreciation and amortization expense*	5,191	5,435
Amortization of capitalized development costs	1,392	1,843
Impairment losses on equity investments*	32	180
Depreciation of leasing and rental assets and investment property*	1,823	1,780
Gain on disposal of noncurrent assets	347	32
Share of profit or loss of equity-accounted investments	−219	−71
Other noncash income/expense	765	−11
Change in inventories	−3,056	−1,856
Change in receivables (excluding financial services)	−1,333	−942
Change in liabilities (excluding financial liabilities)	815	2,244
Change in provisions	509	1,657
Cash flows from operating activities	**10,799**	**15,662**
Acquisition of property, plant and equipment, and intangible assets	−6,883	−4,638
Additions to capitalized development costs	−2,216	−1,446
Acquisition of equity investments	−2,597	−1,238
Disposal of equity investments	1	14
Change in leasing and rental assets and investment property	−3,055	−2,763
Change in financial services receivables	−5,053	−3,588
Proceeds from disposal of noncurrent assets (excluding leasing and rental assets and investment property)	93	185
Change in investments in securities	2,041	−1,742
Change in loans	−1,611	−596
Investing activities	**−19,280**	**−15,812**
Capital contributions	218	211
Dividends paid	−722	−497
Capital transactions with minority interests	−362	–
Other changes	−3	−12
Proceeds from issue of bonds	7,671	9,516
Repayment of bonds	−8,470	−8,484
Change in other financial liabilities	9,806	93
Finance lease payments	−15	−40
Cash flows from financing activities	**8,123**	**787**
Effect of exchange rate changes on cash and cash equivalents	−113	−90
Net change in cash and cash equivalents	**−471**	**547**
Cash and cash equivalents at end of period	**9,443**	**9,914**
Cash and cash equivalents	9,443	9,914
Securities and loans	7,875	9,178
Gross liquidity	**17,318**	**19,092**
Total third-party borrowings	−69,555	−57,992
Net liquidity	**−52,237**	**−38,900**

* Net of impairment reversals.

Notes to the Consolidated Financial Statements of the Volkswagen Group for the Fiscal Year ended December 31, 2008

Basis of presentation

Volkswagen AG is domiciled in Wolfsburg and entered in the commercial register at the Braunschweig Local Court under no. HRB 100484. The fiscal year corresponds to the calendar year.

In accordance with Regulation No. 1606/2002 of the European Parliament and of the Council, Volkswagen AG has prepared its consolidated financial statements for 2008 in compliance with the International Financial Reporting Standards (IFRSs) as adopted by the European Union. We have complied with all the IFRSs adopted by the EU and required to be applied for periods beginning on or after January 1, 2008.

The accounting policies applied in the previous year were retained, with the exception of the changes due to the new or amended standards.

In addition, we have complied with all the provisions of German commercial law that we are also required to apply, as well as with the German Corporate Governance Code.

The consolidated financial statements were prepared in euros. Unless otherwise stated, all amounts are given in millions of euros (€ million).

The income statement was prepared using the internationally accepted cost of sales method.

Preparation of the consolidated financial statements in accordance with the above-mentioned standards requires management to make estimates that affect the reported amounts of certain items in the consolidated balance sheet and in the consolidated income statement, as well as the related disclosure of contingent assets and liabilities. The consolidated financial statements give a true and fair view of the net assets, financial position and results of operations as well as the cash flows of the Volkswagen Group.

Effects of new and amended IFRSs

The following standards and interpretations adopted by the IASB were required to be applied for the first time in fiscal year 2008:

– IAS 39: Reclassification of Financial Assets

– IFRS 7: Reclassification of Financial Assets

The initial application of the standards had no effect on the presentation of the consolidated financial statements.

New and amended IFRSs not applied

In its 2008 consolidated financial statements, Volkswagen AG did not apply the following accounting standards or interpretations that have already been adopted by the IASB but were not required to be applied for fiscal year 2008.

Standard/ Interpretation[1]		Issued by the IASB	Effective date[2]	Adopted by the EU[1]	Expected effects
IFRS 1	First-time Adoption of IFRSs	Nov. 25, 2008	Jan. 1, 2010	No	None
IFRS 1/ IAS 27	Cost of an Investment in a Subsidary, Jointly Controlled Entity or Associates	May 22, 2008	Jan. 1, 2009	No	None
IFRS 2	Share-based Payment -- Vesting Conditions and Cancellations	Jan. 17, 2008	Jan. 1, 2009	Yes	None
IFRS 3/ IAS 27	Business Combinations/-Consolidated Financial Statements	Jan. 10, 2008	Jan. 1, 2010	No	Change in the presentation of business combinations
IFRS 8	Operating Segments	Nov. 30, 2006	Jan. 1, 2009	Yes	Segment reporting
IAS 1	Presentation of Financial Statements	Sept. 6, 2007	Jan. 1, 2009	Yes	Reclassification of components of the financial statements
IAS 1/ IAS 32	Puttable Financial Instruments and Obligations Arising on Liquidation	Feb. 14, 2008	Jan. 1, 2009	No	None
IAS 23	Borrowing Costs	March 29, 2007	Jan. 1, 2009	Yes	Increase in carrying amount of qualifying assets
IAS 39	Exposures Qualifying for Hedge Accounting	July 31, 2008	Jan. 1, 2010	No	None
IAS 39/ IFRS 7	Reclassification of Financial Assets – Effective Date	Nov. 27, 2008	Jan. 1, 2009	No	None
	Improvements[3]	May 22, 2008	Jan. 1, 2009/ Jan. 1, 2010	No	Insignificant
IFRIC 11	IFRS 2 -- Group and Treasury Share Transactions	Nov. 2, 2006	Jan. 1, 2009	Yes	None
IFRIC 12	Service Concession Arrangements	Nov. 30, 2006	Jan. 1, 2009	No	None
IFRIC 13	Customer Loyalty Programmes	June 28, 2007	Jan. 1, 2009	Yes	None
IFRIC 14	IAS 19--The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	July 4, 2007	Jan. 1, 2009	Yes	No material effects
IFRIC 15	Agreements for the Construction of Real Estate	July 3, 2008	Jan. 1, 2009	No	None
IFRIC 16	Hedges of a Net Investment in a Foreign Operation	July 3, 2008	Jan. 1, 2009	No	None
IFRIC 17	Distributions of Non-cash Assets to Owners	Nov. 27, 2008	Jan. 1, 2010	No	None

1 In the period up to December 31, 2008.
2 Required to be applied for the first time by Volkswagen AG.
3 Minor amendments to a large number of standards (IAS 1, IAS 8, IAS 10, IAS 16, IAS 18, IAS 19, IAS 20, IAS 23, IAS 27, IAS 28, IAS 29, IAS 34, IAS 36, IAS 38, IAS 39, IAS 40, IAS 41).

Basis of consolidation

In addition to Volkswagen AG, the consolidated financial statements comprise all significant companies at which Volkswagen AG is able, directly or indirectly, to govern the financial and operating policies in such a way that they can obtain benefits from the activities of these companies (subsidiaries). The subsidiaries also comprise investment funds and other special purpose entities whose net assets are attributable to the Group under the principle of substance over form. Consolidation of subsidiaries begins at the first date on which control exists, and ends when such control no longer exists.

Subsidiaries whose business is dormant or of low volume and that are insignificant for the presentation of a true and fair view of the net assets, financial position and results of operations as well as the cash flows of the Volkswagen Group are not consolidated. However, they are carried in the consolidated financial statements at the lower of cost or fair value since no active market exists for those companies and fair values cannot be reliably ascertained without undue cost or effort. The aggregate equity of these subsidiaries amounts to 0.8% (previous year: 0.9%) of Group equity. The aggregate profit after tax of these companies amounts to – 0.1% (previous year: 0.3%) of the profit after tax of the Volkswagen Group.

Significant companies where Volkswagen AG is able, directly or indirectly, to significantly influence financial and operating policy decisions (associates), or directly or indirectly shares control (joint ventures), are accounted for using the equity method. Joint ventures also include companies in which the Volkswagen Group holds the majority of voting rights, but whose articles of association or partnership agreements stipulate that important decisions may only be resolved unanimously. Insignificant associates and joint ventures are generally carried at the lower of cost or fair value.

The composition of the Volkswagen Group is shown in the following table:

	2008	**2007**
Volkswagen AG and consolidated subsidiaries		
Germany	54	42
International	288	133
Subsidiaries carried at cost		
Germany	56	63
International	79	77
Associates, joint ventures and other equity investments		
Germany	25	24
International	52	45
	554	**384**

The list of all shareholdings can be downloaded from the electronic companies register at www.unternehmensregister.de and from www.volkswagenag.com/ir under the heading "Mandatory Publications" and the menu item "Annual Reports".

The following consolidated German subsidiaries with the legal form of a corporation or partnership meet the criteria set out in section 264(3) or section 264b of the Handelsgesetzbuch (HGB – German Commercial Code) due to their inclusion in the consolidated financial statements and have exercised the option not to publish annual financial statements:

- Audi Retail GmbH, Ingolstadt
- Audi Vertriebsbetreuungsgesellschaft mbH, Ingolstadt
- Audi Zentrum Berlin-Charlottenburg GmbH & Co. KG, Berlin
- Audi Zentrum Hamburg GmbH, Hamburg
- Auto 5000 GmbH, Wolfsburg
- Automobilmanufaktur Dresden GmbH, Dresden
- Autostadt GmbH, Wolfsburg
- AutoVision GmbH, Wolfsburg
- Bugatti Engineering GmbH, Wolfsburg
- Eduard Winter Automobilbetriebe GmbH Co. & KG, Berlin
- Kommanditgesellschaft "MTH" Motor-Technik-Handelsgesellschaft m.b.H. & Co., Hamburg
- quattro GmbH, Neckarsulm
- Raffay GmbH & Co. KG, Hamburg
- Volim Volkswagen Immobilien Vermietgesellschaft für VW-/Audi-Händlerbetriebe mbH, Braunschweig
- Volkswagen Business Services GmbH, Braunschweig
- Volkswagen Financial Services Beteiligungsgesellschaft mbH, Braunschweig
- Volkswagen Gebrauchtfahrzeughandels und Service GmbH, Hanover
- Volkswagen Individual GmbH, Wolfsburg
- Volkswagen Logistics GmbH & Co. OHG, Wolfsburg
- Volkswagen Original Teile Logistik GmbH & Co. KG, Baunatal
- VOLKSWAGEN Retail GmbH, Wolfsburg
- Volkswagen Sachsen GmbH, Zwickau

– Volkswagen Sachsen Immobilienverwaltungs GmbH, Zwickau

– Volkswagen Zubehör GmbH, Dreieich

– VW Wohnungs GmbH & Co. KG, Wolfsburg

FULLY CONSOLIDATED SUBSIDIARIES

After receiving the key antitrust approvals, on July 22, 2008 Volkswagen completed the acquisition of all the shares of Scania AB, Södertälje, Sweden, that were previously held by Investor AB and the Wallenberg foundations. As a result, Volkswagen's share of the voting rights increased by a further 30.62% from 37.98% to 68.60%. Volkswagen's equity interest also rose by 16.84% from 20.89% to 37.73%. Together with 167 subsidiaries, Scania AB has been included in Volkswagen's consolidated financial statements since that date. Further information on Scania can also be found in the chapter entitled "Brands and Business Fields" on page 92.

The cost of the business combination that was paid in cash amounted to €2,756 million, including all costs directly attributable to the acquisition. The precise allocation of the purchase price to the assets acquired and liabilities assumed requires detailed examination in view of the size of Scania and is therefore preliminary at present.

	IFRS carrying amounts at the acquisition date	Purchase price allocation (preliminary)	Fair values at the acquisition date (preliminary)
		€ million	
Total assets	**10,282**	**3,739**	**14,021**
Customer relationships	–	374	374
Brand name	–	1,027	1,027
Intangible assets[1]	245	1,179	1,424
Property, plant and equipment	2,027	688	2,715
Leasing and rental assets	1,085	127	1,212
Inventories	1,482	380	1,862
Cash	206	–	206
Other assets	5,237	–36	5,201
Total liabilities	**8,096**	**1,062**	**9,158**
Pension provisions	428	–	428
Other noncurrent provisions	110	–	110
Current provisions	224	–	224
Noncurrent liabilities[2]	2,729	1,062	3,791
Current liabilities	4,605	–	4,605
Equity[1]	**2,186**	**2,677**	**4,863**
Equity attributable to shareholders of Volkswagen AG[1]	825	1,010	1,835
Minority interests	1,361	1,667	3,028

1 Excluding goodwill of Volkswagen AG.
2 Including deferred taxes.

The preliminary goodwill identified at a carrying amount of €2,952 million (translated at the closing rate at the acquisition date) includes non-separable amounts, such as employee knowledge and synergy effects in technology and purchasing.

Goodwill was calculated separately for the individual tranches acquired. The hidden reserves and liabilities relating to the legacy shares acquired in 2000 cannot be measured reliably in accordance with the current version of IFRS 3. As a result, the originally calculated goodwill for these shares was used on the basis of impairment already recognized.

More recent findings as of the balance sheet date have led to the reduction of the fair values of the assets by €341 million (primarily intangible assets) compared with the figures disclosed in the interim financial statements for the third quarter of 2008. At the same time, adjustments to the fair values of liabilities led to a reduction of €149 million. Preliminary goodwill fell from €3,084 million to €2,952 million due to the effects of the change in purchase price allocation and the treatment of the legacy tranche described above.

Excluding the effects of purchase price allocation, Scania contributed sales revenue of €3,865 million and a proportionate profit after tax of €288 million to the Volkswagen Group's figures. The adjustment of the purchase price allocation figures leads to a loss after tax of €398 million. This is primarily due to expenses of €524 million associated with the settlement of current assets such as finished goods and orders. The average useful life of finite-lived noncurrent assets is 5 to 20 years. If Scania had been included in the consolidated financial statements as of January 1, 2008, sales revenue and profit after tax would have amounted to €9,560 million and €925 million respectively, excluding the effects of purchase price allocation.

As well as the addition of the Scania Group to the consolidated Group, in 2008 two companies that were not consolidated in the previous year and two newly formed companies in Germany were initially consolidated, as were one unconsolidated and seven newly formed foreign companies. The initial inclusion of these subsidiaries, either individually or collectively, did not have a significant effect on the presentation of the Company's situation. The number of consolidated subsidiaries was also reduced by the merger of eleven and the sale of two foreign companies.

Volkswagen acquired a further 3.63% interest in the capital of Scania by the balance sheet date.

In addition, Volkswagen acquired 0.41% of the shares of AUDI AG, Ingolstadt, from Porsche Automobil Holding SE, Stuttgart. Porsche Automobil Holding SE had previously acquired the shares as part of a mandatory bid to the shareholders of AUDI AG published on September 29, 2008.

INVESTMENTS IN ASSOCIATES

Volkswagen AG continued to hold 29.9% of the voting rights and 28.7% of the subscribed capital of MAN AG, Munich, at the balance sheet date. The market value of this interest was €1,632 million at December 31, 2008 (previous year: €4,797 million).

The following carrying amounts are attributable to the Volkswagen Group from its proportionate interest in MAN and Scania (in fiscal year 2008, contained in revenue and profit for the period until the date of acquisition):

	2008	2007
	€ million	
Noncurrent assets	1,723	3,147
Current assets	3,016	3,480
Noncurrent liabilities	816	1,359
Current liabilities	2,376	3,242
Revenues	5,407	6,327
Profit for the period	486	540

INTERESTS IN JOINT VENTURES

The following carrying amounts are attributable to the Volkswagen Group from its proportionate interest in joint ventures:

	2008	2007
	€ million	
Noncurrent assets	9,022	7,551
Current assets	7,145	6,528
Noncurrent liabilities	6,045	4,326
Current liabilities	7,097	6,861
Income	7,926	5,869
Expenses	7,435	5,437

Consolidation methods

The assets and liabilities of the German and foreign companies included in the consolidated financial statements are recognized in accordance with the uniform accounting policies used within the Volkswagen Group. In the case of companies accounted for using the equity method, the same accounting policies are applied to determine the proportionate equity, based on the most recent audited annual financial statements of each company.

In the case of subsidiaries consolidated for the first time, assets and liabilities are measured at their fair value at the date of acquisition. Their carrying amounts are adjusted in subsequent years. Goodwill arises when the purchase price of the investment exceeds the fair value of identifiable net assets. Goodwill is tested for impairment once a year to determine whether its carrying amount is recoverable. If the carrying amount of goodwill is higher than the recoverable amount, an impairment loss must be recognized. If this is not the case, there is no change in the carrying amount of goodwill compared with the previous year. If the purchase price of the investment is less than the identifiable net assets, the difference is recognized in the income statement in the year of acquisition. Goodwill is accounted for at the subsidiaries in the functional currency of those subsidiaries. Any difference that arises from the acquisition of additional shares of an already consolidated subsidiary is taken directly to equity.

Receivables and liabilities, and expenses and income, between consolidated companies are eliminated. Intercompany profits or losses are eliminated in Group inventories and noncurrent assets. Deferred taxes are recognized for consolidation adjustments recognized in the income statement, with deferred tax assets and liabilities offset where taxes are levied by the same tax authority and relate to the same tax period.

Currency translation

Transactions in foreign currency are translated in the single-entity financial statements of Volkswagen AG and its consolidated subsidiaries at the rates prevailing at the transaction date. Foreign currency monetary items are recorded in the balance sheet using the middle rate on the balance sheet date. Foreign exchange gains and losses are recognized in the income statement. The financial statements of foreign companies are translated into euros using the functional currency concept. Asset and liability items are translated at the closing rate. With the exception of income and expenses recognized directly in equity, equity is translated at historical rates. The resulting foreign exchange differences are taken directly to equity until disposal of the subsidiary concerned, and are presented as a separate item in equity.

Income statement items are translated into euros at weighted average rates using the modified closing rate method. The rates applied are presented in the following table:

		BALANCE SHEET MIDDLE RATE ON DECEMBER 31,		INCOME STATEMENT AVERAGE RATE	
	1 € =	2008	2007	2008	2007
Argentina	ARS	4.80624	4.63638	4.63951	4.27103
Australia	AUD	2.02740	1.67570	1.74162	1.63557
Brazil	BRL	3.24360	2.61445	2.67428	2.66318
Canada	CAD	1.69980	1.44490	1.55942	1.46895
Czech Republic	CZK	26.87500	26.62800	24.94632	27.75824
India	INR	67.39307	57.85353	63.59206	56.39206
Japan	JPY	126.14000	164.93000	152.45406	161.24064
Mexico	MXN	19.23330	16.07430	16.29157	14.97495
People's Republic of China	CNY	9.49560	10.75240	10.22361	10.41860
Poland	PLN	4.15350	3.59350	3.51210	3.78314
Republic of Korea	KRW	1,839.13000	1,377.96000	1,606.08719	1,273.33290
Russia	RUB	41.28300	35.98600	36.42072	35.02037
Slovak Republic	SKK	30.12600	33.58300	31.26167	33.77502
South Africa	ZAR	13.06670	10.02980	12.05899	9.66135
Sweden	SEK	10.87000	9.44150	9.61524	9.25214
United Kingdom	GBP	0.95250	0.73335	0.79628	0.68455
USA	USD	1.39170	1.47210	1.47103	1.37064

Accounting policies

INTANGIBLE ASSETS

Purchased intangible assets are recognized at cost and amortized over their useful life using the straight-line method. This relates in particular to software, which is amortized over three years.

In accordance with IAS 38, research costs are recognized as expenses when incurred.

Development costs for future series products and other internally generated intangible assets are capitalized at cost, provided manufacture of the products is likely to bring the Volkswagen Group an economic benefit. If the criteria for recognition as assets are not met, the expenses are recognized in the income statement in the year in which they are incurred.

Capitalized development costs include all direct and indirect costs that are directly attributable to the development process. Borrowing costs are not capitalized. The costs are amortized using the straight-line method from the start of production over the expected life cycle of the models or powertrains developed – generally between five and ten years.

Amortization recognized during the year is allocated to the relevant functions in the income statement.

Brand names from business combinations have an indefinite useful life and are not amortized.

Goodwill, intangible assets with indefinite useful lives and intangible assets that are not yet available for use are tested for impairment at least once a year. Assets in use and other intangible assets with finite useful lives are tested for impairment only if there are specific indications that they may be impaired. The Volkswagen Group generally applies the value in use of the relevant cash-generating unit (brands or products) to determine the recoverable amount of goodwill and indefinite-lived intangible assets. This is based on management's current planning. The planning period generally extends to a horizon of five years, with reasonable assumptions about future development being made for the subsequent years. The planning assumptions are adapted to reflect the current state of knowledge. They include reasonable assumptions on macroeconomic trends and historical developments. Estimation of cash flows is generally based on the expected growth trends for the automobile markets concerned. The estimates for the cash flows following the end of the planning period are based on a maximum growth rate of 2.0% per annum. We apply a discount rate of 7.9% when determining value in use for the purpose of impairment testing of goodwill at Scania and Škoda, and of indefinite-lived intangible assets at Scania. We apply country-specific discount factors of at least 9.9% when determining value in use for the purpose of impairment testing of intangible assets. County-specific discount rates of at least 9% were used in the previous year.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is carried at cost less depreciation and – where necessary – write-downs for impairment. Investment grants are generally deducted from cost. Cost is determined on the basis of the direct and indirect costs that are directly attributable. Borrowing costs are recorded as current expenses. Special tools are reported under other equipment, operating and office equipment. Property, plant and equipment is depreciated using the straight-line method over its estimated useful life. The useful lives of items of property, plant and equipment are reviewed at each balance sheet date and adjusted if required.

Depreciation is based mainly on the following useful lives:

	Useful life
Buildings	25 to 50 years
Site improvements	10 to 18 years
Technical equipment and machinery	6 to 12 years
Other equipment, operating and office equipment, including special tools	3 to 15 years

Impairment losses on property, plant and equipment are recognized in accordance with IAS 36 where the recoverable amount of the asset concerned has fallen below the carrying amount. Recoverable amount is the higher of value in use and fair value less costs to sell. Value in use is determined using the principles described for intangible assets. If the reasons for impairments recognized in previous years no longer apply, the impairment losses are reversed accordingly.

Where leased items of property, plant and equipment are used, the criteria for classification as a finance lease as set out in IAS 17 are met if all material risks and rewards incidental to ownership have been transferred to the Group company concerned. In such cases, the assets concerned are recognized at cost or at the present value of the minimum lease payments (if lower) and depreciated using the straight-line method over the asset's useful life, or over the term of the lease if this is shorter. The payment obligations arising from the future lease payments are discounted and recorded as a liability in the balance sheet.

Where Group companies are the lessees of assets under operating leases, i.e. if not all material risks and rewards incidental to ownership are transferred, lease and rental payments are recorded directly as expenses in the income statement.

LEASING AND RENTAL ASSETS

Vehicles leased out under operating leases are recognized at cost and depreciated to their estimated residual value using the straight-line method over the term of the lease. Impairment losses identified as a result of an impairment test in accordance with IAS 36 are recognized and the depreciation rate is adjusted. The forecast residual values are adjusted to include constantly updated internal and external information on residual values, depending on specific local factors and the experiences gained in the marketing of used cars.

INVESTMENT PROPERTY

Real estate and buildings held in order to obtain rental income (investment property) are carried at amortized cost; the useful lives applied to depreciation correspond to those of the property, plant and equipment used by the Company itself. The fair value of investment property must be disclosed in the notes if it is carried at amortized cost. Fair value is estimated using an income capitalization approach. This involves determining the income value for a specific building on the basis of gross income, taking into account additional factors such as land value, remaining useful life and a multiplier specific to residential property.

EQUITY-ACCOUNTED INVESTMENTS

The cost of equity-accounted investments is adjusted to reflect the share of increases or reductions in equity at the associates and joint ventures that is attributable to the Volkswagen Group after the acquisition. Additionally, the investment is tested for impairment if there are indications of impairment and written down to the lower recoverable amount if necessary. Recoverable amount is determined using the principles described for other intangible assets. If the reason for impairment ceases to apply at a later date, the impairment loss is reversed to the carrying amount that would have been determined had no impairment loss been recognized.

FINANCIAL INSTRUMENTS

Financial instruments are contracts that give rise to a financial asset of one company and a financial liability or an equity instrument of another. Regular way purchases or sales of financial instruments are accounted for at the settlement date – that is, at the date on which the asset is delivered.

IAS 39 classifies financial assets into the following categories:

- financial assets at fair value through profit or loss;
- held-to-maturity financial assets;
- loans and receivables; and
- available-for-sale financial assets.

Financial liabilities are classified into the following categories:

- financial liabilities at fair value through profit or loss; and
- financial liabilities carried at amortized cost.

We recognize financial instruments at amortized cost or at fair value.

The amortized cost of a financial asset or liability is the amount:

- at which a financial asset or liability is measured at initial recognition;
- minus any principal repayments;
- minus any write-down for impairment or uncollectibility;
- plus or minus the cumulative amortization of any difference between the original amount and the amount repayable at maturity (premium), amortized using the effective interest method over the term of the financial asset or liability.

In the case of current receivables and liabilities, amortized cost generally corresponds to the principal or repayment amount.

Fair value generally corresponds 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 fair value option is not used in the Volkswagen Group.

LOANS AND RECEIVABLES AND FINANCIAL LIABILITIES

Loans, receivables and liabilities, as well as held-to-maturity investments, are measured at amortized cost, unless hedged. Specifically, these relate to:

- receivables from financing business;
- trade receivables and payables;
- other receivables and financial assets and liabilities; and
- financial liabilities.

AVAILABLE-FOR-SALE FINANCIAL ASSETS

Available-for-sale financial assets (securities) are carried at fair value. Changes in fair value are recognized directly in equity, net of deferred taxes.

Shares in unconsolidated subsidiaries and other equity investments that are not accounted for using the equity method are also classified as available-for-sale financial assets. However, they are generally carried at cost, since no active market exists for those companies and fair values cannot be reliably ascertained without undue cost or effort. Fair values are recognized if there are indications that fair value is lower than cost.

DERIVATIVES AND HEDGE ACCOUNTING

Volkswagen Group companies use derivatives to hedge balance sheet items and future cash flows (hedged items). Derivatives, such as swaps, forward transactions and options, are used as the primary hedging instruments. The criteria for the application of hedge accounting are that the hedging relationship between the hedged item and the hedging instrument is clearly documented and that the hedge is highly effective.

The accounting treatment of changes in the fair value of hedging instruments depends on the nature of the hedging relationship. In the case of hedges against the risk of change in the carrying amount of balance sheet items (fair value hedges), both the hedging instrument and the hedged risk portion of the hedged item are measured at fair value. We used a fair value portfolio hedge for the first time in the past fiscal year. Changes in the fair value of portfolio hedges are accounted for in the same way as for fair value hedges. Gains or losses from remeasurement are recognized in profit or loss. In the case of hedges of future cash flows (cash flow hedges), the hedging instruments are also measured at fair value. Gains or losses from remeasurement of the effective portion of the derivative are initially recognized in the reserve for cash flow hedges directly in equity, and are only recognized in the income statement when the hedged item is recognized in profit or loss; the ineffective portion of a hedge is recognized immediately in profit or loss.

Derivatives used by the Volkswagen Group for financial management purposes to hedge against interest rate, foreign currency, commodity, or price risks, but that do not meet the strict criteria of IAS 39, are classified as financial assets or liabilities at fair value through profit or loss. External hedges of intra-Group hedged items that are subsequently eliminated in the consolidated financial statements are also assigned to this category.

RECEIVABLES FROM FINANCE LEASES

Where a Group company is the lessor – generally of vehicles – a receivable in the amount of the net investment in the lease is recognized in the case of finance leases, in other words where substantially all the risks and rewards incidental to ownership are transferred to the lessee.

OTHER RECEIVABLES AND FINANCIAL ASSETS

Other receivables and financial assets (except for derivatives) are recognized at amortized cost.

IMPAIRMENT LOSSES ON FINANCIAL INSTRUMENTS

Default risk on loans and receivables in the financial services business is accounted for by recognizing specific valuation allowances and portfolio-based valuation allowances.

More specifically, in the case of significant individual receivables (e.g. dealer finance receivables and fleet customers) specific valuation allowances are recognized in accordance with Group-wide standards in the amount of the incurred loss. A potential impairment is assumed in the case of a number of situations such as delayed payment over a certain period, the institution of enforcement measures, the threat of insolvency or overindebtedness, application for or the opening of bankruptcy proceedings, or the failure of reorganization measures.

In the case of non-significant receivables (e.g. customer finance receivables) specific valuation allowances are recognized using a generalized procedure once a default has been identified.

Portfolio-based valuation allowances are recognized by grouping together non-significant receivables and significant individual receivables for which there is no indication of impairment into homogeneous portfolios on the basis of comparable credit risk features and allocating them by risk class. As long as no definite information is available as to which receivables are in default, average historical default probabilities for the portfolio concerned are used to calculate the amount of the valuation allowances.

As a matter of principle, specific valuation allowances are recognized on receivables in the Automotive segment.

Valuation allowances on receivables are regularly recognized in separate allowance accounts.

An impairment loss is recognized on financial assets held for sale if there is objective evidence of permanent impairment. In the case of equity instruments, evidence of impairment is taken to exist, among other things, if the fair value decreases below cost significantly (by more than 20%) or the decrease is prolonged (by more than 10% of the average market prices over one year). If impairment is identified, the cumulative loss is withdrawn from the reserve and recognized in profit and loss. In the case of equity instruments, reversals of impairment losses are taken directly to equity. Impairment losses are recognized on debt instruments if a decrease in the future cash flows of the financial asset is expected. An increase in the risk-free interest rate or an increase in credit risk premiums is not in itself evidence of impairment.

DEFERRED TAXES

Deferred tax assets are generally recognized for tax-deductible temporary differences between the tax base of assets and their carrying amounts in the consolidated balance sheet, as well as on tax loss carryforwards and tax credits provided it is probable that they can be used in future periods. Deferred tax liabilities are generally recognized for all taxable temporary differences between the tax base of liabilities and their carrying amounts in the consolidated balance sheet.

Deferred tax liabilities and assets are recognized in the amount of the expected tax liability or tax benefit, as appropriate, in subsequent fiscal years, based on the expected enacted tax rate at the time of realization. The tax consequences of dividend payments are not taken into account until the resolution on appropriation of earnings available for distribution has been adopted.

Deferred tax assets that are unlikely to be realized within a clearly predictable period are reduced by valuation allowances.

Deferred tax assets and deferred tax liabilities are offset where taxes are levied by the same taxation authority and relate to the same tax period.

INVENTORIES

Raw materials, consumables and supplies, merchandise, work in progress and self-produced finished goods reported in inventories are carried at the lower of cost or net realizable value. Cost is determined on the basis of the direct and indirect costs that are directly attributable. Borrowing costs are not capitalized. The measurement of same or similar inventories is based on the weighted average cost method.

NONCURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

Under IFRS 5, noncurrent assets or groups of assets and liabilities (disposal groups) are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Such assets are carried at the lower of their carrying amount and fair value less costs to sell, and are presented separately in current assets and liabilities in the balance sheet.

Discontinued operations are components of an entity that have either been disposed of or are classified as held for sale. The assets and liabilities of operations that are held for sale represent disposal groups that must be measured and reported using the same principles as noncurrent assets held for sale. The income and expenses from discontinued operations are presented in the income statement as "profit or loss from discontinued operations" below the profit or loss from continuing operations. Corresponding disposal gains or losses are contained in the profit or loss from discontinued operations. The prior-year figures in the income statement are restated accordingly.

PENSION PROVISIONS

The actuarial valuation of pension provisions is based on the projected unit credit method in respect of defined benefit plans in accordance with IAS 19. The valuation is based not only on pension payments and vested entitlements known at the balance sheet date, but also reflects future salary and pension trends. Actuarial gains and losses are recognized directly in equity, net of deferred taxes.

PROVISIONS FOR TAXES

Tax provisions contain obligations resulting from current taxes. Deferred taxes are presented in separate items of the balance sheet and income statement.

OTHER PROVISIONS

In accordance with IAS 37, provisions are recognized where a present obligation exists to third parties as a result of a past event; where a future outflow of resources is probable; and where a reliable estimate of that outflow can be made.

Provisions not resulting in an outflow of resources in the year immediately following are recognized at their settlement value discounted to the balance sheet date. Discounting is based on market interest rates. A discount rate of 6.0% (previous year: 5.2%) was used in Germany. The settlement value also reflects cost increases expected at the balance sheet date.

Provisions are not offset against claims for reimbursement.

As part of the Financial Services Division's insurance business, we recognize insurance contracts in accordance with IFRS 4. Reinsurance acceptances are accounted for on an accrual basis. Estimation techniques based on assumptions about future changes in claims are used to calculate the claims provision. Minority interests in provisions are reported under other assets.

LIABILITIES

Noncurrent liabilities are recorded at amortized cost in the balance sheet. Differences between historical cost and the repayment amount are amortized using the effective interest method.

Liabilities to members of partnerships from the provision of capital are carried at the fair value of the redemption amount at the balance sheet date.

Liabilities under finance leases are carried at the present value of the lease payments.

Current liabilities are recognized at their repayment or settlement value.

REVENUE AND EXPENSE RECOGNITION

Sales revenue, interest and commission income from financial services and other operating income are recognized only when the relevant service has been rendered or the goods delivered, that is, when the risk has passed to the customer. Income from assets for which a Group company has a buy back obligation is recognized only when the assets have definitively left the Group. If a fixed repurchase price was agreed when the contract was entered into, the difference between the selling and repurchase price is recognized as income ratably over the term of the contract. Prior to that time, the assets are carried as inventories.

Cost of sales includes the costs incurred to generate the sales revenue and the cost of goods purchased for resale. This item also includes the costs of additions to warranty provisions. Research and development costs not eligible for capitalization in the period and amortization of development costs are likewise carried under cost of sales. Reflecting the presentation of interest and commission income in sales revenue, the interest and commission expenses attributable to the financial services business are presented in cost of sales.

Government grants are generally deducted from the cost of the relevant assets.

Personnel expenses are recognized in respect of the issue of convertible bonds to employees conveying the right to purchase shares of Volkswagen AG.

Dividend income is recognized on the date when the dividend is legally approved.

ESTIMATES AND ASSUMPTIONS BY MANAGEMENT

Preparation of the consolidated financial statements requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities, and income and expenses, as well as the related disclosure of contingent assets and liabilities of the reporting period. Such estimates and assumptions relate primarily to the assessment of the recoverability of intangible assets, the standard definition throughout the Group of useful lives of items of property, plant and equipment and of leasing and rental assets, the collectability of receivables, and the recognition and measurement of provisions.

The estimates and assumptions are based on underlying assumptions that reflect the current state of available knowledge. Specifically, the expected future development of business was based on the circumstances known at the date of preparation of these consolidated financial statements and a realistic assessment of the future development of the global and sector-specific environment. Our estimates and assumptions are currently subject to a high degree of uncertainty due to the present crisis in the financial and sales markets. This applies in particular to short- and medium-term cash flow forecasts and to the discount rates used. In view of the unusual developments in the price of Volkswagen AG's ordinary shares, we used a multi-year view when estimating our own systemic risk (market risk).

Developments in this environment that differ from the assumptions and that cannot be influenced by management could result in amounts that differ from the original estimates. If actual developments differ from the expected developments, the underlying assumptions and, if necessary, the carrying amounts of the assets and liabilities affected are adjusted.

The underlying estimates and assumptions were subject to a high degree of uncertainty at the date of preparation of these consolidated financial statements. Overall, we expect to see a clear decline in unit sales in the global automobile markets in fiscal year 2009. Volkswagen will be unable to escape this trend, but we expect that it will still perform better than the market as a whole and that we shall be able to further increase our market share during the crisis. Regular reviews of our hedges revealed no need for adjustments. As a result, from today's perspective, we are not expecting any material adjustment in the carrying amounts of the assets and liabilities reported in the consolidated balance sheet in the following fiscal year.

Estimates and assumptions by management were based on assumptions that are explained in the Report on Expected Developments.

Segment reporting

BY DIVISION

	AUTOMOTIVE		FINANCIAL SERVICES		CONSOLI-DATION		VOLKSWAGEN GROUP	
	2008	2007	2008	2007	2008	2007	2008	2007
	€ million							
Sales to third parties	103,368	100,171	10,440	8,726	–	–	113,808	108,897
Intersegment sales revenue	3,363	2,357	736	1,419	−4,099	−3,776	–	–
Segment sales revenue	106,731	102,528	11,176	10,145	−4,099	−3,776	113,808	108,897
Impairment losses[1]	657	1,081	94	76	–	–	751	1,157
Reversals of impairment losses[1]	8	–	0	0	–	–	8	0
Operating profit	5,787	5,909	905	957	−359	−715	6,333	6,151
Share of profits and losses of equity-accounted investments	809	580	101	154	–	–	910	734
Cash flows from operating activities	8,876	13,897	2,028	1,987	−105	−222	10,799	15,662
Segment assets	86,773	73,008	76,340	66,140	−7,406	−6,839	155,707	132,309
Equity-accounted investments	4,938	6,313	1,435	1,482	–	–	6,373	7,795
Segment liabilities	61,552	55,046	67,947	59,255	−7,396	−7,721	122,103	106,580
Investments in property, plant and equipment and other intangible assets	6,778	4,559	121	83	−16	−4	6,883	4,638
Capitalized development costs	2,216	1,446	–	–	–	–	2,216	1,446
Investments in leasing and rental assets and investment property	182	76	5,166	5,119	–	–	5,348	5,195
Investing activities[2]	11,837	8,242	8,326	7,242	−883	328	19,280	15,812

[1] Intangible assets, property, plant and equipment, leasing and rental assets, investment property and inventories.
[2] The prior-year figures were adjusted in line with the amended presentation in the cash flow statement.

BY MARKET 2008

	Germany	Rest of Europe	North America	South America	Africa	Asia/ Oceania	Consoli-dation	Total
	€ million							
Sales to third parties	27,682	53,467	12,716	9,784	1,706	8,453	–	113,808
Investments in property, plant and equipment, and other intangible assets	3,203	2,490	393	497	126	231	−57	6,883
Segment assets	85,446	61,976	20,212	8,606	939	4,310	−25,782	155,707

BY MARKET 2007

	Germany	Rest of Europe	North America	South America	Africa	Asia/ Oceania	Consoli-dation	Total
	€ million							
Sales to third parties	26,864	50,839	13,219	8,340	2,103	7,532	–	108,897
Investments in property, plant and equipment, and other intangible assets	2,792	1,243	205	296	20	40	42	4,638
Segment assets	77,932	44,048	17,671	8,501	1,095	2,908	−19,846	132,309

The internal organizational and management structure and the internal reporting lines to the Board of Management and the Supervisory Board form the basis for identifying the primary format of segment reporting within the Volkswagen Group by the two divisions Automotive and Financial Services. The secondary reporting format is geographically based.

As a matter of principle, business relationships between the companies within the segments of the Volkswagen Group are transacted at arm's length prices.

Income Statement Disclosures

1 Sales revenue

STRUCTURE OF GROUP SALES REVENUE

	2008	2007
	€ million	
Vehicles	87,850	86,159
Genuine parts	7,254	6,512
Other sales revenue	8,528	7,714
Rental and leasing business	5,819	5,311
Interest and similar income from financial services business	4,357	3,201
	113,808	**108,897**

For segment reporting purposes, the sales revenue of the Group is presented by division and market. Other sales revenue relates primarily to parts and engine deliveries.

2 Cost of sales

Cost of sales also includes interest expenses of €2,871 million (previous year: €2,429 million) attributable to the financial services business. This item includes impairment losses on intangible assets, property, plant and equipment, and leasing and rental assets. Impairment losses are based on updated impairment tests and reflect market and exchange rate risks in particular.

3 Distribution expenses

Distribution expenses amounting to €10,552 million (previous year: €9,274 million) include non-staff overheads and personnel costs, and depreciation and amortization applicable to the distribution function, as well as the costs of shipping, advertising and sales promotion.

4 Administrative expenses

Administrative expenses of €2,742 million (previous year: €2,453 million) mainly include non-staff overheads and personnel costs, as well as depreciation and amortization applicable to the administrative function.

5 Other operating income

	2008	2007
	€ million	
Income from reversal of valuation allowances on receivables and other assets	424	369
Income from reversal of provisions and accruals	1,532	877
Income from foreign currency hedging derivatives	2,445	1,390
Income from foreign exchange gains	2,254	1,093
Income from sale of promotional material	175	177
Income from cost allocations	770	903
Income from investment property	60	56
Gains on asset disposals	29	47
Miscellaneous other operating income	1,081	1,082
	8,770	**5,994**

Foreign exchange gains mainly comprise gains from changes in exchange rates between the dates of recognition and payment of receivables and liabilities denominated in foreign currencies, as well as exchange rate gains resulting from measurement at the closing rate. Foreign exchange losses from these items are included in other operating expenses.

6 Other operating expenses

	2008	2007
	€ million	
Valuation allowances on receivables and other assets	1,021	610
Losses from foreign currency hedging derivatives	1,209	780
Foreign exchange losses	2,555	1,410
Expenses from cost allocations	223	202
Expenses for termination agreements	27	94
Miscellaneous other operating expenses	1,304	1,314
	6,339	**4,410**

7 Share of profits and losses of equity-accounted investments

	2008	2007
	€ million	
Share of profits of equity-accounted investments	914	820
of which from: joint ventures	(532)	(443)
of which from: associates	(382)	(377)
Share of losses of equity-accounted investments	4	86
of which from: joint ventures	(4)	(86)
of which from: associates	–	(0)
	910	**734**

The share of profits and losses of equity-accounted investments includes the amounts for the Scania shares accounted for using the equity method for the period until the investment was consolidated.

8 Finance costs

	2008	2007
	€ million	
Other interest and similar expenses	998	1,032
Interest cost included in lease payments	10	9
Interest expenses	**1,008**	**1,041**
Interest component of additions to pension provisions	669	579
Interest cost on other liabilities	138	27
Interest cost on liabilities	**807**	**606**
Finance costs	**1,815**	**1,647**

9 Other financial result

	2008	2007
	€ million	
Income from profit and loss transfer agreements	20	17
Cost of loss absorption	36	16
Other income from equity investments	45	38
Other expenses from equity investments	35	182
Income from securities and loans*	15	505
Other interest and similar income	1,475	976
Gains and losses from fair value remeasurement and impairment of financial instruments	−244	−49
Gains and losses from fair value remeasurement of ineffective derivatives	−52	45
Gains and losses on hedges	−8	−29
Other financial result	**1,180**	**1,305**

* Including disposal gains/losses.

10 Income tax income/expense

COMPONENTS OF TAX INCOME AND EXPENSE

	2008	2007
	€ million	
Current tax expense, Germany	1,355	1,873
Current tax expense, abroad	1,087	1,000
Current tax expense	**2,442**	**2,873**
of which prior-period income/expense	(−41)	(148)
Income from reversal of tax provisions	−104	−129
Current income tax expense	**2,338**	**2,744**
Deferred tax income/expense, Germany	−86	104
Deferred tax income, abroad	−332	−427
Deferred tax income	**−418**	**−323**
Income tax income/expense	**1,920**	**2,421**

In Germany, current tax expense is calculated on the basis of a uniform corporation tax rate of 15% (previous year: 25%) plus a solidarity surcharge of 5.5%. In addition to corporation tax, trade tax is levied on profits generated in Germany. Due to the non-deductibility of trade tax as a business expense from fiscal year 2008, the average trade tax rate is 13.7%, which results in a total domestic tax rate of 29.5%.

The change in the tax rates due to the Unternehmenssteuerreformgesetz 2008 (German Business Taxation Reform Act 2008) was already reflected in the calculation of the German companies' deferred tax assets and liabilities for fiscal year 2007.

This resulted in deferred tax income of €75 million. The change in deferred tax assets and liabilities to be recognized directly in equity increased retained earnings by €58 million.

The local income tax rates applied for companies outside Germany vary between 0% and 42%. In the case of split tax rates, the tax rate applicable to undistributed profits is applied.

The realization of tax benefits from tax loss carryforwards from previous years resulted in a reduction in current income taxes in 2008 by €77 million (previous year: €405 million).

Previously unused tax loss carryforwards amounted to €2,172 million (previous year: €1,658 million). Tax loss carryforwards amounting to €808 million (previous year: €960 million) can be used indefinitely, while €95 million (previous year: €54 million) must be used within the next ten years. There are additional tax loss carryforwards amounting to €1,268 million (previous year: €645 million) that can be used within a period of 15 to 20 years. Tax loss carryforwards of €112 million (previous year: €483 million) are estimated not to be usable.

The decrease in tax loss carryforwards estimated not to be usable amounting to €371 million resulted primarily from the tax position of the US and Brazilian companies.

Deferred taxes are recognized where income from subsidiaries was tax-exempt in the past due to specific local regulations, but the tax effects on discontinuation of the temporary tax exemption are foreseeable. Tax benefits amounting to €73 million (previous year: €83 million) were recognized because of tax credits granted by various countries to compensate for the loss of tax relief where the amounts involved were unlimited.

No deferred tax assets were recognized for tax credits of €371 million (previous year: €313 million) that would expire in 2011 or 2017.

Due to the change in the statutory provisions in Germany, a refund claim for corporation tax was recognized as a current tax asset for the first time in fiscal year 2006. It was recognized in the balance sheet at a present value of €951 million. The present value of the refund claim was €965 million at the balance sheet date.

Deferred tax income resulting from changes in tax rates amounted to €54 million (previous year: deferred tax expenses of €76 million).

€1 million of the deferred taxes recognized in the balance sheet was charged to equity (previous year: €144 million charged to equity) without being recognized in the income statement. This amount includes €44 million (previous year: —) of deferred taxes credited to equity that are attributable to minority interests and a €2 million (previous year: —) reduction in deferred taxes resulting from changes in the consolidated Group. Recognition of actuarial gains or losses directly in equity in accordance with IAS 19 resulted in a decrease in equity from the recognition of deferred taxes of €57 million in 2008 (previous year: decrease by €610 million). Changes in deferred taxes on reserves for cash flow hedges increased equity by €134 million (previous year: decrease by €233 million). The deferred taxes required to be recognized on the fair value measurement of securities increased equity by €68 million (previous year: increase of €103 million).

DEFERRED TAXES CLASSIFIED BY BALANCE SHEET ITEM

The following recognized deferred tax assets and liabilities were attributable to recognition and measurement differences in the individual balance sheet items and to tax loss carryforwards:

	DEFERRED TAX ASSETS		**DEFERRED TAX LIABILITIES**	
	Dec. 31, 2008	**Dec. 31, 2007**	**Dec. 31, 2008**	**Dec. 31, 2007**
	€ million			
Intangible assets	235	177	2,271	1,532
Property, plant and equipment, and leasing and rental assets	4,123	3,958	2,729	2,153
Noncurrent financial assets	1,059	178	2	1
Inventories	335	190	321	448
Receivables and other assets (including Financial Services Division)	771	413	5,749	4,862
Other current assets	129	43	41	41
Pension provisions	1,050	1,039	8	5
Other provisions	2,723	2,490	530	123
Liabilities	1,708	1,507	1,853	1,198
Tax loss carryforwards	663	313	0	0
Valuation allowances on deferred tax assets	0	0	0	0
Gross value	**12,796**	**10,308**	**13,504**	**10,363**
of which noncurrent	(8,871)	(7,134)	(8,941)	(6,653)
Offset	9,885	8,229	9,885	8,229
Consolidation	433	1,030	35	503
Amount recognized	**3,344**	**3,109**	**3,654**	**2,637**

In accordance with IAS 12, deferred tax assets and liabilities are offset if, and only if, they relate to income taxes levied by the same taxation authority and relate to the same tax period.

The tax expense of €1,920 million reported for 2008 (previous year: expense of €2,421 million) was €29 million (previous year: €85 million) lower than the expected tax expense of €1,949 million that would have resulted from application of a tax rate applicable to undistributed profits of 29.5% to the profit before tax of the Group.

RECONCILIATION OF EXPECTED TO EFFECTIVE INCOME TAX

	2008	2007
	€ million	
Profit before tax	6,608	6,543
Expected income tax expense (tax rate 29.5%; previous year: 38.3%)	**1,949**	**2,506**
Reconciliation:		
Effect of different tax rates outside Germany	−141	−456
Proportion of taxation relating to:		
tax-exempt income	−286	−306
expenses not deductible for tax purposes	183	365
effects of loss carryforwards and tax credits	−47	−287
temporary differences for which no deferred taxes were recognized	422	486
Tax credits	−23	−85
Prior-period current tax expense	−41	148
Effect of tax rate changes	−54	−76
Other taxation changes	−42	126
Effective income tax income/expense	**1,920**	**2,421**
Effective tax rate (%)	29.1	37.0

11 Earnings per share

Basic earnings per share are calculated by dividing profit attributable to shareholders of Volkswagen AG by the weighted average number of ordinary and preferred shares outstanding during the reporting period. Earnings per share are diluted by potential shares. These include stock options, although these are only dilutive if they result in the issuance of shares at a value below the average market price of the shares. The fifth, sixth, seventh and eighth tranches of the stock option plan were dilutive.

	ORDINARY		PREFERRED	
Quantity	2008	2007	2008	2007
Weighted average number of shares outstanding – basic	292,852,751	289,099,603	105,238,280	105,238,280
Dilutive potential ordinary shares from the stock option plan	1,613,743	3,391,442	–	–
Weighted average number of shares outstanding – diluted	294,466,494	292,491,045	105,238,280	105,238,280

	2008	2007
	€ million	
Profit after tax	4,688	4,122
Minority interests	−65	2
Profit attributable to shareholders of Volkswagen AG	4,753	4,120
Basic earnings attributable to ordinary shares	3,492	3,016
Basic earnings attributable to preferred shares	1,261	1,104
Diluted earnings attributable to ordinary shares	3,497	3,025
Diluted earnings attributable to preferred shares	1,256	1,095

	2008	2007
	€	
Basic earnings per ordinary share	11.92	10.43
Basic earnings per preferred share	11.98	10.49
Diluted earnings per ordinary share	11.88	10.34
Diluted earnings per preferred share	11.94	10.40

Additional Income Statement Disclosures in Accordance with IFRS 7 (Financial Instruments)

CLASSES OF FINANCIAL INSTRUMENTS

Financial instruments are divided into the following classes at the Volkswagen Group:

- Financial instruments measured at fair value,
- Financial instruments measured at amortized cost and
- Financial instruments not falling within the scope of IFRS 7.

Financial instruments not falling within the scope of IFRS 7 include in particular investments in associates and joint ventures accounted for using the equity method.

NET GAINS OR LOSSES FROM FINANCIAL INSTRUMENTS BY MEASUREMENT CATEGORY UNDER IAS 39

	2008	2007
	€ million	
Financial instruments at fair value through profit or loss	−4	342
Loans and receivables	3,297	2,610
Available-for-sale financial assets	−288	329
Financial liabilities measured at amortized cost	−3,319	−3,268
	−314	**13**

Net gains and losses from financial instruments are composed of interest, fair value measurement gains and losses on financial instruments, gains and losses on currency translation, impairment losses and disposal gains/losses. Interest also includes interest income and expenses from the Financial Services Division's lending and leasing business. Financial instruments measured at fair value do not include any dividend income.

TOTAL INTEREST INCOME AND EXPENSES OF FINANCIAL INSTRUMENTS NOT MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

	2008	2007
	€ million	
Interest income	4,239	3,354
Interest expenses	3,462	3,386
	777	**−32**

IMPAIRMENT LOSSES ON FINANCIAL ASSETS BY CLASS

	2008	2007
	€ million	
Measured at fair value	266	–
Measured at amortized cost	1,156	818
	1,422	**818**

Impairment losses relate to write-downs of financial assets, such as valuation allowances on receivables, securities and unconsolidated subsidiaries. Interest income on impaired financial assets amounted to €82 million in fiscal year 2008 (previous year: €83 million).

€9 million (previous year: €15 million) was recognized in fiscal year 2008 as an expense for fees and commissions that are not accounted for using the effective interest method and €3 million (previous year: €4 million) as income.

Balance Sheet Disclosures

12 Intangible assets

CHANGES IN INTANGIBLE ASSETS BETWEEN JANUARY 1 AND DECEMBER 31, 2007

	Concessions, industrial and similar rights, and licenses in such rights and assets	Goodwill	Capitalized costs for products under development	Capitalized development costs for products currently in use	Other intangible assets	Total
			€ million			
Cost						
Balance at Jan. 1, 2007	**63**	**195**	**1,872**	**10,146**	**1,286**	**13,562**
Foreign exchange differences	−3	6	7	−65	−12	−67
Changes in consolidated Group	–	5	–	–	2	7
Additions	5	–	1,135	311	193	1,644
Transfers	3	–	−1,042	1,042	22	25
Disposals	1	5	34	964	121	1,125
Balance at Dec. 31, 2007	**67**	**201**	**1,938**	**10,470**	**1,370**	**14,046**
Amortization and impairment Balance at Jan. 1, 2007	**57**	**–**	**113**	**5,405**	**794**	**6,369**
Foreign exchange differences	−2	–	–	−37	−6	−45
Changes in consolidated Group	–	–	–	–	2	2
Additions to cumulative amortization	7	–	–	1,428	154	1,589
Additions to cumulative impairment losses	–	5	175	240	3	423
Transfers	0	–	−18	18	1	1
Disposals	1	5	41	957	119	1,123
Balance at Dec. 31, 2007	**61**	**–**	**229**	**6,097**	**829**	**7,216**
Carrying amount at Dec. 31, 2007	**6**	**201**	**1,709**	**4,373**	**541**	**6,830**

Sensitivity analyses have shown that it is unnecessary to recognize impairment losses on goodwill and indefinite-lived intangible assets, including where realistic variations are applied to key assumptions.

CHANGES IN INTANGIBLE ASSETS BETWEEN JANUARY 1 AND DECEMBER 31, 2008

	Concessions, industrial and similar rights, and licenses in such rights and assets	Goodwill	Capitalized costs for products under development	Capitalized development costs for products currently in use	Other intangible assets	Total
			€ million			
Cost						
Balance at Jan. 1, 2008	**67**	**201**	**1,938**	**10,470**	**1,370**	**14,046**
Foreign exchange differences	3	−384	−54	−366	−232	−1,033
Changes in consolidated Group	–	2,952	12	1,073	1,740	5,777
Additions	6	2	1,842	374	233	2,457
Transfers	14	–	−1,036	1,036	−29	−15
Held for sale	–	–	34	65	6	105
Disposals	1	–	3	1,023	117	1,144
Balance at Dec. 31, 2008	**89**	**2,771**	**2,665**	**11,499**	**2,959**	**19,983**
Amortization and impairment						
Balance at Jan. 1, 2008	**61**	**–**	**229**	**6,097**	**829**	**7,216**
Foreign exchange differences	3	–	–	−130	−14	−141
Changes in consolidated Group	–	–	–	–	0	0
Additions to cumulative amortization	7	–	–	1,359	374	1,740
Additions to cumulative impairment losses	0	–	18	15	8	41
Transfers	7	–	−8	8	−8	−1
Held for sale	–	–	–	20	6	26
Disposals	1	–	0	1,021	115	1,137
Balance at Dec. 31, 2008	**77**	**–**	**239**	**6,308**	**1,068**	**7,692**
Carrying amount at Dec. 31, 2008	**12**	**2,771**	**2,426**	**5,191**	**1,891**	**12,291**

€2,574 million of the goodwill reported as of December 31, 2008 relates to Scania and €151 million to Škoda (translated at the closing rate). The goodwill attributable to both companies is allocated to the Automotive Division. €32 million of the remaining amount relates to the Automotive Division and €14 million to the Financial Services Division. The recoverability of recognized goodwill is not affected by a variation in the growth forecast or in the discount rate by +/ −0.5%.

Other intangible assets in the Automotive Division at the balance sheet date include Scania's brand name with a carrying amount of €895 million. This figure is not amortized because no useful life can be determined.

Of the total research and development costs incurred in 2008, €2,216 million (previous year: €1,446 million) met the criteria for capitalization under IFRSs.

The following amounts were recognized as expenses:

	2008	2007
	€ million	
Research and non-capitalized development costs	3,710	3,477
Amortization of development costs	1,392	1,843
Research and development costs recognized in the income statement	**5,102**	**5,320**

13 Property, plant and equipment

CHANGES IN PROPERTY, PLANT AND EQUIPMENT BETWEEN JANUARY 1 AND DECEMBER 31, 2007

	Land, land rights and buildings, including buildings on third-party land	Technical equipment and machinery	Other equipment, operating and office equipment	Payments on account and assets under construction	Total
			€ million		
Cost					
Balance at Jan. 1, 2007	**14,141**	**24,538**	**31,311**	**1,518**	**71,508**
Foreign exchange differences	2	−69	−48	−3	−118
Changes in consolidated Group	32	–	34	1	67
Additions	299	820	1,760	1,602	4,481
Transfers	120	563	532	−1,240	−25
Disposals	170	804	969	42	1,985
Balance at Dec. 31, 2007	**14,424**	**25,048**	**32,620**	**1,836**	**73,928**
Depreciation and impairment					
Balance at Jan. 1, 2007	**7,214**	**18,801**	**25,146**	**7**	**51,168**
Foreign exchange differences	−7	−29	−28	1	−63
Changes in consolidated Group	9	–	11	–	20
Additions to cumulative depreciation	472	1,730	2,628	–	4,830
Additions to cumulative impairment losses	2	24	414	–	440
Transfers	−2	−2	3	–	−1
Disposals	143	784	877	–	1,804
Reversal of impairment losses	–	–	0	–	0
Balance at Dec. 31, 2007	**7,545**	**19,740**	**27,297**	**8**	**54,590**
Carrying amount at Dec. 31, 2007	**6,879**	**5,308**	**5,323**	**1,828**	**19,338**
of which assets leased under finance lease contracts Carrying amount at Dec. 31, 2007	197	–	19	–	216

Call options on buildings and plant leased under the terms of finance leases exist in most cases, and are normally exercised. Interest rates on the leases vary between 2.9% and 14%, depending on the market and the date of inception of the lease.

Future finance lease payments due, and their present values, are shown in the following table:

	2008	2009-2012	from 2013	Total
		€ million		
Finance lease payments	31	97	133	261
Interest component of finance lease payments	10	22	15	47
Carrying amount/present value	**21**	**75**	**118**	**214**

CHANGES IN PROPERTY, PLANT AND EQUIPMENT BETWEEN JANUARY 1 AND DECEMBER 31, 2008

	Land, land rights and buildings, including buildings on third-party land	Technical equipment and machinery	Other equipment, operating and office equipment	Payments on account and assets under construction	Total
			€ million		
Cost					
Balance at Jan. 1, 2008	**14,424**	**25,048**	**32,620**	**1,836**	**73,928**
Foreign exchange differences	−174	−495	−308	−117	−1,094
Changes in consolidated Group	1,389	959	110	294	2,752
Additions	437	1,118	2,420	2,676	6,651
Transfers	216	700	629	−1,523	22
Held for sale	44	30	111	6	191
Disposals	71	747	1,433	71	2,322
Balance at Dec. 31, 2008	**16,177**	**26,553**	**33,927**	**3,089**	**79,746**
Depreciation and impairment					
Balance at Jan. 1, 2008	**7,545**	**19,740**	**27,297**	**8**	**54,590**
Foreign exchange differences	−33	−238	−239	−8	−518
Changes in consolidated Group	0	0	0	–	0
Additions to cumulative depreciation	487	1,705	2,415	18	4,625
Additions to cumulative impairment losses	3	7	84	90	184
Transfers	3	−4	−9	11	1
Held for sale	25	25	72	2	124
Disposals	57	712	1,356	–	2,125
Reversal of impairment losses	–	0	–	−8	−8
Balance at Dec. 31, 2008	**7,923**	**20,473**	**28,120**	**109**	**56,625**
Carrying amount at Dec. 31, 2008	**8,254**	**6,080**	**5,807**	**2,980**	**23,121**
of which assets leased under finance lease contracts Carrying amount at Dec. 31, 2008	177	–	16	–	193

Call options on buildings and plant leased under the terms of finance leases exist in most cases, and are normally exercised. Interest rates on the leases vary between 2.9% and 13.6%, depending on the market and the date of inception of the lease.

Future finance lease payments due, and their present values, are shown in the following table:

	2009	2010-2013	from 2014	Total
		€ million		
Finance lease payments	39	77	124	240
Interest component of finance lease payments	7	10	15	32
Carrying amount/present value	**32**	**67**	**109**	**208**

For assets leased under operating leases, payments recognized in the income statement amounted to €366 million in the reporting period (previous year: €408 million).

Government grants of €49 million (previous year: €10 million) were deducted from the cost of property, plant and equipment.

14 Leasing and rental assets and investment property

CHANGES IN LEASING AND RENTAL ASSETS AND INVESTMENT PROPERTY BETWEEN JANUARY 1 AND DECEMBER 31, 2007

	Leasing and rental assets	Investment property	Total
		€ million	
Cost			
Balance at Jan. 1, 2007	**10,478**	**300**	**10,778**
Foreign exchange differences	−803	0	−803
Changes in consolidated Group	41	–	41
Additions	5,185	11	5,196
Transfers	–	0	0
Disposals	3,998	10	4,008
Balance at Dec. 31, 2007	**10,903**	**301**	**11,204**
Depreciation and impairment			
Balance at Jan. 1, 2007	**2,592**	**147**	**2,739**
Foreign exchange differences	−199	−1	−200
Changes in consolidated Group	8	–	8
Additions to cumulative depreciation	1,700	7	1,707
Additions to cumulative impairment losses	73	–	73
Transfers	–	–	–
Disposals	1,450	4	1,454
Reversal of impairment losses	0	–	0
Balance at Dec. 31, 2007	**2,724**	**149**	**2,873**
Carrying amount at Dec. 31, 2007	**8,179**	**152**	**8,331**

The following payments from non-cancelable leases and rental agreements were expected in 2007 to be received over the coming years:

2008	2009-2012	from 2013	Total
	€ million		
1,235	1,240	41	2,516

CHANGES IN LEASING AND RENTAL ASSETS AND INVESTMENT PROPERTY BETWEEN JANUARY 1 AND DECEMBER 31, 2008

	Leasing and rental assets	Investment property	Total
		€ million	
Cost			
Balance at Jan. 1, 2008	**10,903**	**301**	**11,204**
Foreign exchange differences	−78	1	−77
Changes in consolidated Group	1,286	–	1,286
Additions	5,335	13	5,348
Transfers	–	−7	−7
Disposals	4,751	3	4,754
Balance at Dec. 31, 2008	**12,695**	**305**	**13,000**
Depreciation and impairment			
Balance at Jan. 1, 2008	**2,724**	**149**	**2,873**
Foreign exchange differences	−27	1	−26
Changes in consolidated Group	75	–	75
Additions to cumulative depreciation	1,724	7	1,731
Additions to cumulative impairment losses	92	–	92
Transfers	–	0	0
Disposals	1,782	2	1,784
Reversal of impairment losses	0	–	0
Balance at Dec. 31, 2008	**2,806**	**155**	**2,961**
Carrying amount at Dec. 31, 2008	**9,889**	**150**	**10,039**

Leasing and rental assets include assets leased out under the terms of operating leases.

Investment property includes apartments rented out and leased dealerships, with a fair value of €399 million (previous year: €402 million). Operating expenses of €45 million (previous year: €45 million) were incurred for the maintenance of investment property in use. Expenses of €2 million (previous year: €2 million) were incurred for unused investment property.

The following payments from non-cancelable leases and rental agreements are expected to be received over the coming years:

2009	2010-2013	from 2014	Total
	€ million		
1,193	1,233	41	2,467

15 Equity-accounted investments and other equity investments

CHANGES IN EQUITY-ACCOUNTED INVESTMENTS AND OTHER EQUITY INVESTMENTS BETWEEN JANUARY 1 AND DECEMBER 31, 2007

	Equity accounted investments	Other equity investments	Total
		€ million	
Cost			
Balance at Jan. 1, 2007	**7,020**	**613**	**7,633**
Foreign exchange differences	−18	−1	−19
Changes in consolidated Group	–	0	0
Additions	1,904	438	2,342
Transfers	−10	10	–
Disposals	883	159	1,042
Reversal of impairment losses	–	–	–
Balance at Dec. 31, 2007	**8,013**	**901**	**8,914**
Impairment losses			
Balance at Jan. 1, 2007	**144**	**203**	**347**
Foreign exchange differences	−1	0	−1
Changes in consolidated Group	–	–	–
Additions to cumulative impairment losses	78	174	252
Transfers	−3	3	–
Disposals	–	27	27
Reversal of impairment losses	–	–	–
Balance at Dec. 31, 2007	**218**	**353**	**571**
Carrying amount at Dec. 31, 2007	**7,795**	**548**	**8,343**

CHANGES IN EQUITY-ACCOUNTED INVESTMENTS AND OTHER EQUITY INVESTMENTS BETWEEN JANUARY 1 AND DECEMBER 31, 2008

	Equity accounted investments	Other equity investments	Total
		€ million	
Cost			
Balance at Jan. 1, 2008	**8,013**	**901**	**8,914**
Foreign exchange differences	47	2	49
Changes in consolidated Group	−1,518	−229	−1,747
Additions	979	194	1,173
Transfers	−7	7	–
Disposals	1,120	5	1,125
Reversal of impairment losses	–	–	–
Balance at Dec. 31, 2008	**6,394**	**870**	**7,264**
Impairment losses			
Balance at Jan. 1, 2008	**218**	**353**	**571**
Foreign exchange differences	18	0	18
Changes in consolidated Group	–	−98	−98
Additions to cumulative impairment losses	–	32	32
Transfers	–	–	–
Disposals	109	0	109
Reversal of impairment losses	−106	–	−106
Balance at Dec. 31, 2008	**21**	**287**	**308**
Carrying amount at Dec. 31, 2008	**6,373**	**583**	**6,956**

Equity-accounted investments include joint ventures in the amount of €2,980 million (previous year: €2,789 million).

As a result of improved earnings prospects, impairment losses amounting to €106 million on several joint ventures attributable to the Automotive Division that were recognized in previous years were reversed in the past fiscal year. Value in use was estimated using a discount factor of 9.4% (previous year: 13%).

Significant joint ventures and associates are detailed in the listing of significant Group companies at the end of the notes to the consolidated financial statements.

16 Noncurrent and current financial services receivables

	current	noncurrent	Carrying amount Dec. 31, 2008	Fair value Dec. 31, 2008	current	noncurrent	Carrying amount Dec. 31, 2007	Fair value Dec. 31, 2007
				€ million				
Receivables from financing business								
customer financing	9,534	20,302	29,836	30,144	9,531	18,471	28,002	28,196
dealer financing	10,147	981	11,128	11,166	9,791	774	10,565	10,565
direct banking	133	–	133	133	94	0	94	94
	19,814	**21,283**	**41,097**	**41,443**	**19,416**	**19,245**	**38,661**	**38,855**
Receivables from operating lease business	125	–	125	125	103	–	103	103
Receivables from finance leases	7,096	10,572	17,668	17,833	5,395	8,277	13,672	13,675
	27,035	**31,855**	**58,890**	**59,401**	**24,914**	**27,522**	**52,436**	**52,633**

Noncurrent receivables from the customer financing business mainly bear fixed interest at rates of between 0.0% and 22.1% (previous year: 0.1% and 19.5%), depending on the market concerned. They have terms of up to 84 months (previous year: 84 months). The noncurrent portion of dealer financing is granted at interest rates of between 3.8% and 20% (previous year: 2% and 20%), depending on the country.

Financial services receivables of €58.9 billion contain a fair value adjustment from portfolio hedging amounting to €151 million.

The receivables from customer and dealer financing are secured by vehicles or real property liens.

The receivables from dealer financing include an amount of €173 million (previous year: €202 million) receivable from affiliated companies.

The receivables from finance leases — almost entirely in respect of vehicles – were or are expected to generate the following cash flows as of December 31, 2007 and December 31, 2008:

	2008	2009-2012	from 2013	Total
		€ million		
Future payments from finance lease receivables	5,919	8,985	14	14,918
Unearned finance income from finance leases (discounting)	−524	−721	−1	−1,246
Carrying amount/present value of minimum lease payments outstanding at the balance sheet date	**5,395**	**8,264**	**13**	**13,672**

	2009	2010-2013	from 2014	Total
		€ million		
Future payments from finance lease receivables	7,806	11,586	44	19,436
Unearned finance income from finance leases (discounting)	−710	−1,056	−2	−1,768
Carrying amount/present value of minimum lease payments outstanding at the balance sheet date	**7,096**	**10,530**	**42**	**17,668**

17 Noncurrent and current other receivables and financial assets

	current	noncurrent	Carrying amount Dec. 31, 2008	Fair value Dec. 31, 2008	current	noncurrent	Carrying amount Dec. 31, 2007	Fair value Dec. 31, 2007
	€ million							
Other receivables from								
affiliated companies	152	15	167	167	208	12	220	220
joint ventures	2,935	590	3,525	3,548	1,250	646	1,896	1,905
associates	22	–	22	22	9	–	9	9
other investees and investors	4	106	110	110	20	101	121	121
Recoverable income taxes	1,369	40	1,409	1,409	1,193	97	1,290	1,290
Positive fair values of derivatives	2,919	1,666	4,585	4,585	2,127	711	2,838	2,838
Other assets	2,667	970	3,637	3,644	1,846	849	2,695	2,698
	10,068	**3,387**	**13,455**	**13,485**	**6,653**	**2,416**	**9,069**	**9,081**

Other assets include plan assets to fund post-employment benefits in the amount of €69 million (previous year: €101 million). This item also includes the share of the technical provisions attributable to reinsurers amounting to €100 million (previous year: €78 million).

There are no material restrictions on title or right of use in respect of other receivables and financial assets. Default risks are accounted for by means of valuation allowances.

Other receivables and financial assets include loans to joint ventures, associates and other equity investments, and bear interest at rates of up to 22.1% (previous year: 19.5%).

Other receivables from affiliated companies include loans with terms of up to 11 years (previous year: 12 years), which were lent at interest rates of between 3.4% and 11.2% (previous year: 0.9% and 4.8%).

Current other receivables are predominantly non-interest-bearing.

The positive fair values of derivatives relate to the following items:

	Dec. 31, 2008	Dec. 31, 2007
	€ million	
Transactions for hedging against		
foreign currency risk from assets using fair value hedges	240	52
foreign currency risk from liabilities using fair value hedges	348	39
interest rate risk using fair value hedges	255	135
interest rate risk using cash flow hedges	82	53
foreign currency and price risk from future cash flows (cash flow hedges)	3,159	1,914
Hedging transactions	**4,084**	**2,193**
Assets arising from ineffective hedging derivatives	501	645
	4,585	**2,838**

The positive fair value of transactions for hedging against price risk from future cash flows (cash flow hedges) amounted to €2 million.

Positive fair values of €1 million were recognized from transactions for hedging against interest rate risk (fair value hedges) used in portfolio hedges.

Further details on derivative financial instruments as a whole are given in note 32 Financial risk management and financial instruments.

18 Tax assets

	current	noncurrent	Carrying amount Dec. 31, 2008	current	noncurrent	Carrying amount Dec. 31, 2007
			€ million			
Deferred tax assets	–	3,344	3,344	–	3,109	3,109
Tax receivables	1,024	763	1,787	500	952	1,452
	1,024	**4,107**	**5,131**	**500**	**4,061**	**4,561**

€1,333 million (previous year: €1,782 million) of the deferred tax assets is due within one year.

19 Inventories

	Dec. 31, 2008	Dec. 31, 2007
	€ million	
Raw materials, consumables and supplies	2,009	2,225
Work in progress	1,656	1,365
Finished goods and purchased merchandise	12,396	8,880
Current leased assets	1,703	1,545
Payments on account	52	16
	17,816	**14,031**

Of the total inventories, €2,484 million (previous year: €1,770 million) is recognized at net realizable value. At the same time as the relevant revenue was recognized, inventories in the amount of €90,617 million were included in cost of sales (previous year, adjusted: €86,871 million). Valuation allowances recognized as expenses in the reporting period amounted to €435 million (previous year: €221 million). Vehicles amounting to €94 million (previous year: €98 million) were assigned as collateral for partial retirement obligations.

20 Trade receivables

	Dec. 31, 2008	Dec. 31, 2007
	€ million	
Trade receivables from		
third parties	5,481	5,176
affiliated companies	157	175
joint ventures	318	329
associates	11	4
other investees and investors	2	7
	5,969	**5,691**

The fair values of the trade receivables correspond to the carrying amounts.

21 Marketable securities

The marketable securities serve to safeguard liquidity. Marketable securities are quoted, mainly short-term fixed-income securities, and shares allocated to the available for sale financial instruments category.

22 Cash and cash equivalents

	Dec. 31, 2008	Dec. 31, 2007
	€ million	
Bank balances	9,018	9,857
Checks, cash-in-hand and call deposits	456	255
	9,474	**10,112**

Bank balances are held at various banks in different currencies.

23 Assets held for sale and associated liabilities

Assets held for sale relate to Volkswagen Caminhões e Ônibus Indústria e Comércio de Veículos Comerciais Ltda., Resende, Brazil. The company was a wholly owned subsidiary of the Volkswagen Group at the reporting date and was allocated to the Automotive Division. In an agreement dated December 23, 2008, Volkswagen sold all shares of the company to a Brazilian subsidiary of MAN AG, Munich, effective January 1, 2009. The shares are expected to be transferred in the first quarter of 2009 after official approval has been obtained.

The key groups of assets held for sale and associated liabilities are as follows:

	Dec. 31, 2008 **€ million**
Intangible assets	79
Property, plant and equipment	67
Inventories	164
Cash and cash equivalents and marketable securities	282
Other assets	415
Assets held for sale	**1,007**

	Dec. 31, 2008 **€ million**
Provisions	313
Current financial liabilities	175
Other current liabilities	278
Liabilities associated with assets held for sale	**766**

Cumulative income and expense recognized directly in equity that is directly associated with the disposal groups is as follows:

	Dec. 31, 2008 **€ million**
Actuarial gains	–1
Cash flow hedges	–60
Foreign exchange differences	–52
Deferred taxes	21

24 Equity

	Subscribed capital	Capital reserves	RETAINED EARNINGS: Accumulated profit	Currency translation reserve	Reserve for actuarial gains and losses	Cash flow hedge reserve	Fair value reserve for securities	Equity-accounted investments	Equity attributable to shareholders of VW AG	Minority interests	Total equity
						€ million					
Balance at Jan. 1, 2007	**1,004**	**4,942**	**23,532**	**−1,272**	**−1,640**	**502**	**242**	**−406**	**26,904**	**55**	**26,959**
Capital increase	11	200	–	–	–	–	–	–	211	–	211
Dividend payment	–	–	497	–	–	–	–	–	497	0	497
Recognized income and expense	–	–	4,120	–228	1,427	995	–375	47	5,986	2	5,988
Deferred taxes	–	–	–	–	–610	–233	103	–	–740	–	–740
Other changes	–	–	11	–	–	–	–	–	11	6	17
Balance at Dec. 31, 2007	**1,015**	**5,142**	**27,166**	**−1,500**	**−823**	**1,264**	**−30**	**−359**	**31,875**	**63**	**31,938**
Balance at Jan. 1, 2008	**1,015**	**5,142**	**27,166**	**−1,500**	**−823**	**1,264**	**−30**	**−359**	**31,875**	**63**	**31,938**
Capital increase	9	209	–	–	–	–	–	–	218	–	218
Dividend payment	–	–	720	–	–	–	–	–	720	2	722
Recognized income and expense	–	–	4,753	–1,113	214	–227	–230	–188	3,209	–567	2,642
Deferred taxes	–	–	–	–	–63	96	68	–	101	44	145
Other changes	–	–	323	–108	0	5	–	108	328	2,839	3,167
Balance at Dec. 31, 2008	**1,024**	**5,351**	**31,522**	**−2,721**	**−672**	**1,138**	**−192**	**−439**	**35,011**	**2,377**	**37,388**

The other changes in fiscal year 2008 are largely attributable to the initial consolidation of Scania.

The subscribed capital of Volkswagen AG is denominated in euros. The shares are no-par value bearer shares. Each share has 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.

The subscribed capital is composed of 294,920,207 no-par value ordinary shares and 105,238,280 preferred shares, and amounts to €1,024 million (previous year: €1,015 million).

CHANGE IN ORDINARY AND PREFERRED SHARES AND SUBSCRIBED CAPITAL

	SHARES 2008	SHARES 2007	€ 2008	€ 2007
Balance at January 1	**396,575,547**	**392,218,347**	**1,015,233,400**	**1,004,078,968**
Issued shares (stock option plan)	3,582,940	4,357,200	9,172,326	11,154,432
Balance at December 31	**400,158,487**	**396,575,547**	**1,024,405,726**	**1,015,233,400**

Based on the resolution by the Annual General Meeting on May 3, 2006, authorized capital of up to €90 million, expiring on May 2, 2011, was approved for the issue of new ordinary bearer shares. Additional authorized capital of up to €400 million was adopted by a resolution by the Annual General Meeting on April 22, 2004, expiring on April 21, 2009.

There is also contingent capital of €7 million (originally €40 million) resulting from the resolution by the Annual General Meeting on April 16, 2002. This contingent capital increase will be implemented only to the extent that the holders of convertible bonds issued before April 15, 2007 exercise their conversion rights.

There is also contingent capital of €100 million for the issue of up to 39,062,500 ordinary and/or preferred shares. This contingent capital increase will be implemented only to the extent that the holders of convertible bonds to be issued before April 21, 2009 exercise their conversion rights.

The capital reserves comprise the share premium of a total of €5,025 million from the capital increases, the share premium of €219 million from the issue of bonds with warrants and an amount of €107 million appropriated on the basis of the capital reduction implemented in 2006. Capital reserves rose by €209 million in fiscal year 2008 as a result of the share premium from the capital increase due to the exercise of convertible bonds under the stock option plan. No amounts were withdrawn from the capital reserves.

STOCK OPTION PLAN

The stock option plan entitles the optionees – the Board of Management, Group senior executives and management, as well as employees of Volkswagen AG covered by collective pay agreements – to purchase options on shares of Volkswagen AG by subscribing for convertible bonds at a price of €2.56 each. Each bond is convertible into ten ordinary shares.

The convertible bonds are measured at fair value at the date of grant to the employees. The convertible bonds measured at fair value are recognized in personnel expenses and in equity.

The conversion prices and periods following the expiration of the first four tranches are shown in the following table. The information on the fifth tranche is presented as data for the reporting period, although this tranche has now also expired.

CONVERSION PRICES AND PERIODS FOR EACH TRANCHE OF THE STOCK OPTION PLAN

	5th tranche	6th tranche	7th tranche	8th tranche
		€		
Base conversion price per share	36.54	38.68	37.99	58.18
Conversion price				
as from July 12, 2005	40.19			
as from publication of interim report for Jan. – Sept. 2005	42.02			
as from July 10, 2006		42.55		
as from publication of interim report for Jan. – Sept. 2006	43.85	44.48		
as from July 09, 2007			41.79	
as from publication of interim report for Jan. – Sept. 2007	45.68	46.42	43.69	
as from July 8, 2008				64.00
as from publication of interim report for Jan. – Sept. 2008		48.35	45.59	66.91
as from publication of interim report for Jan. – Sept. 2009			47.49	69.82
as from publication of interim report for Jan. – Sept. 2010				72.73
Beginning of conversion period	July 12, 2005	July 10, 2006	July 9, 2007	July 8, 2008
End of conversion period	July 4, 2008	July 2, 2009	July 1, 2010	June 30, 2011

Changes in the rights to stock options granted are shown in the following table:

	NOMINAL VALUE OF CONVERTIBLE BONDS	NUMBER OF CONVERSION RIGHTS	NUMBER OF POTENTIAL ORDINARY SHARES
	€	Rights	Shares
Balance at Jan. 1, 2007	**2,109,539.84**	**824,039**	**8,240,390**
In fiscal year			
exercised	1,115,443.20	435,720	4,357,200
returned	29,447.68	11,503	115,030
Balance at Dec. 31, 2007	**964,648.96**	**376,816**	**3,768,160**
Balance at Jan. 1, 2008	**964,648.96**	**376,816**	**3,768,160**
In fiscal year			
exercised	917,232.64	358,294	3,582,940
returned	3,875.84	1,514	15,140
Balance at Dec. 31, 2008	**43,540.48**	**17,008**	**170,080**

MEASUREMENT OF CONVERTIBLE BONDS IN THE FIFTH TO EIGHT TRANCHES

Those convertible bonds granted after publication of the draft IFRS 2 on November 7, 2002 were measured in accordance with the transitional provisions of IFRS 2.

The fair value of the convertible bonds is estimated using a binomial option pricing model based on the issuance and conversion conditions described above. In terms of the optionees' conversion behavior, it was assumed that they will convert when the share price is 50% higher than the conversion price. Historical and implied volatilities based on the expected remaining term of the conversion rights were used to estimate the fair value of the convertible bonds. The assumptions used and the fair value estimated are presented in the following table:

	5th tranche	6th tranche	7th tranche	8th tranche
Volatility (%)	27.50	27.50	27.50	27.50
Risk-free rate (%)	3.00	3.49	2.57	3.77
Dividends (%)	3.20	3.20	3.20	3.20
Fair value per convertible bond (€)	48.25	39.66	48.71	63.49

The fair value of the convertible bonds is recognized ratably as a personnel expense over the two-year vesting period. This produced expenses of €5 million (previous year: €15 million) in 2008.

Changes in the number of convertible bonds in issue and their exercise prices are shown in the following table.

	AVERAGE EXERCISE PRICE PER CONVERTIBLE BOND*	CONVERTIBLE BONDS
	€	Quantity
Balance at Jan. 1, 2007	**519.72**	**703,074**
In fiscal year		
granted	–	–
returned	553.30	11,418
exercised	423.99	314,840
Balance at Dec. 31, 2007	**603.70**	**376,816**
of which available for exercise	449.76	71,895
Balance at Jan. 1, 2008	**603.70**	**376,816**
In fiscal year		
granted	–	–
returned	629.58	1,514
exercised	609.24	358,294
Balance at Dec. 12, 2008	**556.27**	**17,008**
of which available for exercise	556.27	17,008

* Conversion price per ten shares.

For 50,357 convertible bonds, the average conversion price increased by €241.50 in 2008.

2008	EXERCISE PRICE PER CONVERTIBLE BOND*	CONVERTIBLE BONDS
	€	Quantity
5th tranche	456.80	0
6th tranche	483.50	6,127
7th tranche	455.90	3,667
8th tranche	669.10	7,214
		17,008

* Conversion price per ten shares.

DIVIDEND PROPOSAL

In accordance with section 58(2) of the Aktiengesetz (AktG – German Stock Corporation Act), the dividend payment by Volkswagen AG is based on the net retained profits reported in the annual financial statements of Volkswagen AG. Based on the annual financial statements of Volkswagen AG, net retained profits of €781 million are eligible for distribution. The Board of Management and Supervisory Board of Volkswagen

AG will propose to the Annual General Meeting that a dividend of €1.93 per ordinary share and €1.99 per preferred share be paid, for a total of €779 million, and that the remaining amount of €2 million be carried forward to new account.

A dividend of €1.80 per ordinary share and €1.86 per preferred share were distributed in fiscal year 2008.

MINORITY INTERESTS

The minority interests in equity are attributable primarily to shareholders of Scania AB.

25 Noncurrent and current financial liabilities

The details of noncurrent and current financial liabilities are presented in the following table:

	current	noncurrent	Carrying amount Dec. 31, 2008	current	noncurrent	Carrying amount Dec. 31, 2007
			€ million			
Bonds	7,125	19,672	26,797	6,943	20,364	27,307
Commercial paper and notes	9,274	4,877	14,151	6,924	2,901	9,825
Liabilities to banks	7,918	4,662	12,580	5,082	2,777	7,859
Deposits from direct banking business	10,877	1,958	12,835	8,421	1,199	9,620
Loans	762	1,912	2,674	1,058	1,881	2,939
Bills of exchange	0	–	0	0	–	0
Finance lease liabilities	32	176	208	21	193	214
Financial liabilities to affiliated companies	130	–	130	190	–	190
joint ventures	–	–	–	16	–	16
associates	5	–	5	6	–	6
other investees and investors	–	–	–	16	–	16
	36,123	**33,257**	**69,380**	**28,677**	**29,315**	**57,992**

Of the liabilities reported in the consolidated balance sheet, a total of €526 million (previous year: €325 million) is secured, for the most part by real estate liens.

Asset-backed securities transactions amounting to €13,117 million (previous year: €13,015 million) entered into to refinance the financial services business via consolidated special purpose entities are included in bonds, commercial paper and notes, and liabilities from loans. Receivables of €15,880 million (previous year: €14,208 million) from the customer financing and leasing businesses are pledged as collateral.

All public and private asset-backed securities transactions can be repaid in advance if less than 9% of the original transaction volume is outstanding. The ABS transactions of Volkswagen Financial Services (UK) and Volkswagen Financial Services Japan are private transactions that can be terminated at any time.

26 Noncurrent and current other liabilities

	current	noncurrent	Carrying amount Dec. 31, 2008	current	noncurrent	Carrying amount Dec. 31, 2007
			€ million			
Payments on account received in respect of orders	1,158	35	1,193	1,215	21	1,236
Other liabilities to						
affiliated companies	141	–	141	71	0	71
joint ventures	25	–	25	31	–	31
associates	0	–	0	0	–	0
other investees and investors	0	–	0	1	–	1
Negative fair values of derivative financial instruments	1,189	1,150	2,339	419	258	677
Liabilities relating to						
other taxes	751	391	1,142	783	372	1,155
social security	261	28	289	232	30	262
wages and salaries	1,444	297	1,741	1,344	243	1,587
Miscellaneous liabilities	3,576	1,334	4,910	2,988	1,321	4,309
	8,545	**3,235**	**11,780**	**7,084**	**2,245**	**9,329**

The negative fair values of derivatives relate to the following items:

	Dec. 31, 2008	Dec. 31, 2007
	€ million	
Transactions for hedging against		
foreign currency risk from assets using fair value hedges	8	5
foreign currency risk from liabilities using fair value hedges	296	243
interest rate risk using fair value hedges	210	47
interest rate risk using cash flow hedges	240	38
foreign currency and price risk from future cash flows (cash flow hedges)	1,178	201
Hedging transactions	**1,932**	**534**
Liabilities arising from ineffective hedging derivatives	407	143
	2,339	**677**

The negative fair value of transactions for hedging against price risk from future cash flows (cash flow hedges) amounted to €216 million.

Negative fair values of €151 million were recognized from transactions for hedging against interest rate risk (fair value hedges) used in portfolio hedges.

Further details on derivative financial instruments as a whole are given in note 32 Financial risk management and financial instruments.

27 Tax liabilities

	current	noncurrent	Carrying amount Dec. 31, 2008	current	noncurrent	Carrying amount Dec. 31, 2007
			€ million			
Deferred tax liabilities	–	3,654	3,654	–	2,637	2,637
Provisions for taxes	1,160	3,555	4,715	1,828	2,275	4,103
Current tax payables	59	–	59	98	–	98
	1,219	**7,209**	**8,428**	**1,926**	**4,912**	**6,838**

€1,573 million (previous year: €1,790 million) of the deferred tax liabilities is due within one year.

28 Provisions for pensions and other post-employment benefits

Provisions for pensions are recognized for benefits in the form of retirement, invalidity and dependents' benefits payable under pension plans. The benefits provided by the Group vary according to the legal, tax and economic circumstances of the country concerned, and usually depend on the length of service and remuneration of the employees.

Group companies provide occupational pensions under both defined contribution and defined benefit plans. In the case of defined contribution plans, the Company makes contributions to state or private pension schemes based on legal or contractual requirements, or on a voluntary basis. Once the contributions have been paid, there are no further obligations for the Company. Current contributions are recognized as pension expenses of the period concerned. In 2008, they amounted to a total of €966 million (previous year, adjusted: €853 million) in the Volkswagen Group. Of this figure, contributions to the compulsory state pension system in Germany amounted to €804 million (previous year: €746 million).

Most pension plans are defined benefit plans, with a distinction made between pensions financed by provisions and externally funded plans.

The pension provisions for defined benefits are measured using the internationally accepted projected unit credit method in accordance with IAS 19, under which the future obligations are measured on the basis of the ratable benefit entitlements earned as of the balance sheet date. Measurement reflects assumptions as to trends in the relevant variables affecting the level of benefits. All defined benefit plans require actuarial calculations. Actuarial gains or losses arise from changes in the number of beneficiaries and differences between actual trends (for example, in salary and pension increases or changes in interest rates) and the assumptions on which calculations were based. Actuarial gains and losses are taken directly to equity.

Owing to their benefit character, the obligations of the US Group companies in respect of post-employment medical care in particular are also carried under provisions for pensions and other post-employment benefits. These post-employment benefit provisions take into account the expected long-term rise in the cost of healthcare. A one percentage point increase or decrease in the assumed healthcare cost trends only marginally affects the amount of the obligations. €17 million was recognized in fiscal year 2008 as an expense for healthcare costs (previous year: €10 million). The related carrying amount was therefore €174 million as of December 31, 2008 (previous year: €160 million).

Since 1996, the occupational pension arrangements of the Volkswagen Group in Germany have been based on a specially developed expense-related pension model that is classified as a defined benefit plan under IAS 19. With effect from January 1, 2001, this model was further developed into a pension fund, with the annual remuneration-linked contributions being invested in funds by Volkswagen Pension Trust e.V. as the trustee. By investing in funds, this model offers an opportunity for increasing benefit entitlements, while at the same time fully safeguarding them. For this reason, almost all Group companies in Germany have now joined the fund. Since the fund investments held by the trust meet the criteria of IAS 19 for classification as plan assets, they are deducted from the obligation.

Where the foreign Group companies provide collateral for obligations, this mainly takes the form of shares, fixed-income securities and real estate. These do not include any financial instruments issued by companies of the Volkswagen Group, or any investment property used by Group companies.

The following amounts were recognized in the balance sheet for defined benefit plans:

	Dec. 31, 2008	Dec. 31, 2007	Dec. 31, 2006	Dec. 31, 2005	Dec. 31, 2004
			€ million		
Present value of funded obligations	3,240	3,330	3,235	2,959	2,455
Fair value of plan assets	3,153	3,422	3,159	2,690	2,068
Funded status (net)	87	−92	76	269	387
Present value of unfunded obligations	12,743	12,532	13,652	13,618	12,169
Unrecognized past service cost	22	31	23	39	−31
Amount not recognized as an asset because of the limit in IAS 19	34	31	42	47	33
Net liability recognized in the balance sheet	**12,886**	**12,502**	**13,793**	**13,973**	**12,558**
of which provisions for pensions and other post-employment benefits	12,955	12,603	13,854	14,003	12,633
of which other assets	69	101	61	30	75

The present value of the obligations is calculated as follows:

	2008	2007
	€ million	
Present value of obligations at January 1	**15,862**	**16,887**
Current service cost	324	336
Interest cost	884	796
Actuarial gains	−687	−1,522
Employee contributions to plan assets	17	12
Pension payments from company assets	576	540
Pension payments from plan assets	121	97
Past service cost	17	10
Losses/gains from plan curtailments and settlements	1	−25
Changes in consolidated Group	485	37
Other changes	17	56
Foreign exchange differences	−240	−88
Present value of obligations at December 31	**15,983**	**15,862**

Changes in the composition of the plan assets are shown in the following table:

	2008	2007
	€ million	
Fair value of plan assets at January 1	**3,422**	**3,159**
Expected return on plan assets	215	217
Actuarial losses	−473	−95
Employer contributions to plan assets	277	281
Employee contributions to plan assets	12	12
Pension payments from plan assets	121	97
Changes in consolidated Group	120	2
Other changes	−4	37
Foreign exchange differences	−295	−94
Fair value of plan assets at December 31	**3,153**	**3,422**

Investment of the plan assets to cover future pension obligations resulted in losses in the amount of €258 million (previous year: income of €122 million).

The rate for the expected long-term return on plan assets is based on the long-term returns actually generated for the portfolio, historical overall market returns and a forecast of expected returns on the securities classes held in the portfolio. The forecasts are based on detailed analyses by actuaries and experts in the investment industry. As the remaining period of service is used as the investment horizon, no major changes were made to assumptions regarding the expected return.

Employer contributions to plan assets are expected to amount to €237 million next year.

Plan assets consist of the following components:

	2008	2007
	%	
Equities	20.1	35.6
Fixed-income securities	54.8	52.4
Cash	18.7	5.0
Real estate	2.5	3.1
Other	3.9	3.9

The following amounts were recognized in the income statement:

	2008	2007
	€ million	
Current service cost	324	336
Interest cost	884	796
Expected return on plan assets	215	217
Past service cost	17	10
Losses/gains from plan curtailments and settlements	2	−25
Losses/gains as a result of application of limit under IAS 19.58(b)	14	−8
Net income and expenses recognized in profit or loss	**1,026**	**892**

The above amounts are generally included in the personnel costs of the functions in the income statement. Interest cost on pension provisions and the expected return on plan assets are presented in Finance costs (note 8).

The net liability recognized in the balance sheet has changed as follows:

	2008	2007
	€ million	
Net liability recognized in the balance sheet at January 1	**12,502**	**13,793**
Changes in consolidated Group	365	35
Net expense recognized in the income statement	1,026	892
Benefit payments from company assets and contributions to funds	848	821
Actuarial gains	−214	−1,427
Other changes	9	30
Foreign exchange differences	46	0
Net liability recognized in the balance sheet at December 31	**12,886**	**12,502**

The experience adjustments, meaning differences between changes in assets and obligations expected on the basis of actuarial assumptions and actual changes in those assets and obligations, are shown in the following table:

	2008	2007	2006	2005	2004
Differences between expected and actual developments:					
as % of present value of the obligation	−1.04	−0.48	0.03	0.25	2.63
as % of fair value of plan assets	−10.47	−2.44	2.57	2.12	−0.27

Calculation of the pension provisions was based on the following assumptions:

	GERMANY		ABROAD	
	2008	2007	2008	2007
		%		
Discount rate at December 31	5.75	5.50	2.00 – 9.00	2.00 – 9.00
Expected return on plan assets	5.00	5.00	2.00 – 11.30	2.00 – 9.80
Salary trend	2.50	2.50	1.50 – 10.00	2.00 – 7.60
Pension trend	1.00 – 1.60	1.00 – 1.60	0.80 – 5.25	2.20 – 5.25
Employee turnover rate	0.75 – 1.20	0.75 – 1.40	1.50 – 5.75	3.00 – 5.25
Annual increase in healthcare costs	–	–	4.50 – 7.25	4.50 – 7.75

29 Noncurrent and current other provisions

	Obligations arising from sales	Employee expenses	Other provisions	Total
		€ million		
Balance at Jan. 1, 2007	**9,152**	**3,680**	**3,169**	**16,001**
Foreign exchange differences	−102	−5	5	−102
Changes in consolidated Group	0	6	99	105
Utilized	4,062	1,656	579	6,297
Additions/New provisions	5,445	1,093	2,011	8,549
Interest cost	41	−14	−4	23
Reversals	339	75	307	721
Balance at Jan. 1, 2008	**10,135**	**3,029**	**4,394**	**17,558**
Foreign exchange differences	−70	−23	−183	−276
Changes in consolidated Group	148	3	120	271
Held for sale	90	7	127	224
Utilized	4,375	1,143	1,173	6,691
Additions/New provisions	5,097	1,079	1,867	8,043
Interest cost	118	4	7	129
Reversals	458	122	684	1,264
Balance at Dec. 31, 2008	**10,505**	**2,820**	**4,221**	**17,546**

The obligations arising from sales contain provisions covering all risks relating to the sale of vehicles, components and genuine parts through to the disposal of end-of-life vehicles. They primarily comprise warranty claims, calculated on the basis of losses to date and estimated future losses. They also include provisions for discounts, bonuses and similar allowances incurred after the balance sheet date, but for which there is a legal or constructive obligation attributable to sales revenue before the balance sheet date.

Provisions for employee expenses are recognized for long-service awards, time credits, the part-time scheme for employees near to retirement, severance payments and similar obligations, among other things.

Other provisions relate to a wide range of identifiable risks and uncertain obligations and are measured in the amount of the expected settlement value.

Other provisions include technical provisions (insurance) amounting to €139 million (previous year: €115 million).

48% of the other provisions are expected to result in cash outflows in the following year, 42% between 2010 and 2013, and 10% thereafter.

30 Trade payables

	Dec. 31, 2008	Dec. 31, 2007
	€ million	
Trade payables to		
third parties	9,571	9,014
affiliated companies	68	39
joint ventures	21	30
associates	9	1
other investees and investors	7	15
	9,676	**9,099**

Additional Balance Sheet Disclosures in accordance with IFRS 7 (Financial Instruments)

CARRYING AMOUNT OF FINANCIAL INSTRUMENTS BY MEASUREMENT CATEGORY UNDER IAS 39

	Dec. 31, 2008	Dec. 31, 2007
	€ million	
Financial assets at fair value through profit or loss	878	1,522
Loans and receivables	52,751	47,053
Available-for-sale financial assets	13,450	16,398
Financial liabilities at fair value through profit or loss	407	143
Financial liabilities measured at amortized cost*	81,728	67,419

* Prior-period amount adjusted.

RECONCILIATION OF BALANCE SHEET ITEMS TO CLASSES OF FINANCIAL INSTRUMENTS

The following table shows the reconciliation of the balance sheet items to the relevant classes of financial instruments, broken down by carrying amount and fair value of the financial instruments.

The fair value of financial instruments measured at amortized cost, such as receivables and liabilities, is calculated by discounting using a market rate of interest for a similar risk and matching maturity. For reasons of materiality, the fair value of current balance sheet items is deemed to be their carrying amount.

RECONCILIATION OF BALANCE SHEET ITEMS TO CLASSES OF FINANCIAL INSTRUMENTS AS OF DECEMBER 31, 2007

	MEASURED AT FAIR VALUE	MEASURED AT AMORTIZED COST		NOT WITHIN SCOPE OF IFRS 7	OTHER-NOT FINANCIAL INSTRUMENTS	BALANCE SHEET ITEM AT DEC. 31, 2007
	Carrying amount	Carrying amount	Fair value	Carrying amount	Carrying amount	
				€ million		
Noncurrent assets						
Equity-accounted investments . .	–	–	–	7,795	–	7,795
Other equity investments	–	548	548	–	–	548
Financial services receivables. . .	–	27,522	27,719	–	–	27,522
Other receivables and financial assets.	711	828	828	–	877	2,416
Current assets						
Trade receivables	–	5,691	5,691	–	–	5,691
Financial services receivables. . .	–	24,914	24,914	–	–	24,914
Other receivables and financial assets.	2,127	1,771	1,771	–	2,755	6,653
Marketable securities	6,615	–	–	–	–	6,615
Cash and cash equivalents.	10,112	–	–	–	–	10,112
Noncurrent liabilities						
Noncurrent financial liabilities . . .	–	29,315	29,405	–	–	29,315
Other noncurrent liabilities	258	1	1	–	1,986	2,245
Current liabilities						
Current financial liabilities	–	28,677	28,677	–	–	28,677
Trade payables	–	9,099	9,099	–	–	9,099
Other current liabilities	419	716	716	–	5,949	7,084

RECONCILIATION OF BALANCE SHEET ITEMS TO CLASSES OF FINANCIAL INSTRUMENTS AS OF DECEMBER 31, 2008

	MEASURED AT FAIR VALUE	MEASURED AT AMORTIZED COST		NOT WITHIN SCOPE OF IFRS 7	OTHER-NOT FINANCIAL INSTRUMENTS	BALANCE SHEET ITEM AT DEC. 31, 2008
	Carrying amount	Carrying amount	Fair value	Carrying amount	Carrying amount	
				€ million		
Noncurrent assets						
Equity-accounted investments . .	–	–	–	6,373	–	6,373
Other equity investments	2	581	581	–	–	583
Financial services receivables. . .	–	31,855	32,366	–	–	31,855
Other receivables and financial assets.	1,666	1,456	1,456	–	265	3,387
Current assets						
Trade receivables	–	5,969	5,970	–	–	5,969
Financial services receivables. . .	–	27,035	27,035	–	–	27,035
Other receivables and financial assets.	2,919	4,104	4,104	–	3,045	10,068
Marketable securities	3,770	–	–	–	–	3,770
Cash and cash equivalents.	9,474	–	–	–	–	9,474
Noncurrent liabilities						
Noncurrent financial liabilities . . .	100	33,157	33,410	–	–	33,257
Other noncurrent liabilities	1,150	436	436	–	1,649	3,235
Current liabilities						
Current financial liabilities	–	36,123	36,123	–	–	36,123
Trade payables	–	9,676	9,676	–	–	9,676
Other current liabilities	1,189	2,544	2,544	–	4,812	8,545

CHANGES IN CREDIT RISK VALUATION ALLOWANCES ON FINANCIAL ASSETS

	Specific valuation allowances	Portfolio-based valuation allowances	2008	Specific valuation allowances	Portfolio-based valuation allowances	2007
			€ million			
Balance at Jan. 1	**991**	**563**	**1,554**	**1,114**	**590**	**1,704**
Currency and other changes	58	5	63	1	−10	−9
Additions	741	115	856	437	88	525
Utilization	368	–	368	261	0	261
Reversals	182	149	331	295	111	406
Reclassification	−85	85	0	−5	6	1
Balance at Dec. 31	**1,155**	**619**	**1,774**	**991**	**563**	**1,554**

Starting in fiscal year 2008, the valuation allowances mainly relate to the credit risks associated with financial services. The prior-period amounts were adjusted to enhance comparability.

Other Disclosures

31 Cash Flow Statement

Cash flows are presented in the cash flow statement classified into cash flows from operating activities, investing activities and financing activities, irrespective of the format of the balance sheet.

Cash flows from operating activities are derived indirectly from profit before tax. Profit before tax is adjusted to eliminate noncash expenses (mainly depreciation and amortization) and income. This results in cash flows from operating activities after accounting for changes in working capital.

Investing activities include additions to property, plant and equipment, and noncurrent financial assets, as well as to capitalized development costs. The changes in leasing and rental assets and in financial services receivables are also included here.

Financing activities include outflows of funds from dividend payments and redemption of bonds, as well as inflows from the issue of bonds and changes in other financial liabilities.

The changes in balance sheet items that are presented in the cash flow statement cannot be derived directly from the balance sheet, as the effects of currency translation and changes in the consolidated Group are noncash transactions and are therefore eliminated.

In 2008, cash flows from operating activities include interest received amounting to €4,576 million (previous year: €4,096 million) and interest paid amounting to €3,404 million (previous year: €2,934 million). In addition, the Share of profits and losses of equity-method investments (note 7) includes dividends amounting to €679 million (previous year: €667 million). Dividends amounting to €720 million (previous year: €497 million) were paid to Volkswagen AG shareholders.

	Dec. 31, 2008	Dec. 31, 2007
	€ million	
Cash and cash equivalents as reported in the balance sheet	9,474	10,112
Cash and cash equivalents held for sale	11	–
Time deposit investments	−42	−198
Cash and cash equivalents as reported in the cash flow statement	9,443	9,914

32 Financial risk management and financial instruments

1. HEDGING GUIDELINES AND FINANCIAL RISK MANAGEMENT PRINCIPLES

The principles and responsibilities for managing and controlling the risks that could arise from financial instruments are defined by the Board of Management and monitored by the Supervisory Board. General rules apply to the Group-wide risk policy; these are oriented on the statutory requirements and the "Minimum Requirements for Risk Management by Credit Institutions".

Group Treasury is responsible for operational risk management and control. The Executive Committee for Liquidity and Foreign Currency is regularly informed about current financial risks. In addition, the Group Board of Management and the Supervisory Board are regularly updated on the current risk situation.

For more information, please see the Management Report on page 175.

2. CREDIT AND DEFAULT RISK

The credit and default risk arising from financial assets involves the risk of default by counterparties, and therefore comprises at a maximum the amount of the claims under positive fair values receivable from them and the irrevocable credit commitments. The risk arising from non-derivative financial instruments is accounted for by recognizing bad debt losses. Cash and capital investments and derivatives are only entered into with prime-rated national and international counterparties. Risk is additionally limited by a limit system based on credit assessments by the international rating agencies and on the equity base of the counterparties concerned.

There were no material concentrations of risk in fiscal year 2008 due to the global allocation of the Group's business activities and the resulting diversification.

CREDIT AND DEFAULT RISK RELATING TO FINANCIAL ASSETS BY GROSS CARRYING AMOUNT

	Neither past due nor impaired	Past due and not impaired	Impaired	Dec. 31, 2008	Neither past due nor impaired	Past due and not impaired	Impaired	Dec. 31, 2007
	€ million							
Measured at amortized cost								
Financial services receivables	55,838	2,587	1,923	60,348	50,298	2,254	1,782	54,334
Trade receivables	4,724	1,136	388	6,248	4,747	873	286	5,906
Other receivables	11,158	161	242	11,561	14,402	205	406	15,013
	71,720	**3,884**	**2,553**	**78,157**	**69,447**	**3,332**	**2,474**	**75,253**

There are no overdue financial instruments measured at fair value in the Volkswagen Group. As a consequence of the fluctuations in fair value caused by the financial crisis, securities measured at fair value with a cost of €363 million were individually impaired in fiscal year 2008.

CREDIT RATING OF THE GROSS CARRYING AMOUNTS OF FINANCIAL ASSETS THAT ARE NEITHER PAST DUE NOR IMPAIRED

	Risk class 1	Risk class 2	Dec. 31, 2008	Risk class 1	Risk class 2	Dec. 31, 2007
	€ million					
Measured at amortized cost						
Financial services receivables	47,651	8,187	55,838	42,493	7,805	50,298
Trade receivables	4,724	0	4,724	4,747	0	4,747
Other receivables	11,153	5	11,158	14,401	1	14,402
Measured at fair value	7,395	–	7,395	8,882	–	8,882
	70,923	**8,192**	**79,115**	**70,523**	**7,806**	**78,329**

The Volkswagen Group performs a credit assessment of borrowers in all loan and lease agreements, using scoring systems for the high-volume business and rating systems for corporate customers and receivables from dealer financing. Receivables rated as good are contained in risk class 1. Receivables from customers whose credit rating is not good but have not yet defaulted are contained in risk class 2.

MATURITY ANALYSIS OF THE GROSS CARRYING AMOUNTS OF FINANCIAL ASSETS THAT ARE PAST DUE AND NOT IMPAIRED

	PAST DUE BY:			GROSS CARRYING AMOUNT
	up to 30 days	30 to 90 days	more than 90 days	Dec. 31, 2007
	€ million			
Measured at amortized cost				
Financial services receivables	1,898	351	5	2,254
Trade receivables	589	145	139	873
Other receivables	122	27	56	205
Measured at fair value	–	–	–	–
	2,609	**523**	**200**	**3,332**

	PAST DUE BY:			GROSS CARRYING AMOUNT
	up to 30 days	30 to 90 days	more than 90 days	Dec. 31, 2008
		€ million		
Measured at amortized cost				
Financial services receivables	1,843	584	160	2,587
Trade receivables	668	278	190	1,136
Other receivables	74	29	58	161
Measured at fair value	–	–	–	–
	2,585	**891**	**408**	**3,884**

CARRYING AMOUNTS OF FINANCIAL INSTRUMENTS THAT WOULD OTHERWISE BE PAST DUE WHOSE TERMS HAVE BEEN RENEGOTIATED

	Dec. 31, 2008	Dec. 31, 2007
	€ million	
Measured at amortized cost		
Financial services receivables	849	478
Trade receivables	–	12
Other receivables	–	–
Measured at fair value	–	–
	849	**490**

Collateral that met the recognition criteria under IFRSs was recognized in the balance sheet in the amount of €225 million in fiscal year 2008 (previous year: €174 million). This mainly relates to vehicles.

3. LIQUIDITY RISK

The solvency and liquidity of the Volkswagen Group is ensured at all times by rolling liquidity planning, a liquidity reserve in the form of cash, confirmed credit lines and globally available debt issuance programs.

The following overview shows the contractual undiscounted cash flows from financial instruments.

MATURITY ANALYSIS OF UNDISCOUNTED CASH FLOWS FROM FINANCIAL INSTRUMENTS

	REMAINING CONTRACTUAL MATURITIES:				REMAINING CONTRACTUAL MATURITIES:			
	under one year	within one to five years	over five years	2008	under one year	within one to five years	over five years	2007
				€ million				
Financial liabilities	39,340	31,524	3,535	74,399	30,755	27,488	4,001	62,244
Trade payables	9,674	4	1	9,679	9,244	49	24	9,317
Other financial liabilities	2,531	666	538	3,735	2,367	868	806	4,041
Derivatives	23,666	17,460	14	41,140	21,912	6,205	660	28,777
	75,211	**49,654**	**4,088**	**128,953**	**64,278**	**34,610**	**5,491**	**104,379**

Derivatives comprise both cash flows from derivative financial instruments with negative fair values and cash flows from derivatives with positive fair values for which gross settlement has been agreed. The cash outflows from derivatives for which gross settlement has been agreed are matched in part by cash inflows. These cash inflows are not reported in the maturity analysis. If these cash inflows were also recognized, the cash flows presented would be substantially lower.

The cash outflows from irrevocable credit commitments are presented in note 36, classified by contractual maturities.

4. MARKET RISK

4.1 HEDGING POLICY AND FINANCIAL DERIVATIVES

During the course of its general business activities, the Volkswagen Group is exposed to foreign currency, interest rate, commodity price and fund price risk. Corporate policy is to limit or eliminate such risk by means of hedging. All necessary hedging transactions are executed or coordinated centrally by Group Treasury.

The following table shows the gains and losses on hedges:

	2008	2007
	€ million	
Hedging instruments used in fair value hedges	424	21
Hedged items used in fair value hedges	−427	−34
Ineffective portion of cash flow hedges	−5	−16

The ineffective portion of cash flow hedges represents the income and expenses from changes in the fair value of hedging instruments that exceed the fair value of hedged items that are shown to be within the permitted range of 80% to 125% when measuring effectiveness. Such income or expenses are recognized directly in the financial result

In 2008, €−1,389 million (previous year: €−485 million) from the cash flow hedge reserve was transferred to the net other operating result and €−38 million (previous year: €−92 million) to the financial result.

The Volkswagen Group uses two different methods to present market risk from non-derivative and derivative financial instruments in accordance with IFRS 7. A value-at-risk model is used to measure foreign currency and interest rate risk in the Financial Services Division, while market risk in the Automotive Division is determined using a sensitivity analysis. The value-at-risk calculation entails determining potential changes in financial instruments in the event of variations in interest and exchange rates using a historical simulation based on the last 250 trading days. Other calculation parameters are a holding period of 10 days and a confidence level of 99%. The sensitivity analysis calculates the effect on equity and profit by modifying risk variables within the respective market risks.

4.2 MARKET RISK IN THE FINANCIAL SERVICES DIVISION

Exchange rate risk in the Financial Services Division is mainly attributable to assets that are not denominated in the functional currency and from refinancing within operating activities. Interest rate risk relates to refinancing without matching maturities and the varying interest rate elasticity of individual asset and liability items. The risks are limited by the use of currency and interest rate hedges.

A fair value portfolio hedge in accordance with IAS 39, under which fixed-rate receivables and liabilities are hedged against changes in the risk-free base rate, was used for the first time in fiscal year 2008. The assets and liabilities included in this hedging strategy are measured at fair value for the remaining term. The resulting effects in the income statement are offset by the corresponding gains and losses on the interest rate hedging instruments.

As of December 31, 2008, the value at risk for interest rate risk was €54 million (previous year: €14 million) and €95 million for foreign currency risk (previous year: €24 million).

The entire value at risk for interest rate and foreign currency risk at the Financial Services Division was €93 million (previous year: €37 million).

4.3 MARKET RISK IN THE AUTOMOTIVE DIVISION

4.3.1 Foreign currency risk

Foreign currency risk in the Automotive Division is attributable to investments, financing measures and operating activities. Currency forwards, currency options, currency swaps and cross-currency swaps are used to limit foreign currency risk. These transactions relate to the exchange rate hedging of all payments covering general business activities that are not made in the functional currency of the respective Group companies. The principle of matching currencies applies to the Group's financing activities.

Hedging transactions performed as part of foreign currency risk management in 2008 related primarily to the US dollar, sterling, the Mexican peso, the Russian rouble, the Swedish krone, the Czech koruna, the Swiss franc, and the Japanese yen.

All non-functional currencies in which the Volkswagen Group enters into financial instruments are included as relevant risk variables in the sensitivity analysis in accordance with IFRS 7.

If the functional currencies concerned had appreciated or depreciated by 10% against the other currencies, the exchange rates shown below would have resulted in the following effects on the hedging reserve in equity and on profit before tax. It is not appropriate to add together the individual figures, since the results of the various functional currencies concerned are based on different scenarios. Due to the switch to a more meaningful presentation format, the figures for December 31, 2007 are not comparable with the aggregated individual figures for the previous year. In order to facilitate comparison nevertheless, the figures for the previous year were also calculated using the new presentation format and are given below.

	Dec. 31, 2008		Dec. 31, 2007	
	+ 10%	– 10%	+ 10%	– 10%
	€ million			
Exchange rate				
EUR/USD				
Hedging reserve	1,147	–712	994	–906
Profit before tax	–433	203	–296	330
EUR/GBP				
Hedging reserve	748	–748	440	–429
Profit before tax	–30	55	–15	13
EUR/JPY				
Hedging reserve	147	–147	54	–54
Profit before tax	36	–36	32	–28
EUR/CZK				
Hedging reserve	118	–118	63	–63
Profit before tax	–27	27	–31	31
EUR/SEK				
Hedging reserve	–137	137	43	–43
Profit before tax	1	–1	18	–18
EUR/CHF				
Hedging reserve	97	–97	40	–40
Profit before tax	0	0	–1	1
EUR/RUB				
Hedging reserve	44	–44	31	–31
Profit before tax	–50	50	–2	2
GBP/USD				
Hedging reserve	79	–79	31	–25
Profit before tax	4	–3	7	–8
USD/MXN				
Hedging reserve	59	–59	36	–36
Profit before tax	–11	11	–56	56
EUR/AUD				
Hedging reserve	39	–39	46	–46
Profit before tax	–18	18	–9	9
CZK/USD				
Hedging reserve	53	–53	9	–9
Profit before tax	–2	3	–4	4
EUR/CAD				
Hedging reserve	36	–36	41	–41
Profit before tax	4	–4	4	–4

4.3.2 Interest rate risk

Interest rate risk in the Automotive Division results from changes in market interest rates, primarily for medium- and long-term variable interest receivables and liabilities. Interest rate swaps, cross-currency swaps and other types of interest rate contracts are entered into to hedge against this risk under fair value or cash flow hedges, depending on market conditions. Intra-Group financing arrangements are normally structured to match the maturities of their refinancing.

Interest rate risk within the meaning of IFRS 7 is calculated for the Automotive Division using sensitivity analyses. The effects of the risk variables in the form of market rates of interest on the financial result and on equity are presented.

The methodology used to calculate interest rate sensitivity was changed as compared with the previous year. The prior-year figures were recalculated and disclosed to facilitate comparability.

If market interest rates had been 100 bps higher as of December 31, 2008, equity would have been €39 million (previous year: €93 million) lower. If market interest rates had been 100 bps lower as of December 31, 2008, equity would have been €45 million higher (previous year: €104 million).

If market interest rates had been 100 bps higher as of December 31, 2008, profit would have been €12 million (previous year: €14 million) higher. If market interest rates had been 100 bps lower as of December 31, 2008, profit would have been €11 million lower (previous year: €14 million).

4.3.3 Commodity price risk

Commodity price risk in the Automotive Division results from price fluctuations and the availability of non-ferrous metals and precious metals, as well as of coal and CO_2 certificates. Forward transactions are entered into to limit these risks.

Hedge accounting in accordance with IAS 39 was applied for the first time in 2008 to the hedging of commodity risk associated with aluminum and copper.

Commodity price risk within the meaning of IFRS 7 is presented using sensitivity analysis. These show the effect on profit and equity of changes in risk variables in the form of commodity prices.

If the commodity prices of the hedged metals had been 10% higher (lower) as of December 31, 2008, profit would have been €26 million (previous year: €158 million) higher (lower).

If the commodity prices of the hedging transactions accounted for using hedge accounting had been 10% higher (lower) as of December 31, 2008, equity would have been €48 million higher (lower).

4.3.4 Fund price risk

The Spezialfonds (special funds) launched using surplus liquidity are subject in particular to equity and bond price risk, which can arise from fluctuations in quoted market prices, stock exchange indices and market rates of interest. The changes in bond prices resulting from variations in the market rates of interest are quantified in sections 4.3.1 and 4.3.2, as are the measurement of foreign currency and other interest rate risks arising from the special funds. As a rule, we counter the risks arising from the special funds by ensuring a broad diversification of products, issuers and regional markets when investing funds, as stipulated by our Investment Guidelines. In addition, we use exchange rate hedges in the form of futures contracts when market conditions are appropriate. The relevant measures are centrally coordinated by Group Treasury and implemented in operations by the special funds' risk management team.

As part of the presentation of market risk, IFRS 7 requires disclosures on how hypothetical changes in risk variables affect the price of financial instruments. Potential risk variables here are in particular quoted market prices or indices, as well as interest rate changes as bond price parameters.

If share prices had been 10% higher (lower) as of December 31, 2008, equity would have been €35 million (previous year: €16 million) higher (lower).

5. METHODS FOR MONITORING HEDGE EFFECTIVENESS

In the Volkswagen Group, hedge effectiveness is assessed prospectively using the critical terms match method and using statistical methods in the form of a regression analysis. Retrospective analysis of effectiveness uses effectiveness tests in the form of the dollar offset method or a regression analysis.

Under the dollar offset method, the changes in value of the hedged item expressed in monetary units are compared with the changes in value of the hedging instrument expressed in monetary units.

Where regression analysis is used, the change in value of the hedged item is presented as an independent variable, and that of the hedging instrument as a dependent variable. Currency transactions are classified as effective hedge relationships if they have sufficient coefficients of determination and slope factors.

NOTIONAL AMOUNT OF DERIVATIVES

	REMAINING TERM			TOTAL NOTIONAL AMOUNT	TOTAL NOTIONAL AMOUNT
	under one year	within one to five years	over five years	Dec. 31, 2008	Dec. 31, 2007
			€ million		
Notional amount of hedging instruments used in cash flow hedges:					
Interest rate swaps	5,801	9,014	506	15,321	12,983
Currency forwards	13,031	6,769	–	19,800	20,920
Currency options	4,435	10,421	–	14,856	4,723
Currency swaps	1,379	293	–	1,672	561
Commodity futures contracts	234	463	–	697	–
Notional amount of other derivatives:					
Interest rate swaps	11,271	30,620	409	42,300	34,094
Currency forwards	5,134	104	–	5,238	3,168
Currency swaps	3,224	1,578	–	4,802	2,039
Cross-currency swaps	822	636	–	1,458	2,689
Commodity futures contracts	280	151	–	431	1,502

The hedged items in cash flow hedges are expected to be realized in accordance with the maturity buckets of the hedges reported in the table.

The fair values of the derivatives are estimated using market data at the balance sheet date as well as by appropriate valuation techniques. The following term structures were used for the calculation:

	EUR	USD	GBP	MXN	RUB	SEK	CZK	CHF	JPY
					in %				
Interest rate for six months	2.971	1.750	2.960	8.050	22.800	2.575	3.750	0.810	0.954
Interest rate for one year	3.049	2.004	3.074	7.930	16.750	2.669	3.930	1.095	1.088
Interest rate for five years	3.234	2.053	3.136	7.670	16.500	2.825	2.810	1.920	0.910
Interest rate for ten years	3.738	2.474	3.426	7.970	16.500	3.158	3.250	2.590	1.223

33 Capital management

The goal of capital management is to ensure that the Group can effectively achieve its goals and strategies in the interests of shareholders, employees and other stakeholders. In particular, management focuses on generating the minimum return on invested assets in the Automotive Division that is required by the capital markets, and on increasing the return on equity in the Financial Services Division. In addition, the goals of the Financial Services Division are to meet the banking supervisory authorities' regulatory capital requirements, to support the external rating by ensuring capital adequacy and to procure equity for the growth planned in the next fiscal years. In the process, it aims overall to achieve the highest possible growth in the value of the Group and its divisions for the benefit of all the Company's stakeholder groups.

The Volkswagen Group's financial target system focuses systematically on continuously and sustainably increasing the value of the Company. In order to maximize the use of resources in the Automotive Division and to measure the success of this, we have been using value contribution, a control variable linked to the cost of capital, for a number of years.

The concept of value contribution not only allows overall performance to be measured in the Automotive Division, but also in the individual business units, projects and products. In addition, business units and product-specific investment projects can be managed operationally and strategically using the value contribution.

34 Contingent liabilities

	Dec. 31, 2008	Dec. 31, 2007
	€ million	
Liabilities from guarantees	78	76
Liabilities from warranty contracts	30	27
Pledges on company assets as security for third-party liabilities	15	12
Other contingent liabilities	642	369
	765	**484**

In the course of the acquisition of a 100% equity interest in LeasePlan Corporation N.V., Amsterdam, and the subsequent sale of 50% of the shares to two co-investors, Volkswagen AG reached an agreement with the co-investors on put options entitling these investors to sell their shares to Volkswagen AG. On December 22, 2008, the co-investors exercised this option. The selling price is the higher of (a) the fair value of the shares as calculated using a standard valuation method and (b) the original investment by the co-investors. The parties to the agreement have started negotiations in this regard. At present, Volkswagen AG is expecting a payment obligation of approximately €1.3 billion.

The trust assets and liabilities of the savings and trust entities belonging to the South American subsidiaries not included in the consolidated balance sheet amount to €501 million (previous year: €620 million).

35 Litigation

Neither Volkswagen AG nor any of its Group companies is party to any legal or arbitration proceedings that may have a material effect on the economic position of the Group, or have had such an effect within the last two years. Equally, no such proceedings are foreseeable. Appropriate provisions are established by the Group company concerned for any potential costs arising from other legal or arbitration proceedings pending, or the company has adequate insurance cover.

36 Other financial obligations

	PAYABLE 2009	PAYABLE 2010-2013	PAYABLE from 2014	TOTAL Dec. 31, 2008	TOTAL Dec. 31, 2007
			€ million		
Purchase commitments in respect of					
property, plant and equipment	1,302	676	–	1,978	1,977
intangible assets	146	38	–	184	168
investment property	1	–	–	1	1
Obligations from					
loan commitments to subsidiaries	99	–	–	99	71
irrevocable credit commitments to customers	1,758	–	–	1,758	1,898
long-term leasing and rental contracts	478	676	1,597	2,751	2,109
Other financial obligations	1,817	1,050	9	2,876	1,932

The other financial obligations also contain the order volumes agreed with the purchaser of the gedas Group as well as obligations from the future acquisition of LeasePlan Corporation N.V.

37 Auditors' fees recognized as expenses

Under the provisions of the German Commercial Code (HGB), Volkswagen AG is obliged to disclose the audit fees of the Group auditors in Germany that are recognized as expenses.

	2008	2007
	€ thousand	
Audits of financial statements	5,675	4,751
Other assurance or valuation services	2,970	3,135
Tax advisory services	418	242
Other services	3,726	1,178
	12,789	**9,306**

38 Total expense for the period

	2008	2007
	€ million	
Cost of materials		
Cost of raw materials, consumables and supplies, purchased merchandise and services	**75,954**	**72,340**
Personnel expenses		
Wages and salaries	12,728	11,722
Social security, post-employment and other employee benefit costs	3,056	2,827
	15,784	**14,549**

39 Average number of employees during the year

	2008	2007
Performance-related wage-earners	169,764	162,013
Salaried staff	153,742	137,095
	323,506	**299,108**
Vocational trainees	8,686	8,481
	332,192	**307,589**
Vehicle-producing investments not fully consolidated	25,015	21,005
	357,207	**328,594**

40 Events after the balance sheet date

Porsche Automobil Holding SE, Stuttgart and its shareholders, to whom the voting rights in Volkswagen AG are attributable in accordance with section 22(1) sentence 1 no. 1 of the WpHG, notified us in accordance with section 21(1) of the WpHG that their share of the voting rights in Volkswagen AG exceeded the threshold of 50% on January 5, 2009 and amounted to 50.76% at this date. The voting rights attributable to the individuals subject to the disclosure requirement can be seen from the mandatory disclosure by Volkswagen AG on January 12, 2009, which is available online at www.volkswagenag.com/ir

Volkswagen AG expects to acquire from Porsche Automobil Holding SE, Stuttgart, on February 20, 2009 the shares of Scania AB, Södertälje, Sweden, acquired by Porsche Automobil Holding SE under the terms of a mandatory bid procedure (2.34% of the voting rights and 7.93% of the share capital) and thus to increase its interest in Scania to 49.29% of the share capital and 71.81% of the voting rights.

On February 17, 2009, the Sonderfonds Finanzmarktstabilisierung (SoFFin – German Financial Market Stabilization Fund) notified us that Volkswagen Bank GmbH had received a guarantee facility to refinance vehicle loans of up to €2.0 billion.

41 Related party disclosures in accordance with IAS 24

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 are influenced by another related party of Volkswagen AG.

On March 13, 2008 Porsche Automobil Holding SE (previously Dr. Ing. h.c. F. Porsche AG) held 30.56% of the voting rights in Volkswagen AG. Two representatives of Porsche Automobil Holding SE were elected to the Supervisory Board. All transactions with Porsche Automobil Holding SE itself and with other companies affiliated with Porsche Automobil Holding SE are conducted on an arm's length basis. After the end of the reporting period, the interest held by Porsche Automobil Holding SE exceeded the 50% threshold and amounted to 50.76% of the voting rights as of January 5, 2009.

On January 26, 2009, the State of Lower Saxony held 20.01% of the voting rights of Volkswagen AG on December 31, 2008 and also appoints two members of the Supervisory Board. Transactions with private companies owned by the State of Lower Saxony are conducted on an arm's length basis.

All transactions with unconsolidated dated subsidiaries, joint ventures, associates and other related parties are conducted on an arm's length basis.

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 these companies are conducted on an arm's length basis.

The amounts of the supplies and services transacted, as well as outstanding receivables and liabilities, between consolidated companies of the Volkswagen Group and related parties (unconsolidated dated subsidiaries, joint ventures, associates, Porsche Automobile Holding SE, Porsche Holding Gesellschaft m.b.H., Salzburg/Austria and their affiliated companies as well as other related parties) are presented in the following tables:

RELATED PARTIES

	SUPPLIES AND SERVICES RENDERED		SUPPLIES AND SERVICES RECEIVED	
	2008	2007	2008	2007
	€ million			
Supervisory Board members	0	0	0	0
Group Board of Management	0	0	1	–
Unconsolidated subsidiaries	1,583	1,124	739	411
Joint ventures	3,213	2,717	492	284
Associates	30	0	201	3
Pension plans	0	1	3	0
Other related parties	6	2	41	41
Porsche	6,317	5,528	389	178
State of Lower Saxony and majority-held interests	6	2	1	1

	RECEIVABLES FROM		PAYABLES TO	
	2008	2007	2008	2007
	€ million			
Supervisory Board members	0	0	5	4
Group Board of Management	0	–	14	13
Unconsolidated subsidiaries	324	446	339	109
Joint ventures	3,843	1,497	46	17
Associates	33	1	14	0
Pension plans	0	0	0	0
Other related parties	0	0	1	0
Porsche	185	407	10	46
State of Lower Saxony and majority-held interests	0	1	–	0

The Board of Management and Supervisory Board of the Volkswagen Group are related parties within the meaning of IAS 24. The following benefits and remuneration were recorded for these persons:

	2008	2007
	€	
Short-term benefits	22,508,592	19,936,903
Termination benefits	–	5,950,000
Post-employment benefits	3,237,434	1,647,415
Share-based payment	39,000	78,000
	25,785,026	**27,612,318**

There are outstanding balances for bonuses of the Board of Management members in the amount of €12,500,000 at the end of the fiscal year (previous year: €10,850,000). The post-employment benefits relate to additions to pension provisions for current members of the Board of Management. The expenses shown above do not correspond to the definition of remuneration of members of the Board of Management and the Supervisory Board in accordance with the German Corporate Governance Code.

42 Notices and disclosure of changes regarding the ownership of voting rights in Volkswagen AG in accordance with the Wertpapierhandelsgesetz (WpHG – German Securities Trading Act)

PORSCHE

Porsche Automobil Holding SE, Stuttgart, Germany has notified us in accordance with section 21(1) of the WpHG that its share of the voting rights in Volkswagen Aktiengesellschaft, Wolfsburg, Germany, exceeded the threshold of 50% on January 5, 2009 and amounted to 50.76% (149,696,680 voting rights) at this date.

1) The following persons notified us in accordance with section 21(1) of the WpHG that their share of the voting rights in Volkswagen Aktiengesellschaft in each case exceeded the threshold of 50% on January 5, 2009 and in each case amounted to 50.76% (149,696,680 voting rights) at this date. All of the above-mentioned 149,696,680 voting rights are attributable to each of the persons making the notification in accordance with section 22(1) sentence 1 no. 1 of the WpHG. The voting rights attributable to the persons making the notifications are held via subsidiaries within the meaning of section 22(3) WpHG, whose attributable share of the voting rights amounts to 3% or more and whose names are given in brackets:

Mag. Josef Ahorner, Austria
(Ferdinand Porsche Privatstiftung, Salzburg/Austria; Ferdinand Porsche Holding GmbH, Salzburg/Austria; Louise Daxer-Piëch GmbH, Salzburg/Austria; Louise Daxer-Piëch GmbH, Grünwald/Germany; Prof. Ferdinand Alexander Porsche GmbH, Salzburg/Austria; Ferdinand Alexander Porsche GmbH, Grünwald/Germany; Gerhard Anton Porsche GmbH, Salzburg/ Austria; Gerhard Porsche GmbH, Grünwald/Germany; Familien Porsche-Daxer-Piëch Beteiligung GmbH, Grünwald/Germany; Porsche Automobil Holding SE, Stuttgart/Germany),

Mag. Louise Kiesling, Austria
(Ferdinand Porsche Privatstiftung, Salzburg/Austria; Ferdinand Porsche Holding GmbH, Salzburg/Austria; Louise Daxer-Piëch GmbH, Salzburg/Austria; Louise Daxer-Piëch GmbH, Grünwald/Germany; Prof. Ferdinand Alexander Porsche GmbH, Salzburg/Austria; Ferdinand Alexander Porsche GmbH, Grünwald/Germany; Gerhard Anton Porsche GmbH, Salzburg/ Austria; Gerhard Porsche GmbH, Grünwald/Germany; Familien Porsche-Daxer-Piëch Beteiligung GmbH, Grünwald/Germany; Porsche Automobil Holding SE, Stuttgart/Germany),

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

Dr. Oliver Porsche, Austria
(Ferdinand Porsche Privatstiftung, Salzburg/Austria; Ferdinand Porsche Holding GmbH, Salzburg/Austria; Louise Daxer-Piëch GmbH, Salzburg/Austria; Louise Daxer-Piëch GmbH, Grünwald/Germany; Prof. Ferdinand Alexander Porsche GmbH, Salzburg/Austria; Ferdinand Alexander Porsche GmbH, Grünwald/Germany; Gerhard Anton Porsche GmbH, Salzburg/Austria; Gerhard Porsche GmbH, Grünwald/Germany; Familien Porsche-Daxer-Piëch Beteiligung GmbH, Grünwald/Germany; Porsche Automobil Holding SE, Stuttgart/Germany),

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

Mark Philipp Porsche, Austria
(Ferdinand Porsche Privatstiftung, Salzburg/Austria; Ferdinand Porsche Holding GmbH, Salzburg/Austria; Louise Daxer-Piëch GmbH, Salzburg/Austria; Louise Daxer-Piëch GmbH, Grünwald/Germany; Prof. Ferdinand Alexander Porsche GmbH, Salzburg/Austria; Ferdinand Alexander Porsche GmbH, Grünwald/Germany; Gerhard Anton Porsche GmbH, Salzburg/ Austria; Gerhard Porsche GmbH, Grünwald/Germany; Familien Porsche-Daxer-Piëch Beteiligung GmbH, Grünwald/Germany; Porsche Automobil Holding SE, Stuttgart/Germany),

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

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

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

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

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

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

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

Louise Daxer-Piëch GmbH, Salzburg/Austria
(Louise Daxer-Piëch GmbH, Grünwald/Germany; Porsche Automobil Holding SE, Stuttgart/Germany; Familien Porsche-Daxer-Piëch Beteiligung GmbH, Grünwald/Germany),

Prof. Ferdinand Alexander Porsche GmbH, Salzburg/Austria
(Ferdinand Alexander Porsche GmbH, Grünwald/Germany; Familien Porsche-Daxer-Piëch Beteiligung GmbH, Grünwald/Germany; Porsche Automobil Holding SE, Stuttgart/Germany),

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

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

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

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

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

Familien Porsche-Daxer-Piëch Beteiligung GmbH, Grünwald/Germany
(Porsche Automobil Holding SE, Stuttgart/Germany),

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

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

Dr. Hans Michel Piëch, Austria
(Porsche Automobil Holding SE, Stuttgart/Germany; Hans Michel Piëch GmbH, Grünwald/Germany; Dr. Hans Michel Piëch GmbH, Salzburg/Austria),

Dr. Hans Michel Piëch GmbH, Salzburg/Austria
(Porsche Automobil Holding SE, Stuttgart/Germany; Hans Michel Piëch GmbH, Grünwald/Germany),

Hans Michel Piëch GmbH, Grünwald/Germany
(Porsche Automobil Holding SE, Stuttgart/Germany),

Dipl.-Ing. Dr. h.c. Ferdinand Piëch, Austria
(Porsche Automobil Holding SE, Stuttgart/Germany; Ferdinand Piëch GmbH, Grünwald/Germany; Dipl.-Ing. Dr. h.c. Ferdinand Piëch GmbH, Salzburg/Austria; Ferdinand Karl Alpha Privatstiftung, Vienna/Austria),

Ferdinand Karl Alpha Privatstiftung, Vienna/Austria
(Porsche Automobil Holding SE, Stuttgart/Germany; Ferdinand Piëch GmbH, Grünwald/Germany; Dipl.-Ing. Dr. h.c. Ferdinand Piëch GmbH, Salzburg/Austria),

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

Ferdinand Piëch GmbH, Grünwald/Germany
(Porsche Automobil Holding SE, Stuttgart/Germany).

2) Porsche Holding Gesellschaft m.b.H., Salzburg/Austria, and Porsche GmbH, Salzburg/Austria, notified us in accordance with section 21(1) of the WpHG that their share of the voting rights in Volkswagen Aktiengesellschaft in each case exceeded the threshold of 50% on January 5, 2009 and in each case amounted to 53.13% (156,702,015 voting rights) at this date.

All the above-mentioned 156,702,015 voting rights are attributable to Porsche Holding Gesellschaft m.b. H. in accordance with section 22(1) sentence 1 no. 1 of the WpHG. The companies via which the voting rights are actually held and whose attributable share of the voting rights amounts to 3% or more are:

– Porsche GmbH, Salzburg/Austria;
– Porsche GmbH, Stuttgart/Germany;
– Porsche Automobil Holding SE, Stuttgart/Germany.

Of the above-mentioned 156,702,015 voting rights, 50.76% (149,696,753 voting rights) is attributable to Porsche GmbH, Salzburg/Austria, in accordance with section 22(1) sentence 1 no. 1 of the WpHG. The companies via which the voting rights are actually held and whose attributable share of the voting rights amounts to 3% or more are:

– Porsche GmbH, Stuttgart/Germany;
– Porsche Automobil Holding SE, Stuttgart/Germany.

STATE OF LOWER SAXONY

The State of Lower Saxony notified us on January 26, 2009 that it held a total of 59,022,310 ordinary shares as of December 31, 2008. It held 440 VW ordinary shares directly and 59,021,870 ordinary shares indirectly via Hannoversche Beteiligungsgesellschaft mbH (HanBG), which is owned by the State of Lower Saxony.

43 German Corporate Governance Code

On November 21, 2008, the Board of Management and Supervisory Board of Volkswagen AG issued their declaration of conformity with the German Corporate Governance Code as required by section 161 of the Aktiengesetz (AktG – German Stock Corporation Act) and made it permanently available to the shareholders of Volkswagen AG on the Company's website at www.volkswagenag.com/ir

On November 24, 2008, the Board of Management and Supervisory Board of AUDI AG likewise issued their declaration of conformity with the German Corporate Governance Code and made it permanently available to the shareholders at www.audi.com

44 Remuneration of the Board of Management and the Supervisory Board

	2008	2007
	€	
Board of Management remuneration		
Non-performance-related remuneration	5,346,622	4,810,736
Performance-related remuneration	12,500,000	10,850,000
Stock options exercised or subscribed	27,535,750	837,150
Fair value of stock options held at reporting date	–	7,950,150
Supervisory Board remuneration		
Fixed remuneration components	273,000	307,192
Variable remuneration components	4,301,665	3,968,975
Loans to Supervisory Board members	17,500	21,218

The Board of Management's fixed remuneration also includes differing levels of remuneration for the assumption of appointments at Group companies as well as noncash benefits, which consist in particular of the use of company cars and the grant of insurance cover. The additional annual variable amount paid to each member of the Board of Management contains annually recurring components tied to the business success of the Company. It is primarily oriented on the results achieved and the financial position of the Company.

On December 31, 2008 the pension provisions for members of the Board of Management amounted to €32,732,521 (previous year: €30,334,447). 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. The members of the Board of Management are entitled to payment of their normal remuneration for six months in the event of illness and to the retirement pension in the event of disability. Surviving dependents receive a widow's pension of 66⅔% and a 20% orphan's pension per child based on the pension of the former member of the Board of Management.

Retired members of the Board of Management and their surviving dependents received €8,269,973 (previous year: €8,688,685). Provisions for pensions for this group of people were recognized in the amount of €102,789,267 (previous year: €107,971,788).

Loans in the total amount of €17,500 have been granted to members of the Supervisory Board (amount redeemed in 2007: €21,218). The loans generally bear interest at a rate of 4.0% and have an agreed term of up to 12.5 years.

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 (see page 102).

Significant Group Companies
Automotive Division

Name, location	Equity interest in %
VOLKSWAGEN AG, Wolfsburg	
Volkswagen Sachsen GmbH, Zwickau	100.00
VOLKSWAGEN SLOVAKIA, a.s., Bratislava/Slovak Republic	100.00
SITECH Sitztechnik GmbH, Wolfsburg	100.00
Volkswagen Navarra, S.A., Arazuri (Navarra)/Spain	100.00
AUTOEUROPA-AUTOMÓVEIS LDA., Palmela/Portugal	100.00
Volkswagen Motor Polska Sp.z o.o., Polkowice/Poland	100.00
Volkswagen-Audi España, S.A., El Prat de Llobregat (Barcelona)/Spain	100.00
Volkswagen Original Teile Logistik GmbH & Co. KG, Baunatal	52.96
VOLKSWAGEN Group United Kingdom Ltd., Milton Keynes/United Kingdom	100.00
Groupe VOLKSWAGEN France s.a., Villers-Cotterêts/France	100.00
Automobilmanufaktur Dresden GmbH, Dresden	100.00
Volkswagen Poznan Sp.z o.o., Poznan/Poland	100.00
Volkswagen Group Sverige Aktiebolag, Södertälje/Sweden	100.00
Auto 5000 GmbH, Wolfsburg	100.00
Volkswagen Group of America, Inc., Herndon, Virginia/USA	100.00
Volkswagen Group Canada, Inc., Ajax, Ontario/Canada	100.00
VOLKSWAGEN Group Japan K.K.,Toyohashi/Japan	100.00
VOLKSWAGEN Group Rus OOO, Kaluga/Russia	100.00
OOO VOLKSWAGEN Rus, Kaluga/Russia	87.83
AUDI AG, Ingolstadt	99.55
AUDI BRUSSELS S.A., Brussels/Belgium	100.00
AUDI HUNGARIA MOTOR Kft., Györ/Hungary	100.00
Audi of America, LLC, Herndon, Virginia/USA	100.00
Audi Volkswagen Korea Ltd., Seoul/Korea	100.00
Audi Volkswagen Middle East FZE, Dubai/United Arab Emirates	100.00
Automobili Lamborghini Holding S.p.A., Sant' Agata Bolognese/Italy	100.00
VOLKSWAGEN GROUP ITALIA S.P.A., Verona/Italy	100.00
quattro GmbH, Neckarsulm	100.00

Automotive Division

Name, location	Equity interest in %
SEAT, S.A., Martorell, Barcelona/Spain	100.00
SEAT Deutschland GmbH, Mörfelden-Walldorf	100.00
Gearbox del Prat, S.A., El Prat de Llobregat (Barcelona)/Spain	100.00
ŠKODA AUTO a.s., Mladá Boleslav/Czech Republic	100.00
ŠkodaAuto Deutschland GmbH, Weiterstadt	100.00
ŠKODA AUTO Slovensko s.r.o., Bratislava/Slovak Republic	100.00
ŠKODA AUTO POLSKA, S.A., Poznan/Poland	51.00
Bentley Motors Ltd., Crewe/United Kingdom	100.00
Volkswagen de Mexico, S.A. de C.V., Puebla/Pue./Mexico	100.00
Volkswagen do Brasil Ltda., São Bernardo do Campo, SP/Brazil	100.00
Volkswagen Argentina S.A., Buenos Aires/Argentina	100.00
Volkswagen of South Africa (Pty.) Ltd., Uitenhage/South Africa	100.00
Scania AB, Södertälje/Sweden[1]	41.36
S.A.S. Scania Holding France, Angers/France	100.00
Scania Deutschland Holding GmbH, Koblenz	100.00
Scania Europe Holding B.V., Zwolle/The Netherlands	100.00
Scania CV AB, Södertälje/Sweden	100.00
Shanghai-Volkswagen Automotive Company Ltd., Shanghai/P.R. China[2]	50.00
FAW-Volkswagen Automotive Company, Ltd., Changchun/P.R. China[2]	40.00
Volkswagen (China) Investment Company Ltd., Beijing/ P.R. China	100.00
Volkswagen Group Services S.A., Brussels/Belgium	100.00
Volkswagen International Finance N.V., Amsterdam/The Netherlands	100.00
MAN Aktiengesellschaft, Munich[3]	28.67

[1] The share of the voting rights in Scania is 69.47% and thus differs from the equity interest.
[2] Joint ventures are accounted for using the equity method.
[3] The share of the voting rights in MAN is 29.9% and thus differs from the equity interest.

Financial Services Division

Name, location	Equity interest in %
VOLKSWAGEN FINANCIAL SERVICES AG, Braunschweig	100.00
Volkswagen Leasing GmbH, Braunschweig	100.00
Volkswagen Bank GmbH, Braunschweig	100.00
Volkswagen Reinsurance AG, Braunschweig	100.00
Volkswagen-Versicherungsdienst GmbH, Wolfsburg	100.00
VOLKSWAGEN FINANCE, S.A., Alcobendas (Madrid)/Spain	100.00
Volkswagen Financial Services (UK) Ltd., Milton Keynes/United Kingdom	100.00
Volkswagen Financial Services N.V., Amsterdam/The Netherlands	100.00
Volkswagen Financial Services Japan Ltd., Tokyo/Japan	100.00
ŠkoFIN s.r.o., Prague/Czech Republic	100.00
Global Mobility Holding B.V., Amsterdam/The Netherlands[1,2]	50.00
LeasePlan Corporation N.V., Amsterdam/The Netherlands	–
Volkswagen Pon Financial Services B.V., Amersfoort/The Netherlands[1]	60.00
VW CREDIT, INC., Wilmington, Delaware/USA	100.00
VOLKSWAGEN LEASING SA DE CV, Puebla/Mexico	100.00
VOLKSWAGEN BANK SA INSTITUCION DE BANCA MULTIPLE, Puebla/Mexico	100.00
Financial services companies in Brazil, São Paulo/Brazil	100.00
Financial services companies in Argentina, Buenos Aires/Argentina	100.00

[1] Joint ventures are accounted for using the equity method.
[2] Global Mobility Holding B.V., Amsterdam, holds all shares of LeasePlan Corporation N.V., Amsterdam.

Executive Bodies

(Part of the Notes to the Consolidated Financial Statements)

Members of the Board of Management and their Appointments

APPOINTMENTS: AS OF DECEMBER 31, 2008

PROF. DR. RER. NAT.
MARTIN WINTERKORN (61)
Chairman (since January 1, 2007),
Research and Development,
Sales
July 1, 2000*
Appointments:
- ○ FC Bayern München AG, Munich
- ○ Infineon Technologies AG, Munich
- ○ Salzgitter AG, Salzgitter
- ○ TÜV Süddeutschland Holding AG, Munich

DR. RER. POL. H.C.
FRANCISCO JAVIER
GARCIA SANZ (51)
Procurement
July 1, 2001*

PROF. DR. RER. POL.
JOCHEM HEIZMANN (57)
Production
January 11, 2007*
Appointments:
- ○ Lufthansa Technik AG, Hamburg

DR. RER. POL.
HORST NEUMANN (59)
Human Resources and Organization
December 1, 2005*
Appointments:
- ○ Wolfsburg AG, Wolfsburg

HANS DIETER PÖTSCH (57)
Finance and Controlling
January 1, 2003*
Appointments:
- ○ Allianz Versicherungs-AG, Munich
- ○ Bizerba GmbH & Co. KG, Balingen

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 date signifies the beginning or period of membership of the Board of Management.

Members of the Supervisory Board and their Appointments
APPOINTMENTS: AS OF DECEMBER 31, 2008

HON.-PROF. DR. TECHN. H.C.
DIPL.-ING. ETH
FERDINAND K. PIËCH (71)
Chairman
April 16, 2002*
Appointments:
- ○ AUDI AG, Ingolstadt
- ○ Dr. Ing. h.c. F. Porsche AG, Stuttgart
- ○ MAN AG, Munich (Chairman)
- ○ Porsche Automobil Holding SE, Stuttgart
- ⊙ Porsche Ges.m.b.H., Salzburg
- ⊙ Porsche Holding GmbH, Salzburg

JÜRGEN PETERS (64)
Deputy Chairman;
President International Metalworkers' Federation – IMF
November 1, 2003*
Appointments:
- ○ Salzgitter AG, Salzgitter (Deputy Chairman)

DR. JUR. MICHAEL FRENZEL (61)
Chairman of the Board of Management of TUI AG
June 7, 2001*
Appointments:
- ○ AWD Holding AG, Hanover
- ○ AXA Konzern AG, Cologne
- ○ Continental AG, Hanover
- ○ E.ON Energie AG, Munich
- ● Hapag-Lloyd AG, Hamburg (Chairman)
- ● Hapag-Lloyd Fluggesellschaft mbH, Hanover (Chairman)
- ● TUI Cruises GmbH, Hamburg
- ● TUI Deutschland GmbH, Hanover (Chairman)
- ⊙ Norddeutsche Landesbank, Hanover
- ⊙ Preussag North America, Inc., Atlanta (Chairman)
- ⊙ TUI China Travel Co. Ltd., Beijing
- ⊙ TUI Travel PLC, Crawley

BABETTE FRÖHLICH (43)
IG Metall,
Member of Executive Committee 01 with responsibility for Strategic Planning
October 25, 2007*
Appointments:
- ○ MTU Aero Engines Holding AG, Munich

DR. JUR. HANS MICHAEL GAUL (66)
June 19, 1997*
Appointments:
- ○ Evonik Industries AG, Essen
- ○ HSBC Trinkaus & Burkhardt AG, Düsseldorf
- ○ IVG Immobilien AG, Bonn
- ○ Siemens AG, Munich
- ○ VNG – Verbundnetz Gas AG, Leipzig

DR. ING. JÜRGEN GROSSMANN (56)
Chairman of the Board of Management of RWE AG;
Partner, Georgsmarienhütte Holding GmbH
May 3, 2006*
Appointments:
- ○ BATIG Gesellschaft für Beteiligungen mbH, Hamburg
- ○ British American Tobacco (Germany) GmbH, Hamburg
- ○ British American Tobacco (Industrie) GmbH, Hamburg
- ○ Deutsche Bahn AG, Berlin
- ○ Surteco AG, Buttenwiesen-Pfaffenhofen (Chairman)
- ○ Hanover Acceptances Ltd., London

DR. JUR. KLAUS LIESEN (77)
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.

● Group appointments to statutory supervisory boards.

⊙ Comparable appointments in Germany and abroad.

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

HOLGER P. HÄRTER (52)
Chief Financial Officer, Deputy President of Porsche Automobil Holding SE;
Chief Financial Officer, Deputy President of Dr. Ing. h.c. F. Porsche AG
May 3, 2006[1]
Appointments:
○ AUDI AG, Ingolstadt
○ Boerse-Stuttgart AG, Stuttgart (Chairman)
○ EUWAX AG, Stuttgart (Chairman)
⊙ Porsche Cars Great Britain Ltd., Reading
⊙ Porsche Cars North America Inc., Wilmington
⊙ Porsche Enterprises Inc., Wilmington (Chairman)
⊙ Porsche Financial Services, Inc., Wilmington (Chairman)
⊙ Porsche Ibérica S.A., Madrid
⊙ Porsche Italia S.p.A., Padua
⊙ Porsche Japan K.K., Tokyo

WALTER HIRCHE (68)
Minister of Economic Affairs, Labor and Transport for the Federal State of Lower Saxony
April 8, 2003[1]
Appointments:
○ Deutsche Messe AG, Hanover (Chairman)

PETER JACOBS (51)
Chairman of the Works Council at the Volkswagen AG Emden plant
April 19, 2007[1]
Appointments:
○ Volkswagen Belegschaftsgenossenschaft für Regenerative Energien am Standort Emden eG, Emden
⊙ Volkswagen Coaching GmbH, Wolfsburg

OLAF KUNZ (49)
April 16, 2002 – December 29, 2008[1]

HARTMUT MEINE (56)
Director of the Lower Saxony and Saxony-Anhalt Regional Office of IG Metall
December 30, 2008[1]
Appointments:
○ Continental AG, Hanover
○ KME Germany AG, Osnabrück

PETER MOSCH (37)
Chairman of the General Works Council of AUDI AG
January 18, 2006[1]
Appointments:
○ AUDI AG, Ingolstadt

ROLAND OETKER (59)
Managing Partner of ROI Verwaltungsgesellschaft mbH;
Hon. President of Deutsche Schutzvereinigung für Wertpapierbesitz e.V.
June 19, 1997[1]
Appointments:
○ Deutsche Post AG, Bonn
⊙ Dr. August Oetker KG-Gruppe, Bielefeld (Deputy Chairman)
⊙ RAG Foundation, Essen

BERND OSTERLOH (52)
Chairman of the General and Group Works Councils of Volkswagen AG
January 1, 2005[1]
Appointments:
○ Auto 5000 GmbH, Wolfsburg
○ Autostadt GmbH, Wolfsburg
○ Wolfsburg AG, Wolfsburg
⊙ Projekt Region Braunschweig GmbH, Braunschweig
⊙ Volkswagen Coaching GmbH, Wolfsburg

PROF. DR. JUR. DR.-ING. E.H.
HEINRICH V. PIERER (68)
June 27, 1996 – April 24, 2008[1]

DR. WOLFGANG PORSCHE (65)
Diplom-Kaufmann
April 24, 2008[1]
Appointments:
○ Dr. Ing. h.c. F. Porsche AG, Stuttgart (Chairman)
○ Porsche Automobil Holding SE, Stuttgart (Chairman)
⊙ Eterna S.A., Grenchen (Chairman)
⊙ Familie Porsche AG Beteiligungsgesellschaft, Salzburg (Chairman)
⊙ Porsche Bank AG, Salzburg (Deputy Chairman)
⊙ Porsche Ges.m.b.H., Salzburg (Chairman)
⊙ Porsche Holding GmbH, Salzburg (Chairman)
⊙ Porsche Cars Great Britain Ltd., Reading
⊙ Porsche Cars North America Inc., Wilmington
⊙ Porsche Ibérica S.A., Madrid
⊙ Porsche Italia S.p.A., Padua

WOLFGANG RITMEIER (60)
Chairman of the Board of Management of Volkswagen Management Association (VMA)
April 19, 2007[1]
Appointments:
⊙ Volkswagen Pension Trust e.V., Wolfsburg

HEINRICH SÖFJER (57)
Chairman of the Works Council Volkswagen Commercial Vehicles
August 3, 2007[1]

JÜRGEN STUMPF (54)
Chairman of the Works Council at the Volkswagen AG Kassel plant
January 1, 2005[1]

BERND WEHLAUER (54)
Deputy Chairman of the General and Group Works Councils of Volkswagen AG
September 1, 2005[1]
Appointments:
○ Wolfsburg AG, Wolfsburg
⊙ Volkswagen Pension Trust e.V., Wolfsburg

DR. ING. WENDELIN WIEDEKING (56)
Chairman of the Executive Board of Porsche Automobil Holding SE;
President and Chief Executive Officer of Dr. Ing. h.c. F. Porsche AG
January 28, 2006[1]
Appointments:
○ AUDI AG, Ingolstadt
⊙ Novartis AG, Basel
⊙ Porsche Cars Great Britain Ltd., Reading
⊙ Porsche Cars North America Inc., Wilmington
⊙ Porsche Enterprises Inc., Wilmington
⊙ Porsche Ibérica S.A., Madrid
⊙ Porsche Italia S.p.A., Padua
⊙ Porsche Japan K.K., Tokyo

CHRISTIAN WULFF (49)
Minister-President of the Federal State of Lower Saxony
April 8, 2003[1]

COMMITTEES OF THE SUPERVISORY BOARD
As of December 31, 2008

Members of the Presidium
Hon.-Prof. Dr. techn. h.c. Dipl.-Ing. ETH Ferdinand K. Piëch (Chairman)
Jürgen Peters (Deputy Chairman)
Bernd Osterloh
Bernd Wehlauer
Dr. Ing. Wendelin Wiedeking
Christian Wulff

Members of the Mediation Committee in accordance with section 27(3) of the Mitbestimmungsgesetz (German Codetermination Act)
Hon.-Prof. Dr. techn. h.c. Dipl.-Ing. ETH Ferdinand K. Piëch (Chairman)
Jürgen Peters (Deputy Chairman)
Bernd Osterloh
Christian Wulff

Members of the Audit Committee
Holger P. Härter (Chairman)
Bernd Wehlauer (Deputy Chairman)
Babette Fröhlich
Dr. jur. Hans Michael Gaul

Members of the Nominating Committee
Hon.-Prof. Dr. techn. h.c. Dipl.-Ing. ETH Ferdinand K. Piëch (Chairman)
Dr. Ing. Wendelin Wiedeking
Christian Wulff

Members of the Shareholder Business Relationships Committee
Roland Oetker (Chairman)
Wolfgang Ritmeier (Deputy Chairman)
Dr. jur. Michael Frenzel
Bernd Wehlauer

Members of the Committee for Special Business Relationships
Hon.-Prof. Dr. techn. h.c. Dipl.-Ing. ETH Ferdinand K. Piëch
Bernd Osterloh
Jürgen Peters
Bernd Wehlauer
two members still be elected[2]

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

1 The date signifies the beginning or period of membership of the Supervisory Board.
2 At the first meeting of the Committee for Special Business Relationships on November 21, 2008, Dr. Wiedeking and Mr. Wulff took part as members of the Committee for Special Business Relationships at the proposal of the Presidium and with the consent of the Supervisory Board on November 21, 2008.

List of Holdings in accordance with Sections 285 and 313 HGB of Volkswagen AG and the Volkswagen Group as of December 31, 2008

Name and domicile of company	Currency	Exchange rate (€1 =) Dec. 31, 2008	VW AG interest in capital in % Direct	Indirect	Total	Equity in thousands, local currency	Profit/loss in thousands, local currency	Footnote	Year
I. PARENT COMPANY									
VOLKSWAGEN AG, Wolfsburg	EUR								
II. SUBSIDIARIES									
A. Consolidated companies									
1. Germany									
AUDI AG, Ingolstadt	EUR		99,55	–	99,55	3.143.899	–	1)	2008
Audi Retail GmbH, Ingolstadt	EUR		–	100,00	100,00	59.300	–	1)	2008
Audi Vertriebsbetreuungsgesellschaft mbH, Ingolstadt	EUR		–	100,00	100,00	100	–	1)	2008
Audi Zentrum Berlin-Charlottenburg GmbH & Co. KG, Berlin	EUR		–	100,00	100,00	1.773	1.952		2008
Audi Zentrum Hamburg GmbH, Hamburg	EUR		–	100,00	100,00	13.425	–	1)	2008
Audi Zentrum Hannover GmbH, Hanover	EUR		–	100,00	100,00	1.179	–1.179		2008
Auto 5000 GmbH, Wolfsburg	EUR		–	100,00	100,00	10.000	–	1)	2008
Automobilmanufaktur Dresden GmbH, Dresden	EUR		100,00	–	100,00	80.090	–	1)	2008
Autostadt GmbH, Wolfsburg	EUR		100,00	–	100,00	50	–	1)	2008
AutoVision GmbH, Wolfsburg	EUR		100,00	–	100,00	41.130	–	1)	2008
B+V Grundstücksverwertungs-GmbH & Co KG, Koblenz	EUR		–	100,00	100,00	13.560	418	7)	2007
Bugatti Engineering GmbH, Wolfsburg	EUR		–	100,00	100,00	25	–	1)	2008
Diesel-Garden GmbH, Flensburg	EUR		–	100,00	100,00	293	53	7)	2007
Eduard Winter Automobilbetriebe GmbH & Co. KG, Berlin	EUR		–	100,00	100,00	1.419	–1.886		2008
Kommanditgesellschaft "MTH" Motor – Technik – Handelsgesellschaft mbH & Co., Hamburg	EUR		–	100,00	100,00	45.480	31.848		2007
LOCATOR Grundstücks-Vermietungsgesellschaft mbH und Volkswagen AG in GbR, Eschborn	EUR		–	–	–	–	–		
MTH – Motor-Technik-Handelsgesellschaft mbH, Hamburg	EUR		–	100,00	100,00	168	–13		2007
quattro GmbH, Neckarsulm	EUR		–	100,00	100,00	100	–	1)	2008
Raffay GmbH & Co. KG, Hamburg	EUR		–	100,00	100,00	11.790	36.296		2007
Raffay Versicherungsdienst GmbH, Hamburg	EUR		–	100,00	100,00	153	–	1)	2007
Raffay Verwaltungs- und Beteiligungsgesellschaft mbH, Hamburg	EUR		–	100,00	100,00	191	–144		2007
Scania Danmark GmbH, Flensburg	EUR		–	100,00	100,00	215	–4	7)	2007
Scania Deutschland GmbH, Koblenz	EUR		–	100,00	100,00	35.289	0	7)	2007
Scania Deutschland Holding GmbH, Koblenz	EUR		–	100,00	100,00	101.467	24.798	7)	2007
Scania Finance Deutschland GmbH, Koblenz	EUR		–	100,00	100,00	32.241	2.177	7)	2007
Scania Vertrieb und Service GmbH (Koblenz)	EUR		–	100,00	100,00	5.332	0	7)	2007
Scania Vertrieb und Service GmbH, Kerpen	EUR		–	94,90	94,90	674	1.060	7)	2007
Seat Deutschland GmbH, Mörfelden-Walldorf	EUR		–	100,00	100,00	20.266	1.818		2008
SITECH Sitztechnik GmbH, Wolfsburg	EUR		–	100,00	100,00	42.725	4.713		2008
SkodaAuto Deutschland GmbH, Weiterstadt	EUR		–	100,00	100,00	10.024	5		2008
Volim Volkswagen Immobilien Vermietgesellschaft für VW-/Audi-Händlerbetriebe mbH, Braunschweig	EUR		–	100,00	100,00	26	–	1)	2008
Volkswagen Bank GmbH, Braunschweig	EUR		–	100,00	100,00	2.979.125	–	1)	2008
Volkswagen Business Services GmbH, Braunschweig	EUR		–	100,00	100,00	26	–	1)	2008
VOLKSWAGEN FINANCIAL SERVICES AG, Braunschweig	EUR		100,00	–	100,00	3.951.495	–	1)	2008
Volkswagen Financial Services Beteiligungsgesellschaft mbH, Braunschweig	EUR		–	100,00	100,00	390.768	–	1) 4) 6)	2008
Volkswagen Gebrauchtfahrzeughandels und Service GmbH, Langenhagen	EUR		100,00	–	100,00	100	–	1)	2008
Volkswagen Gewerbegrund GmbH, Wolfsburg	EUR		100,00	–	100,00	86.012	–	1)	2008
Volkswagen Immobilien Service GmbH, Wolfsburg	EUR		51,00	49,00	100,00	6.573	1.395		2008
Volkswagen Individual GmbH, Wolfsburg	EUR		–	100,00	100,00	7.900	–	1)	2008
Volkswagen Leasing GmbH, Braunschweig	EUR		–	100,00	100,00	219.123	–	1)	2008

Name and domicile of company	Currency	Exchange rate (€1 =) Dec. 31, 2008	VW AG interest in capital in % Direct	Indirect	Total	Equity in thousands, local currency	Profit/loss in thousands, local currency	Footnote	Year
Volkswagen Logistics GmbH & Co. OHG, Wolfsburg	EUR		81,00	19,00	100,00	511	201.875		2008
Volkswagen Logistics GmbH, Wolfsburg	EUR		100,00	–	100,00	645	102		2008
Volkswagen Original Teile Logistik Beteiligungs-GmbH, Baunatal	EUR		47,20	3,80	51,00	29	1		2008
Volkswagen Original Teile Logistik GmbH & Co. KG, Baunatal	EUR		49,08	3,87	52,95	47.000	35.770		2008
Volkswagen Reinsurance AG, Braunschweig	EUR		–	100,00	100,00	32.055	–	1)	2008
VOLKSWAGEN Retail GmbH, Wolfsburg	EUR		100,00	–	100,00	135.234	–	1)	2008
Volkswagen Sachsen GmbH, Zwickau	EUR		100,00	–	100,00	515.718	–	1)	2008
Volkswagen Sachsen Immobilienverwaltungs GmbH, Zwickau	EUR		100,00	–	100,00	76.695	–	1)	2008
Volkswagen Zubehör GmbH, Dreieich	EUR		100,00	–	100,00	8.969	–	1)	2008
Volkswagen-Versicherungsdienst GmbH, Wolfsburg	EUR		–	100,00	100,00	43.343	25.631		2008
VW Kraftwerk GmbH, Wolfsburg	EUR		100,00	–	100,00	74.214	–	1)	2008
VW Versicherungsvermittlungs-GmbH, Wolfsburg	EUR		–	100,00	100,00	36.898	14.464		2008
VW Wohnungs GmbH & Co. KG, Wolfsburg	EUR		–	100,00	100,00	83.865	15.023		2008
2. International									
Aconcagua Vehiculos Comerciales S.A., Mendoza	ARS	4,8062	–	100,00	100,00	5.005	2.123	7)	2007
Aktiebolaget Tönseth & Co, Södertälje	SEK	10,8700	–	100,00	100,00	7.958	–122		2007
Astur Wagen, S.A., Gijón	EUR		–	100,00	100,00	3.370	–171		2008
Audi Australia Pty Limited, Botany	AUD	2,0274	–	100,00	100,00	69.435	4.654		2008
Audi Brasil Distribuidora de Veículos Ltda., São Paulo	BRL	3,2436	–	100,00	100,00	13.464	1.405		2008
AUDI BRUSSELS S.A./N.V., Brussels	EUR		99,99	0,01	100,00	226.889	20.793		2008
Audi Canada Inc., Ajax, Ontario	CAD	1,6998	–	100,00	100,00	1.441	3.480		2008
AUDI HUNGARIA MOTOR Kft., Györ	EUR		–	100,00	100,00	4.330.220	520.360		2008
Audi Japan K.K., Tokyo	JPY	126,1400	–	100,00	100,00	5.958.952	–468.659		2008
Audi of America, LLC, Herndon, Virginia	USD	1,3917	–	100,00	100,00	94.216	62.405		2008
Audi Volkswagen Korea Ltd., Seoul	KRW	1.839,1300	–	100,00	100,00	17.770.280	2.943.906		2008
Audi Volkswagen Middle East FZE, Dubai	USD	1,3917	–	100,00	100,00	30.853	11.891		2008
AUTOEUROPA-AUTOMÓVEIS LDA., Palmela	EUR		–	100,00	100,00	404.567	29.588		2008
Automobili Lamborghini Holding S.p.A., Sant' Agata Bolognese	EUR		–	100,00	100,00	806.429	41.820		2008
Automobili Lamborghini S.p.A., Sant' Agata Bolognese	EUR		–	100,00	100,00	375.775	20.497		2008
Automotores del Atlantico S.A., Mar de Plata	ARS	4,8062	–	100,00	100,00	9.588	2.196	7)	2007
Automotores Pesados S.A., Tucuman	ARS	4,8062	–	99,38	99,38	15.934	3.732	7)	2007
AutoVision S.A., Brussels	EUR		–	100,00	100,00	1.324	1.256		2007
Banco Volkswagen S.A., São Paulo	BRL	3,2436	–	100,00	100,00	746.009	108.717		2007
Barna Wagen, S.A., Barcelona	EUR		–	100,00	100,00	–	–1.563		2008
Beers N.V., The Hague	EUR		–	100,00	100,00	172.864	31.056	7)	2007
Bentley Motor Cars Export Ltd., Crewe	GBP	0,9525	–	100,00	100,00	–	–	5)	2008
Bentley Motor Cars International S.A., Lausanne	CHF	1,4850	–	100,00	100,00	2.740	155	2)	2006
Bentley Motors Canada Ltd./Ltee., Montreal	CAD	1,6998	–	100,00	100,00	1.578	475		2007
Bentley Motors Ltd., Crewe	GBP	0,9525	–	100,00	100,00	27.300	64.500		2007
Bentley Motors, Inc., Boston	USD	1,3917	–	100,00	100,00	–	–	11)	2007
Bugatti Automobiles S.A.S., Molsheim	EUR		–	100,00	100,00	18.398	7.674		2007
Bugatti International S.A., Luxembourg	EUR		100,00	–	100,00	3.163	914		2008
Castellana Wagen, S.A., Madrid	EUR		–	100,00	100,00	4.939	–1.265		2008
Cataluña Wagen, S.A., Barcelona	EUR		–	100,00	100,00	4.623	–858		2008
Centro Técnico de SEAT, S.A., Martorell	EUR		–	100,00	100,00	127.835	–7.672		2008
Codema Coml Import LTDA, Guarulhos	BRL	3,2436	–	99,99	99,99	83.352	1.676	7)	2007
Conimco NV, Drongen	EUR		–	99,90	99,90	2.767	319	7)	2007
Consórcio Nacional Volkswagen – Administradora de Consórcio Ltda., São Paulo	BRL	3,2436	–	100,00	100,00	77.447	13.561		2007
Crewe Genuine Ltd., Crewe	GBP	0,9525	–	100,00	100,00	–	–	5)	2007
Din Bil Fastigheter Malmö AB, Malmö	SEK	10,8700	–	100,00	100,00	561	–46		2007
Din Bil Helsingborg AB, Helsingborg	SEK	10,8700	–	100,00	100,00	13.299	96		2007
Din Bil Stockholm Norr AB, Kista	SEK	10,8700	–	100,00	100,00	–	–	5)	2008
Din Bil Stockholm Söder AB, Stockholm	SEK	10,8700	–	100,00	100,00	–	–	5)	2008
Din Bil Sverige AB, Stockholm	SEK	10,8700	–	100,00	100,00	271.275	28.937		2007
Donbas-Scan-Service LLC, Makeevka	UAH	11,1850	–	99,00	99,00	6.901	1.683	7)	2007
Dynamate AB, Södertälje	SEK	10,8700	–	100,00	100,00	63.216	44.399	7)	2007
DynaMate IntraLog AB, Södertälje	SEK	10,8700	–	100,00	100,00	–	6.931	7)	2007
Europeisk Biluthyrning AB, Stockholm	SEK	10,8700	–	100,00	100,00	24.099	–	8)	2007
Fastighets AB Katalysatorn, Södertälje	SEK	10,8700	–	100,00	100,00	307	–11	7)	2007

Name and domicile of company	Currency	Exchange rate (€1 =) Dec. 31, 2008	VW AG interest in capital in % Direct	Indirect	Total	Equity in thousands, local currency	Profit/loss in thousands, local currency	Footnote	Year
Fastighetsaktiebolaget Flygmotorn, Malmö	SEK	10,8700	–	100,00	100,00	18.764	2.167	7)	2007
Fastighetsaktiebolaget Hjulnavet, Stockholm	SEK	10,8700	–	100,00	100,00	73.922	–1.606	7)	2007
Fastighetsaktiebolaget Vindbron, Gothenburg	SEK	10,8700	–	100,00	100,00	33.462	–525	7)	2007
Ferruform AB, Luleå	SEK	10,8700	–	100,00	100,00	282.687	42.000	7)	2007
GB&M Garage et Carrosserie SA, Geneva	CHF	1,4850	–	100,00	100,00	4.369	11	7)	2007
Gearbox del Prat, S.A., El Prat de Llobregat	EUR		–	100,00	100,00	102.163	8.229		2008
Global Automotive C.V., Amsterdam	EUR		99,99	0,01	100,00	4.086.112	600.197		2008
Global Automotive Finance C.V., Amsterdam	EUR		–	100,00	100,00	116	–19	4) 6)	2008
Global VW Automotive B.V., Amsterdam	EUR		100,00	–	100,00	80.056	5		2008
Griffin Automotive Ltd, Road Town	TWD	45,5750	–	100,00	100,00	26.944	11.662	7)	2007
Groupe VOLKSWAGEN France s.a., Villers-Cotterêts	EUR		100,00	–	100,00	355.953	73.081		2008
Hedenlunda Fastighet AB, Flen	SEK	10,8700	–	100,00	100,00	5 595	–841	7)	2007
Import Volkswagen Group s.r.o., Prague	CZK	26,8750	–	100,00	100,00	603.306	182.659		2008
Italscania SPA, Trento	EUR		–	100,00	100,00	30.719	16.874	7)	2007
James Young Ltd., Crewe	GBP	0,9525	–	100,00	100,00	–	–	5)	2007
Lamborghini ArtiMarca S.p.A., Sant' Agata Bolognese	EUR		–	100,00	100,00	13.975	3.454		2008
Lark Air Ltd., George Town, Cayman Islands	USD	1,3917	–	100,00	100,00	–	–	6)	2008
Lauken S.A., Montevideo	UYU	33,9575	–	100,00	100,00	491.710	153.654	7)	2007
Leioa Wagen, S.A., Lejona (Vizcaya)	EUR		–	100,00	100,00	3.453	311		2008
Levante Wagen, S.A., Valencia	EUR		–	100,00	100,00	4.176	847		2008
Lion Air Services, Inc., George Town	USD	1,3917	–	99,99	99,99	–	–	11)	2007
LLC Scania Bus Leasing, Moscow	RUB	41,2830	–	100,00	100,00	15.754	–3.711	7)	2007
Málaga Wagen, S.A., Málaga	EUR		–	100,00	100,00	2.473	–884		2008
MML S.p.A., Sant' Agata Bolognese	EUR		–	100,00	100,00	6.348	834		2008
Motorcam S.A., Buenos Aires	ARS	4,8062	–	100,00	100,00	22.206	6.036	7)	2007
Norsk Lastebilutleie AS, Oslo	NOK	9,7500	–	100,00	100,00	5.560	2.551	7)	2007
Norsk Scania AS, Oslo	NOK	9,7500	–	100,00	100,00	215.405	149.981	7)	2007
OOO Petroscan, St. Petersburg	RUB	41,2830	–	100,00	100,00	112.055	20.722	7)	2007
OOO Scania Service, Golitsino	RUB	41,2830	–	100,00	100,00	389.079	224.375	7)	2007
OOO Volkswagen Rus, Kaluga	RUB	41,2830	54,93	32,90	87,83	1.857.309	–119.006		2007
Oy Autokuvio Ab, Hämeenlinna	EUR		–	100,00	100,00	625	10	7)	2007
Oy Maakunnan Auto Ab, Seinäjoki	EUR		–	100,00	100,00	630	11	7)	2007
Oy Scan-Auto Ab, Helsinki	EUR		–	100,00	100,00	29.615	17.307	7)	2007
Power Vehicle Co. Ltd., Bangkok	THB	48,2850	–	100,00	100,00	736	–54	7)	2007
Proarga, S.L., Pontevedra	EUR		–	100,00	100,00	377	53	7)	2007
PSE Sverige AB, Södertälje	SEK	10,8700	–	100,00	100,00	600	–	8)	2007
Raven Air Ltd., George Town, Cayman Islands	USD	1,3917	–	100,00	100,00	–	–	6)	2008
Reliable Vehicles Ltd, London	GBP	0,9525	–	100,00	100,00	2.500	0	7)	2007
S.A.S. Scania Holding France, Angers	EUR		–	100,00	100,00	62.283	15.885	7)	2007
Scagalicia, S.L., Pontevedra	EUR		–	100,00	100,00	3.058	961	7)	2007
Scan Siam Service Co. Ltd, Bangkok	THB	48,2850	–	73,98	73,98	1.987	–652	7)	2007
Scanexpo S.A., Montevideo	UYU	33,9575	–	100,00	100,00	2.395.030	471.856	7)	2007
Scania (Malyasia) SDN BHD, Kuala Lumpur	MYR	4,8048	–	100,00	100,00	18.783	2.290	7)	2007
Scania AB, Södertälje	SEK	10,8700	41,36	–	41,36	19.423.000	7.826.000		2007
Scania Administradora de Consórcios Ltda, Cotia	BRL	3,2436	–	99,99	99,99	93.365	7.080	7)	2007
Scania Argentina S.A., Buenos Aires	ARS	4,8062	–	100,00	100,00	189.892	33.657	7)	2007
Scania Asset Management AB, Södertälje	SEK	10,8700	–	100,00	100,00	8.769.993	–6.014	7)	2007
Scania Australia Pty Ltd, Melbourne	AUD	2,0274	–	100,00	100,00	32.589	8.386	7)	2007
Scania Beers B.V., The Hague	EUR		–	100,00	100,00	67.637	22.822	7)	2007
Scania Beers Rayon II B.V., The Hague	EUR		–	100,00	100,00	0	0	7)	2007
Scania Belgium SA-NV, Breda	EUR		–	99,99	99,99	78.895	4.809	7)	2007
Scania Biler A/S, Kolding	DKK	7,4506	–	100,00	100,00	84.003	29.990	7)	2007
Scania Bosnia Hertzegovina d.o.o., Sarajevo	BAM	1,9558	–	100,00	100,00	2.993	6	7)	2007
Scania Botswana (Pty) Ltd, Gaborone	BWP	10,4892	–	99,90	99,90	–	618	7)	2007
Scania Bulgaria EOOD, Sofia	BGN	1,9558	–	100,00	100,00	7.684	3.472	7)	2007
Scania Bus Belgium N.V.-S.A., Diegem	EUR		–	100,00	100,00	27.011	653	7)	2007
Scania Bus Financing AB, Stockholm	SEK	10,8700	–	100,00	100,00	288.693	–813.982	7)	2007
Scania Central Asia LLP, Almaty	KZT	168,5697	–	100,00	100,00	65.200	–23.925	7)	2007
Scania Chile S.A., Santiago	CLP	886,8608	–	100,00	100,00	6.218.921	3.421.571	7)	2007
Scania Comercial, S.A. de C.V., Queretaro	MXN	19,2333	–	100,00	100,00	–	28.331	7)	2007
Scania Commercial Vehicles Renting S.L., Madrid	EUR		–	100,00	100,00	4.630	282	7)	2007
Scania Commerciale SPA, Trento	EUR		–	100,00	100,00	4.511	1.797	7)	2007
Scania Credit AB, Södertälje	EUR		–	100,00	100,00	4.286	5.174	7)	2007
Scania Credit Hrvatska d.o.o., Rakitje, Croatia	HRK	7,3555	–	100,00	100,00	875	–130	7)	2007

Name and domicile of company	Currency	Exchange rate (€1 =) Dec. 31, 2008	VW AG interest in capital in % Direct	Indirect	Total	Equity in thousands, local currency	Profit/loss in thousands, local currency	Footnote	Year
Scania Credit Romania IFN SA, Ciorogarla	RON	4,0225	–	100,00	100,00	2.188	213	7)	2007
Scania Credit Ukraine Ltd, Kiev	UAH	11,1850	–	100,00	100,00	4.204	3.077	7)	2007
Scania CV AB, Södertälje	SEK	10,8700	–	100,00	100,00	11.328.000	9.877.000	7)	2007
Scania Czech Republic s.r.o., Prague	CZK	26,8750	–	100,00	100,00	653.863	179.895	7)	2007
Scania Danmark A/S, Herlev	DKK	7,4506	–	100,00	100,00	156.358	55.200	7)	2007
Scania de Mexico S.A. de CV, Queretaro	MXN	19,2333	–	100,00	100,00	272.157	66.655	7)	2007
Scania de Venezuela S.A., Valencia	VEB	2.988,4000	–	100,00	100,00	6.114	1.081	7)	2007
Scania del Peru S.A., Lima	PEN	4,3815	–	100,00	100,00	37.794	11.015	7)	2007
Scania East Adriatic Region d.o.o., Ljubliana	EUR		–	100,00	100,00	1.486	38.247	7)	2007
Scania Eesti AS, Tallinn	EEK	15,6466	–	100,00	100,00	92.411	50.400	7)	2007
Scania Europe Holding B.V., Zwolle	EUR		–	100,00	100,00	164.781	4.032	7)	2006
Scania Finance Belgium N.V-S.A., Neder-Over-Heembeek	EUR		–	99,90	99,90	12.264	1.699	7)	2007
Scania Finance Bulgaria EOOD, Sofia	BGN	1,9558	–	100,00	100,00	463	372	7)	2007
Scania Finance Chile S.A., Santiago	CLP	886,8608	–	100,00	100,00	211.675	–290.325	7)	2006
Scania Finance Czech Republic Spol. s.r.o., Prague	CZK	26,8750	–	100,00	100,00	773.841	86.298	7)	2007
Scania Finance France S.A.S., Angers	EUR		–	100,00	100,00	17.743	124	7)	2007
Scania Finance Great Britain Ltd, Farringdon Place	GBP	0,9525	–	100,00	100,00	33.291	3.403	7)	2007
Scania Finance Hispania EFC S.A., Madrid	EUR		–	100,00	100,00	22.435	968	7)	2007
Scania Finance Holding AB, Södertälje	SEK	10,8700	–	100,00	100,00	17.612	–4.979	7)	2007
Scania Finance Holding Great Britain Ltd, London	GBP	0,9525	–	100,00	100,00	3.769	4.000	7)	2007
Scania Finance Italy S.p.A, Trento	EUR		–	100,00	100,00	28.198	1.724	7)	2007
Scania Finance Korea Ltd, Kyoung Sang Nam-Do	KRW	1.839,1300	–	100,00	100,00	35.687.897	1.219.194	7)	2007
Scania Finance Luxembourg S.A., Münsbach	EUR		–	100,00	100,00	2.885	60	7)	2006
Scania Finance Magyarország zrt., Biatorbágy	HUF	266,7000	–	99,00	99,00	40.088	–9.912	7)	2007
Scania Finance Nederland B.V., The Hague	EUR		–	100,00	100,00	29.999	5.770	7)	2007
Scania Finance Polska Sp.z.o.o., Nadarzyn	PLN	4,1535	–	100,00	100,00	85.376	18.240	7)	2007
Scania Finance Pty Ltd, Melbourne	AUD	2,0274	–	100,00	100,00	26	24	7)	2007
Scania Finance Schweiz AG, Kloten	CHF	1,4850	–	100,00	100,00	3.538	–366	7)	2007
Scania Finance Southern Africa (Pty) Ltd, Aerton Gauteng	ZAR	13,0667	–	100,00	100,00	95.469	25.977	7)	2007
Scania Finans AB, Södertälje	SEK	10,8700	–	100,00	100,00	187.606	62.538	7)	2007
Scania France S.A.S., Angers	EUR		–	100,00	100,00	47.845	10.593	7)	2007
Scania Great Britain Ltd, Milton Keynes	GBP	0,9525	–	100,00	100,00	48.663	38.376	7)	2007
Scania Group Treasury B.V., The Hague	SEK	10,8700	–	100,00	100,00	333	–1.478	7)	2007
Scania Hispania Holding S.L., Madrid	EUR		–	100,00	100,00	4.752	15.316	7)	2007
Scania Hispania S.A., Madrid	EUR		–	100,00	100,00	27.688	18.922	7)	2007
Scania Holding Inc, Wilmington	USD	1,3917	–	100,00	100,00	6 475	–518	7)	2007
Scania Hrvatska d.o.o., Zagreb	HRK	7,3555	–	100,00	100,00	11.425	1.274	7)	2007
Scania Hungaria KFT, Biatorbágy	HUF	266,7000	–	100,00	100,00	1.624.928	4.634	7)	2007
Scania Infomate Zwolle, Zwolle	EUR		–	100,00	100,00	1.471	281	7)	2007
Scania Insurance Nederland B.V., The Hague	EUR		–	100,00	100,00	458	210	7)	2007
Scania IT AB, Södertälje	SEK	10,8700	–	100,00	100,00	2.721	34.904	7)	2007
Scania IT Angers S.A.S, Angers	EUR		–	100,00	100,00	934	–85	7)	2007
Scania Italy Holding SRL, Trento	EUR		–	100,00	100,00	47.178	–1.005	7)	2007
Scania Korea Ltd, Seoul	KRW	1.839,1300	–	100,00	100,00	23.862.688	11.326.163	7)	2007
Scania Latin America Ltda, São Bernardo do Campo	BRL	3,2436	–	100,00	100,00	1.082.318	347.714	7)	2007
Scania Latvia SIA, Riga	LVL	0,7083	–	100,00	100,00	6.278	2.910	7)	2007
Scania Leasing Ges.m.b.H, Brunn am Gebirge	EUR		–	100,00	100,00	18.035	1.735	7)	2007
Scania Leasing OOO, Moscow	RUB	41,2830	–	100,00	100,00	153.567	17.814	7)	2007
Scania Lízing KFT, Biatorbágy	HUF	266,7000	–	100,00	100,00	–	32.222	7)	2007
Scania Locations S.A.S., Angers	EUR		–	100,00	100,00	10.917	221	7)	2007
Scania Luxembourg S.A., Münsbach	EUR		–	99,90	99,90	2.426	842	7)	2007
Scania Maroc S.A., Casablanca	MAD	11,2705	–	100,00	100,00	4.910	–10.440	7)	2007
Scania Multi Services S.A.S., Angers	EUR		–	100,00	100,00	269	5	7)	2007
Scania Nederland Holding B.V., Zwolle	EUR		–	100,00	100,00	1.232	16	7)	2006
Scania Networks B.V., The Hague	EUR		–	100,00	100,00	1.695	508	7)	2006
Scania Omni AB, Södertälje	SEK	10,8700	–	100,00	100,00	3.585	–132.561	7)	2007
Scania Österreich GmbH, Brunn am Gebirge	EUR		–	100,00	100,00	31.229	4.371	7)	2007
Scania Overseas AB, Södertälje	SEK	10,8700	–	100,00	100,00	44.421	50	7)	2007
Scania Parts Logistics AB, Södertälje	SEK	10,8700	–	100,00	100,00	120	2.727	7)	2007
Scania Peter OOO, St. Petersburg	RUB	41,2830	–	100,00	100,00	50.948	258.684	7)	2007
Scania Plan S.A., Buenos Aires	ARS	4,8062	–	96,66	96,66	10.609	766	7)	2007
Scania Polska S.A., Warsaw	PLN	4,1535	–	100,00	100,00	107.234	49.071	7)	2007
Scania Portugal S.A., Santa Iria de Azóia	EUR		–	100,00	100,00	4.206	–3.254	7)	2007
Scania Production Angers S.A.S., Angers	EUR		–	100,00	100,00	28.153	898	7)	2007

Name and domicile of company	Currency	Exchange rate (€1 =) Dec. 31, 2008	VW AG interest in capital in % Direct	Indirect	Total	Equity in thousands, local currency	Profit/loss in thousands, local currency	Footnote	Year
Scania Production Meppel B.V., Meppel	EUR		–	100,00	100,00	8.936	0	7)	2006
Scania Production Slupsk S.A., Slupsk	PLN	4,1535	–	100,00	100,00	26.833	–4.490	7)	2007
Scania Production Zwolle B.V., Zwolle	EUR		–	100,00	100,00	38.171	7.313	7)	2006
Scania Real Estate AB, Södertälje	SEK	10,8700	–	100,00	100,00	88.613	–5.753	7)	2007
Scania Real Estate Services AB, Södertälje	SEK	10,8700	–	100,00	100,00	120	0	7)	2007
Scania Romania SRL, Ciorogarla	RON	4,0225	–	100,00	100,00	16.219	6.525	7)	2007
Scania Russia, Moscow	RUB	41,2830	–	100,00	100,00	112.055	20.722	7)	2007
Scania Sales (China) Co Ltd, Beijing	CNY	9,4956	–	100,00	100,00	45.662	–1.085	7)	2008
Scania Schweiz AG, Kloten	CHF	1,4850	–	100,00	100,00	9.968	6.206	7)	2007
Scania Services S.A., Buenos Aires	ARS	4,8062	–	100,00	100,00	6.226	379	7)	2007
Scania Servicios, S.A. de C.V., Queretaro	MXN	19,2333	–	100,00	100,00	8.451	1.065	7)	2007
Scania Siam Co Ltd, Bangkok	THB	48,2850	–	99,90	99,90	30.543	8.807	7)	2007
Scania Siam Leasing Co. Ltd., Bangkok	THB	48,2850	–	100,00	100,00	–	–419	7)	2007
Scania Singapore Pte Ltd, Singapore	SGD	2,0040	–	100,00	100,00	2.664	1	7)	2007
Scania Slovakia s.r.o., Bratislava	SKK	30,1260	–	100,00	100,00	392.592	183.132	7)	2007
Scania Slovenija d.o.o., Ljubliana	EUR		–	100,00	100,00	4.772	36.389	7)	2007
Scania South Africa Pty Ltd, Sandton	ZAR	13,0667	–	100,00	100,00	266.156	91.942	7)	2007
Scania Srbia d.o.o., Belgrade	RSD	89,8000	–	100,00	100,00	48.506	34.031	7)	2007
Scania Sverige AB, Södertälje	SEK	10,8700	–	100,00	100,00	91.223	128.371	7)	2007
Scania Tanzania Ltd, Dar Es Salaam	TZS	1.832,1700	–	100,00	100,00	8.613.757	1.795.755	7)	2007
Scania Thailand Co Ltd, Bangkok	THB	48,2850	–	99,99	99,99	38.693	13.773	7)	2007
Scania Trade Development AB, Södertälje	SEK	10,8700	–	100,00	100,00	23 743	–1 350	7)	2007
Scania Treasury AB, Södertälje	SEK	10,8700	–	100,00	100,00	6.516.164	182.542	7)	2007
Scania Treasury Belgium NV, Neder-Over-Heembeek	SEK	10,8700	–	100,00	100,00	10.658.840	302.731	7)	2007
Scania Treasury Luxembourg S.A, Luxembourg	SEK	10,8700	–	100,00	100,00	10.625.747	102.314	7)	2007
Scania Treasury Netherland B.V., The Hague	SEK	10,8700	–	100,00	100,00	9.339	–5.107	7)	2007
Scania Truck Financing AB, Södertälje	SEK	10,8700	–	100,00	100,00	292 235	76 402	7)	2007
Scania Tüketici Finansmani A.S., Istanbul	TRY	2,1488	–	100,00	100,00	17.178	–2.767	7)	2007
Scania Ukraine LLC, Kiev	UAH	11,1850	–	99,00	99,00	–	–7.564	7)	2007
Scania USA Inc, San Antonio, TX.	USD	1,3917	–	100,00	100,00	3	235	7)	2007
Scanlink Ltd, Milton Keynes	GBP	0,9525	–	100,00	100,00	1.956	0	7)	2007
SCANRENT – Alguer de Viaturas sem Condutor, S.A, Lisbon	EUR		–	100,00	100,00	159	–108	7)	2007
SEAT Motor España S.A., Barcelona	EUR		–	100,00	100,00	5.467	–425		2007
SEAT Portugal Unipessoal, Lda., Lisbon	EUR		–	100,00	100,00	1.109	107		2008
SEAT, S.A., Martorell	EUR		100,00	–	100,00	1.089.411	44.382		2008
SERVILEASE, S.A., Madrid	EUR		–	100,00	100,00	11.894	1.097		2008
Sevilla Wagen, S.A., Seville	EUR		–	100,00	100,00	6.703	1.613		2008
SITECH Sp.z o.o., Polkowice	PLN	4,1535	100,00	–	100,00	392.961	38.123		2008
SKODA AUTO a.s., Mladá Boleslav	CZK	26,8750	–	100,00	100,00	71.721.183	11.267.418	12)	2008
SKODA AUTO India Private Limited, Aurangabad	INR	67,3931	–	100,00	100,00	2.615.384	–623.498		2008
SKODA AUTO POLSKA S.A., Poznan	PLN	4,1535	–	51,00	51,00	37.929	12.073		2008
SKODA AUTO Slovensko, s.r.o., Bratislava	SKK	30,1260	–	100,00	100,00	370.961	61.395		2008
ŠkoFIN s.r.o., Prague	CZK	26,8750	–	100,00	100,00	3.625.650	211.841		2008
Södertälje Bil Invest AB, Södertälje	SEK	10,8700	–	100,00	100,00	199.705	41.202		2007
Stockholms Industriassistans AB, Stockholm	SEK	10,8700	–	100,00	100,00	10.155	1.172	7)	2007
Suvesa Super Veics Pesados LTDA, Canoas	BRL	3,2436	–	99,99	99,99	38	3	7)	2007
Svenska Mektek AB, Enköping	SEK	10,8700	–	100,00	100,00	2.656	7.188	7)	2007
Thommen Nutzfahrzeuge AG, Rümlingen	CHF	1,4850	–	100,00	100,00	3.062	381	7)	2007
Truck Namibia (Pty) Ltd, Windhoek	NAD	13,0402	–	100,00	100,00	4.958	1.687	7)	2007
UAB Scania Lietuva, Vilnius	LTL	3,4528	–	100,00	100,00	27.066	13.115	7)	2007
Vabis Försäkrings AB, Södertälje	SEK	10,8700	–	100,00	100,00	132.091	3.559	7)	2007
Valladolid Wagen, S.A., Valladolid	EUR		–	100,00	100,00	2.641	486		2008
Vallehermoso Wagen, S.A., Madrid	EUR		–	100,00	100,00	2.956	–491		2008
VCI Loan Services, LLC, Salt Lake City, Utah	USD	1,3917	–	100,00	100,00	–	–	11)	2007
Volkswagen (China) Investment Company Ltd, Beijing	CNY	9,4956	100,00	–	100,00	3.497.651	933.606		2007
Volkswagen Argentina S.A., Buenos Aires	ARS	4,8062	–	100,00	100,00	898.232	125.302		2008
Volkswagen Auto Lease Entity, LLC, Wilmington, Delaware	USD	1,3917	–	100,00	100,00	–	–	11)	2007
VOLKSWAGEN AUTO LEASE LOAN UNDERWRITTEN FUNDING, LLC, Wilmington, Delaware	USD	1,3917	–	100,00	100,00	–	–	11)	2007
VOLKSWAGEN AUTO LOAN VEHICLE, LLC, Wilmington, Delaware	USD	1,3917	–	100,00	100,00	–	–	11)	2007
VOLKSWAGEN AUTO SECURITIZATION TRANSACTION, L.L.C., Wilmington, Delaware	USD	1,3917	–	100,00	100,00	–	–	5) 11)	2007

Name and domicile of company	Currency	Exchange rate (€1 =) Dec. 31, 2008	VW AG interest in capital in % Direct	Indirect	Total	Equity in thousands, local currency	Profit/loss in thousands, local currency	Footnote	Year
VOLKSWAGEN AUTOMOTIVE FINANCE, LLC, Wilmington, Delaware	USD	1,3917	–	100,00	100,00	–	–	11)	2007
VOLKSWAGEN BANK SA INSTITUCION DE BANCA MULTIPLE, Puebla	MXN	19,2333	–	100,00	100,00	405.553	–40.586		2008
Volkswagen Caminhões e Ônibus Indústria e Comércio de Veículos Comerciais Ltda., São Paulo	BRL	3,2436	–	100,00	100,00	1.009.991	24.589		2007
Volkswagen Credit Companía Financiera S.A., Buenos Aires	ARS	4,8062	–	100,00	100,00	33.573	3.249		2008
Volkswagen de México, S.A. de C.V., Puebla/Pue.	MXN	19,2333	100,00	–	100,00	22.275.800	2.764.500		2008
VOLKSWAGEN DEALER FINANCE, LLC, Wilmington, Delaware	USD	1,3917	–	100,00	100,00	–	–	11)	2007
Volkswagen do Brasil Indústria de Veículos Automotores Ltda., São Bernardo do Campo	BRL	3,2436	–	100,00	100,00	1.533.961	589.949		2007
VOLKSWAGEN FINANCE BELGIUM S.A., Brussels	EUR		–	100,00	100,00	6.648	3.455		2008
Volkswagen Finance Cooperation B.V., Amsterdam	EUR		–	100,00	100,00	–	–25	6)	2008
Volkswagen Finance Overseas B.V., Amsterdam	EUR		–	100,00	100,00	390.700	–25	4) 6)	2008
VOLKSWAGEN FINANCE, S.A. – ESTABLECIMIENTO FINANCIERO DE CRÉDITO – , Madrid	EUR		–	100,00	100,00	290.612	16.976		2008
Volkswagen Financial Services (UK) (June) Ltd., Milton Keynes	GBP	0,9525	–	100,00	100,00	–	–	5)	2008
Volkswagen Financial Services (UK) (March) Ltd., Milton Keynes	GBP	0,9525	–	100,00	100,00	–	–	5)	2008
Volkswagen Financial Services (UK) (September) Ltd., Milton Keynes	GBP	0,9525	–	100,00	100,00	–	–	5)	2008
Volkswagen Financial Services (UK) Ltd., Milton Keynes	GBP	0,9525	–	100,00	100,00	147.421	1.726		2008
Volkswagen Financial Services Australia Pty. Limited, Botany	AUD	2,0274	–	100,00	100,00	31.069	1.978		2007
VOLKSWAGEN FINANCIAL SERVICES JAPAN LTD., Tokyo	JPY	126,1400	–	100,00	100,00	5.075.936	884.551		2008
Volkswagen Financial Services N.V., Amsterdam	EUR		–	100,00	100,00	22.312	4.083		2008
Volkswagen Finans Sverige AB, Södertälje	SEK	10,8700	–	100,00	100,00	150.853	642		2008
Volkswagen Global Finance Holding B.V., Amsterdam	EUR		–	100,00	100,00	7	–11	4) 6)	2008
VOLKSWAGEN GROUP AUSTRALIA PTY Ltd., Botany	AUD	2,0274	100,00	–	100,00	50.680	10.634		2008
Volkswagen Group Canada, Inc., Ajax, Ontario	CAD	1,6998	100,00	–	100,00	219.163	42.072	12)	2008
VOLKSWAGEN GROUP FIRENZE S.P.A., Florence	EUR		–	100,00	100,00	4.798	–1.856		2008
VOLKSWAGEN GROUP ITALIA S.P.A., Verona	EUR		–	100,00	100,00	291.555	29.079		2008
VOLKSWAGEN Group Japan K.K., Toyohashi	JPY	126,1400	–	100,00	100,00	26.005.164	1.896.780		2008
Volkswagen Group of America, Inc., Herndon, Virginia	USD	1,3917	100,00	–	100,00	614.402	67.941	10) 12)	2007
Volkswagen Group Rus OOO, Kaluga	RUB	41,2830	0,01	99,99	100,00	3.763.193	1.749.291		2007
Volkswagen Group Services S.A., Brussels	EUR		99,99	0,01	100,00	2.814.923	105.054		2007
Volkswagen Group Sverige Aktiebolag, Södertälje	SEK	10,8700	–	100,00	100,00	545.062	120.576		2007
VOLKSWAGEN Group United Kingdom Ltd., Milton Keynes	GBP	0,9525	100,00	–	100,00	782.300	96.200		2007
VOLKSWAGEN HOLDING FINANCIÈRE S.A., Villers-Cotterêts	EUR		–	100,00	100,00	183.432	104.874		2008
Volkswagen Import Company Ltd., Tianjin	CNY	9,4956	–	100,00	100,00	88.973	14.157		2008
VOLKSWAGEN INDEPENDENT BORROWING ENTITY, LLC, Wilmington, Delaware	USD	1,3917	–	100,00	100,00	–	–	11)	2007
Volkswagen India Private Ltd., Pune	INR	67,3931	91,00	9,00	100,00	10.679.815	–7.610	3)	2008
Volkswagen International Finance N.V., Amsterdam	EUR		–	100,00	100,00	4.462.110	680.851		2008
Volkswagen International Payment Services N.V., Amsterdam	EUR		–	100,00	100,00	846.025	31.258		2008
Volkswagen IT Service Sverige AB, Södertälje	SEK	10,8700	–	100,00	100,00	–	–	5) 8)	2008
VOLKSWAGEN LEASING SA DE CV, Puebla	MXN	19,2333	–	100,00	100,00	652.944	346.287		2008

Name and domicile of company	Currency	Exchange rate (€1 =) Dec. 31, 2008	VW AG interest in capital in % Direct	Indirect	Total	Equity in thousands, local currency	Profit/loss in thousands, local currency	Footnote	Year
Volkswagen Motor Polska Sp.z o.o., Polkowice	PLN	4,1535	–	100,00	100,00	589.765	74.435		2008
Volkswagen Navarra, S.A., Polígono de Landaben, s/n, Arazurí (Navarre)	EUR		–	100,00	100,00	633.574	48.958		2008
Volkswagen of South Africa (Pty.) Ltd., Uitenhage	ZAR	13,0667	100,00	–	100,00	6.063.101	1.531.517		2008
VOLKSWAGEN OPERATING LEASE TRANSACTION, LLC, Wilmington, Delaware	USD	1,3917	–	100,00	100,00	–	–	11)	2007
Volkswagen Participações Ltda., São Paulo	BRL	3,2436	–	100,00	100,00	1.141.415	40.742		2007
Volkswagen Parts Logistics Sverige AB, Södertälje	SEK	10,8700	–	100,00	100,00	–	–	5) 8)	2008
Volkswagen Poznan Sp.z o.o., Poznan	PLN	4,1535	–	100,00	100,00	2.159.527	347.855		2008
Volkswagen Public Auto Loan Securitization, LLC, Wilmington, Delaware	USD	1,3917	–	100,00	100,00	–	–	11)	2007
Volkswagen S.A. de Ahorro Para Fines Determinados, Buenos Aires	ARS	4,8062	–	100,00	100,00	30.355	12.113		2008
Volkswagen Serviços Ltda., São Paulo	BRL	3,2436	–	100,00	100,00	14.911	26.229		2007
VOLKSWAGEN SLOVAKIA, a.s., Bratislava	SKK	30,1260	–	100,00	100,00	52.256.000	8.862.000		2008
VOLKSWAGEN Tokyo K.K., Tokyo	JPY	126,1400	–	100,00	100,00	959.310	184.176		2008
Volkswagen-Audi España, S.A., El Prat de Llobregat	EUR		–	100,00	100,00	220.317	53.007		2008
Volkswagen-Versicherungsdienst Gesellschaft m.b.H., Vienna	EUR		–	100,00	100,00	6.939	4.263		2008
VW Credit Canada, Inc., St. Laurent, Quebec	CAD	1,6998	–	100,00	100,00	–	–	11)	2007
VW Credit Leasing Ltd., Wilmington, Delaware	USD	1,3917	–	100,00	100,00	–	–	11)	2007
VW Credit, Inc., Wilmington, Delaware	USD	1,3917	–	100,00	100,00	–	–	11)	2007
B. Unconsolidated companies									
1. Germany									
4Collection GmbH, Braunschweig	EUR		–	100,00	100,00	25	–	1) 4) 6)	2008
Audi Akademie GmbH, Ingolstadt	EUR		–	100,00	100,00	2.280	–	1)	2008
Audi Electronics Venture GmbH, Gaimersheim	EUR		–	100,00	100,00	13.360	–	1)	2008
AUDI Immobilien GmbH & Co. KG, Ingolstadt	EUR		–	100,00	100,00	–	23		2008
AUDI Immobilien Verwaltung GmbH, Ingolstadt	EUR		–	100,00	100,00	48	8		2008
Audi Qualifizierungsgesellschaft mbH, Ingolstadt	EUR		–	100,00	100,00	25	–	1)	2008
Audi Zentrum Berlin-Charlottenburg Verwaltungsgesellschaft mbH, Berlin	EUR		–	100,00	100,00	26	–1		2008
Audi Zentrum Frankfurt GmbH, Frankfurt am Main	EUR		–	100,00	100,00	8.025	–	1)	2008
Audi Zentrum Leipzig GmbH, Leipzig	EUR		–	100,00	100,00	1.000	–	1)	2008
Audi Zentrum Stuttgart GmbH, Stuttgart	EUR		–	100,00	100,00	6.677	–	1)	2008
Auto Union GmbH, Ingolstadt	EUR		–	100,00	100,00	354	–	1)	2008
Autohaus Mann Zehlendorf GmbH, Berlin	EUR		–	100,00	100,00	1.749	103		2008
Automobile Rhein-Neckar GmbH, Mannheim	EUR		–	100,00	100,00	4.481	–3.825		2007
AVG Automobilvertriebsgesellschaft mbH, Hanover	EUR		–	100,00	100,00	–	–		2007
AZU Autoteile und -zubehör Vertriebs GmbH, Dreieich	EUR		–	100,00	100,00	57	0		2007
Brandenburgische Automobil GmbH, Potsdam	EUR		–	100,00	100,00	2.704	–21		2008
Carmeq GmbH, Berlin	EUR		–	100,00	100,00	3.100	–	1)	2007
CC WellCom GmbH, Potsdam	EUR		–	100,00	100,00	1.244	769		2008
Eduard Winter Automobilbetriebe Verwaltungsgesellschaft mbH, Berlin	EUR		–	100,00	100,00	105	–3		2008
Eduard Winter Service GmbH & Co. KG, Berlin	EUR		–	100,00	100,00	233	0		2008
Eduard Winter Service Verwaltungs-GmbH, Berlin	EUR		–	100,00	100,00	27	–1		2008
Fahr- und Sicherheitstraining FuS GmbH, Ingolstadt	EUR		–	27,45	27,45	56	926		2008
Groupe Volkswagen France Grundstücksgesellschaft mbH, Wolfsburg	EUR		–	100,00	100,00	25	0		2007
ISIM International School of Integrated Management GmbH, Braunschweig	EUR		100,00	–	100,00	–	–	5)	2008
Karosserie- und Lackierzentrum Potsdam GmbH & Co. KG, Potsdam	EUR		–	100,00	100,00	765	224		2008
Karosserie- und Lackierzentrum Potsdam Verwaltungs-GmbH, Potsdam	EUR		–	100,00	100,00	49	5		2008

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Kunden Club GmbH des Volkswagen-Konzerns, Wolfsburg	EUR		100,00	–	100,00	144	–	1)	2007
MMI Marketing Management Institut GmbH, Braunschweig	EUR		100,00	–	100,00	512	–	1)	2008
NSU GmbH, Neckarsulm	EUR		–	100,00	100,00	326	–	1)	2008
Osterkamp Automobile GmbH, Aurich	EUR		–	100,00	100,00	4.011	–1.157		2007
SEAT Deutschland Niederlassung GmbH, Frankfurt	EUR		–	100,00	100,00	234	–76		2008
stop+go Systemzentrale GmbH, Unna	EUR		–	100,00	100,00	3.500	–	1)	2007
Vehicle Trading International (VTI) GmbH, Braunschweig	EUR		–	100,00	100,00	3.441	514		2007
VfL Wolfsburg-Fußball GmbH, Wolfsburg	EUR		100,00	–	100,00	2.438	556	3)	2008
Volkswagen Automobile Berlin-Tegel GmbH & Co. KG, Berlin	EUR		–	100,00	100,00	4.576	980		2007
Volkswagen Automobile Stuttgart GmbH & Co. KG, Stuttgart	EUR		–	100,00	100,00	427	–4.948		2007
Volkswagen Automobile Stuttgart Verwaltungs-GmbH, Stuttgart	EUR		–	100,00	100,00	38	6		2007
Volkswagen Chemnitz GmbH, Chemnitz	EUR		–	100,00	100,00	6.439	232		2008
Volkswagen Coaching GmbH, Wolfsburg	EUR		100,00	–	100,00	5.369	–	1)	2008
Volkswagen Design Center Potsdam GmbH, Potsdam	EUR		–	100,00	100,00	2.521	–	1)	2008
Volkswagen Group Real Estate GmbH & Co. KG, Wolfsburg	EUR		–	100,00	100,00	13)	13)		2008
Volkswagen Insurance Brokers GmbH, Wolfsburg	EUR		–	100,00	100,00	1.698	505		2007
Volkswagen Klassik GmbH, Wolfsburg	EUR		–	100,00	100,00	25	–	1) 5)	2008
Volkswagen Motorsport GmbH, Hanover	EUR		–	100,00	100,00	2.034	–	1)	2007
Volkswagen Motorsport Verwaltungs GmbH, Hanover	EUR		–	100,00	100,00	1.090	–18		2007
Volkswagen Procurement Services GmbH, Wolfsburg	EUR		–	100,00	100,00	100	–	1)	2008
Volkswagen Qualifizierungsgesellschaft mbH, Wolfsburg	EUR		–	100,00	100,00	503	–	1)	2008
Volkswagen Retail Leipzig GmbH, Leipzig	EUR		–	100,00	100,00	12.902	–273		2008
Volkswagen Retail Rhein-Main GmbH, Frankfurt a.M.	EUR		–	100,00	100,00	8.863	–2.337	4)	2007
Volkswagen Vertriebsbetreuungsgesellschaft mbH, Chemnitz	EUR		100,00	–	100,00	1.182	266		2008
Volkswagen Zentrum Bochum GmbH, Bochum	EUR		–	100,00	100,00	–	–	5)	2007
Volkswagen Zentrum Bochum Verwaltungsgesellschaft mbH, Bochum	EUR		–	100,00	100,00	7.025	–2.000		2006
Volkswagen-Bildungsinstitut GmbH, Zwickau	EUR		–	100,00	100,00	256	–	1)	2008
VWL Funding 2008-1 GmbH, Braunschweig	EUR		–	100,00	100,00	25	–	5)	2008
Weser-Ems Vertriebsgesellschaft mbH, Bremen	EUR		81,25	–	81,25	5.908	1.894		2008
ZENDA Dienstleistungen GmbH, Würzburg	EUR		–	100,00	100,00	490	126		2007
2. International									
1998 Ltd., Springfield, Virginia	USD	1,3917	–	100,00	100,00	14.598	2.328		2006
Amer Assurantien B.V., Amersfoort	EUR		–	100,00	100,00	–	–	11)	2007
Apolo Administradora de Bens S/S Ltda., São Bernardo do Campo, SP	BRL	3,2436	–	100,00	100,00	5)	5)		2007
ASSIVALO PRESTAÇÃO DE SERVIÇOS AUXILIARES DO SETOR DE SEGUROS LTDA., São Paulo	BRL	3,2436	–	70,00	70,00	1.448	24		2007
Audi Akademie Hungaria Kft., Györ	EUR		–	100,00	100,00	181	–207		2008
Audi Australia Retail Operations Pty. Ltd., Botany	AUD	2,0274	–	100,00	100,00	1.305	–695		2008
Audi Japan Sales K.K., Tokyo	JPY	126,1400	–	100,00	100,00	187.000	137.000	3)	2007
Audi Real Estate, S.L., El Prat de Llobregat	EUR		–	100,00	100,00	14.371	–129	4) 6)	2007
Audi Singapore Pte. Ltd., Singapore	SGD	2,0040	–	100,00	100,00	5.400	–	4) 6)	2008
Audi Taiwan Co. Limited, Taipei	TWD	45,5750	–	100,00	100,00	78.780	–7.148	4) 6)	2008
Audi Tooling Barcelona, S.L., Barcelona	EUR		–	100,00	100,00	2.455	275		2007
Automobiles Villers Services S.A.S., Villers-Cotterêts	EUR		–	100,00	100,00	37	0	4)	2007
Automobili Lamborghini America, LLC, Wilmington, Delaware	USD	1,3917	–	100,00	100,00	59	1		2008
Automotive Components International RUS OOO, Kaluga	RUB	41,2830	–	100,00	100,00	–	–	5)	2008
Autovisão Brasil Desenvolvimento de Negócios Ltda., São Bernardo do Campo	BRL	3,2436	–	100,00	100,00	173	39		2007

Name and domicile of company	Currency	Exchange rate (€1 =) Dec. 31, 2008	VW AG interest in capital in % Direct	Indirect	Total	Equity in thousands, local currency	Profit/loss in thousands, local currency	Footnote	Year
AutoVision Magyarország Kft., Györ	HUF	266,7000	–	100,00	100,00	–	–	6)	2008
AutoVision People, Empresa de trabalho temporário, unipessoal, Lda., Palmela	EUR		–	100,00	100,00	–	–	6)	2008
AUTOVISION SLOVAKIA, s.r.o., Bratislava	EUR		–	100,00	100,00	–	–	6)	2008
A-Vision – Prestação de Serviços á Indústria Automóvel, unipessoal, Lda., Palmela	EUR		–	100,00	100,00	510	223		2007
Bentley Insurance Services Ltd., Crewe	GBP	0,9525	–	100,00	100,00	224	–46		2007
Bentley Motor Cars, Inc., New York	USD	1,3917	–	100,00	100,00	–	–	5)	2007
Bentley Motor Export Services Ltd., Crewe	GBP	0,9525	–	100,00	100,00	–	–	5)	2007
Cariviera S.A.S., Nice	EUR		–	100,00	100,00	1.012	–250		2007
Centre Automobile De La Riviera Car S.A.S., Nice	EUR		–	100,00	100,00	369	88		2007
Centro Usato Sangallo S.r.l., Florence	EUR		–	100,00	100,00	35	2		2008
H. J. Mulliner & Co. Ltd., Crewe	GBP	0,9525	–	100,00	100,00	–	–	5)	2007
Hamlin Services LLC, Wilmington, Delaware	USD	1,3917	–	100,00	100,00	–	–	5)	2007
HOLAD Holding & Administration AG in Liq., Basel	CHF	1,4850	100,00	–	100,00	13.532	0	2)	2007
INIS International Insurance Service s.r.o., Bratislava	SKK	30,1260	–	100,00	100,00	11.346	6.946		2007
INIS International Insurance Service s.r.o., Mladá Boleslav	CZK	26,8750	–	100,00	100,00	29.218	24.052		2007
Instituto para Formación y Desarollo Volkswagen, S.C., Puebla/Pue.	MXN	19,2333	–	100,00	100,00	14.492	337		2007
InterRent Biluthyrning AB, Södertälje	SEK	10,8700	–	100,00	100,00	–	–	5)	2007
Limited Liability Company Volkswagen Financial Services RUS, Moscow	RUB	41,2830	–	100,00	100,00	318.568	–1.432	4)	2007
MULTIMARCAS CORRETORA DE SEGUROS S/S LTDA., São Paulo	BRL	3,2436	–	99,98	99,98	15	–2		2007
NIRA Dynamics AB, Linköping	SEK	10,8700	–	90,69	90,69	41.141	–3.892		2007
Park Ward & Co. Ltd., Crewe	GBP	0,9525	–	100,00	100,00	–	–	5)	2007
Park Ward Motors Inc., Wilmington, Delaware	USD	1,3917	–	100,00	100,00	–	–	5)	2007
Picardie Auto Services S.A.S., Villers-Cotterêts	EUR		–	100,00	100,00	318	45		2007
PUTT ESTATES (PROPRIETARY) LIMITED, Upington	ZAR	13,0667	–	100,00	100,00	946	405	3)	2008
Riviera Technic S.A.S., Mougins	EUR		–	100,00	100,00	1.232	153		2007
SEAT Center Arrabida Lda., Setúbal	EUR		–	100,00	100,00	588	43		2008
Seat Saint-Martin S.A.S., Paris	EUR		–	100,00	100,00	726	401		2008
SEAT Sport S.A., Martorell	EUR		–	100,00	100,00	3.954	317		2008
SOCIÉTÉ IMMOBILIÈRE AUDI SARL, Paris	EUR		–	100,00	100,00	17.830	–226		2008
V.V.S. Assuradeuren B.V., Diemen	EUR		–	100,00	100,00	–	–	11)	2007
V.V.S. Verzekeringen B.V., Diemen	EUR		–	100,00	100,00	–	–	11)	2007
Villers Services Center S.A.S., Paris	EUR		–	100,00	100,00	803	197		2007
Volksprop (Halfway House) (Pty.) Ltd., Uitenhage	ZAR	13,0667	–	100,00	100,00	–	24		2007
VOLKSWAGEN Automatik Transmission (Dalian) Co., Ltd., Dalian	CNY	9,4956	–	100,00	100,00	362.100	–3.635	4)	2007
Volkswagen Finance (China) Co., Ltd., Beijing	CNY	9,4956	–	100,00	100,00	376.438	–43.799		2007
VOLKSWAGEN FINANCIAL SERVICES ASIA-PACIFIC PTE.LTD., Singapore	SGD	2,0040	–	100,00	100,00	100	0		2007
Volkswagen Financial Services Singapore Ltd., Singapore	SGD	2,0040	–	100,00	100,00	996	162		2007
Volkswagen Financial Services Taiwan Ltd., Taipei	TWD	45,5750	–	100,00	100,00	166.559	35.644		2007
Volkswagen Group Finanz OOO, Moscow	RUB	41,2830	–	100,00	100,00	218.838	–29.619		2007
Volkswagen Group Insurance and Risk Management Services Ltd., Milton Keynes	GBP	0,9525	–	100,00	100,00	–	–	5)	2007
Volkswagen Group Ireland Ltd., Dublin	EUR		–	100,00	100,00	–	–	6)	2008
Volkswagen Group Latin America, Inc., Miami, Florida	USD	1,3917	–	100,00	100,00	617	–47		2006
Volkswagen Group Malaysia Sdn. Bhd., Kuala Lumpur	MYR	4,8048	100,00	–	100,00	12.180	1.026		2007
VOLKSWAGEN GROUP MILANO S.r.l., Milan	EUR		–	100,00	100,00	545	–164		2008
Volkswagen Group of America Chattanooga Operations, LLC., Herndon	USD	1,3917	–	100,00	100,00	–	–	6)	2008
Volkswagen Group Pension Scheme Trustee Ltd., Milton Keynes	GBP	0,9525	–	100,00	100,00	–	–	5)	2007
Volkswagen Group Sales India P.L., Mumbai	INR	67,3931	91,00	9,00	100,00	2.042.241	–639.753	3)	2008
Volkswagen Group Singapore Pte Ltd., Singapore	SGD	2,0040	51,00	49,00	100,00	10.114	–1.135		2007

Name and domicile of company	Currency	Exchange rate (€1 =) Dec. 31, 2008	VW AG interest in capital in % Direct	Indirect	Total	Equity in thousands, local currency	Profit/loss in thousands, local currency	Footnote	Year
Volkswagen Hong Kong Ltd., Hong Kong	HKD	10,7858	–	70,00	70,00	–	–	7)	2008
Volkswagen Insurance Company Ltd., Dublin	EUR		–	100,00	100,00	25.623	–5.500		2007
VOLKSWAGEN INSURANCE SERVICE LTD., Milton Keynes	GBP	0,9525	–	100,00	100,00	917	819		2007
VOLKSWAGEN INSURANCE SERVICES, CORREDURIA DE SEGUROS, S.L., Barcelona	EUR		–	100,00	100,00	3.319	2.928		2007
Volkswagen Investments Ltd. Partnership, George Town	USD	1,3917	99,90	0,10	100,00	–	–	2) 5)	2008
Volkswagen Investments Ltd., Dublin	EUR		100,00	–	100,00	–	–	2) 5)	2008
Volkswagen Logistics Prestação de Serviços de Logística e Transporte Ltda., Saõ Bernardo do Campo	BRL	3,2436	–	100,00	100,00	7.531	4.081		2007
VOLKSWAGEN SARAJEVO, d.o.o, Vogosca	BAM	1,9558	58,00	–	58,00	38.751	3.326		2007
Volkswagen Servicios de Administración de Personal, S.A. de C.V., Puebla	MXN	19,2333	–	100,00	100,00	134	–	5)	2007
VOLKSWAGEN SERVICIOS SA DE CV, Puebla	MXN	19,2333	–	100,00	100,00	–	–13.660	4)	2007
Volkswagen Versicherungsdienst AG, Wallisellen	CHF	1,4850	–	100,00	100,00	1.633	707		2007
VVD VOLKSWAGEN CORRETAGEM DE SEGUROS LTDA., Sao Paulo	BRL	3,2436	–	100,00	100,00	–	–11.208		2007
VVS Verzekerings-Service N.V., Amsterdam	EUR		–	60,00	60,00	2.563	2.336	10)	2007
VWFS Real Estate Corporation, Tokyo	JPY	126,1400	–	100,00	100,00	81.655	19.826		2007
VWT Participações Ltda. – Participações em Outras Sociedades e Prestação de Serviços em Geral, Saõ Bernardo do Campo	BRL	3,2436	–	100,00	100,00	4.569	2.427		2007
ZAO Evroavto, Sergiev Posad	RUB	41,2830	–	100,00	100,00	100	–	5)	2006
III. JOINT VENTURES									
A. Companies accounted for using the equity method									
1. Germany									
IAV GmbH Ingenieurgesellschaft Auto und Verkehr, Berlin	EUR		50,00	–	50,00	52.048	8.963		2007
2. International									
Autolease Zeeland Beheer B.V., Goes	EUR		–	90,00	90,00	–	–	11)	2007
DFM Autofinanciering B.V., Amersfoort	EUR		–	100,00	100,00	–	–	11)	2007
DFM N.V., Amersfoort	EUR		–	100,00	100,00	–	–	11)	2007
Dutchlease Amsterdam B.V., Amsterdam	EUR		–	100,00	100,00	–	–	11)	2007
Dutchlease Goes B.V., Goes	EUR		–	100,00	100,00	–	–	11)	2007
Dutchlease Rotterdam B.V., Rotterdam	EUR		–	100,00	100,00	–	–	11)	2007
Dutchlease Utrecht B.V., Utrecht	EUR		–	100,00	100,00	–	–	11)	2007
FAW-Volkswagen Automotive Company, Ltd., Changchun	CNY	9,4956	20,00	20,00	40,00	14.464.145	5.760.133	12)	2008
Global Mobility Holding B.V., Amsterdam	EUR		–	50,00	50,00	2.137.735	197.236	12)	2007
Lease+ B.V., Amersfoort	EUR		–	100,00	100,00	–	–	11)	2007
Lease+Balans B.V., Amersfoort	EUR		–	100,00	100,00	–	–	11)	2007
LeasePlan Corporation N.V., Amsterdam	EUR		–	–	9)	1.403.884	255.443	12)	2007
Midland Beheer B.V., Amersfoort	EUR		–	100,00	100,00	–	–	11)	2007
Shanghai Volkswagen Powertrain Company Ltd., Shanghai	CNY	9,4956	–	60,00	60,00	680.024	7.344		2008
Shanghai-Volkswagen Automotive Company Ltd., Shanghai	CNY	9,4956	40,00	10,00	50,00	17.645.963	2.546.207		2008
VDF Servis Holding A.Ş., Istanbul	TRY	2,1488	–	51,00	51,00	23	–77	4)	2007
VDF SIGORTA ARACILIK HIZMETLERI A.Ş., Istanbul	TRY	2,1488	–	99,99	99,99	1.371	913		2007
VOLKSWAGEN BANK POLSKA S.A., Warsaw	PLN	4,1535	–	60,00	60,00	217.094	29.499	12)	2007
VOLKSWAGEN DOĞUŞ TÜKETICI FINANSMANI ANONIM ŞIRKETI, Maslak-Istanbul	TRY	2,1488	–	51,00	51,00	54.135	14.476		2007
VOLKSWAGEN FAW Engine (Dalian) Co., Ltd., Dalian	CNY	9,4956	–	60,00	60,00	774.212	–221.395		2007
Volkswagen FAW Platform Company Ltd., Changchun	CNY	9,4956	–	60,00	60,00	417.168	3.486		2007
VOLKSWAGEN Finančné služby Slovensko s.r.o., Bratislava	SKK	30,1260	–	58,00	58,00	815.855	72.490	12)	2007
Volkswagen Leasing B.V., Amersfoort	EUR		–	100,00	100,00	–	–	11)	2007
Volkswagen Leasing Polska Sp. z o.o., Warsaw	PLN	4,1535	–	60,00	60,00	20.964	15.004	12)	2007
Volkswagen Pon Financial Services B.V., Amersfoort	EUR		–	60,00	60,00	172.246	27.332	10)	2007

Name and domicile of company	Currency	Exchange rate (€1 =) Dec. 31, 2008	VW AG interest in capital in % Direct	Indirect	Total	Equity in thousands, local currency	Profit/loss in thousands, local currency	Footnote	Year
VOLKSWAGEN SERWIS UBEZPIECZENIOWY SP. Z O.O., Warsaw	PLN	4,1535	–	100,00	100,00	16.152	16.102	12)	2007
VOLKSWAGEN Transmission (Shanghai) Company Ltd., Shanghai	CNY	9,4956	–	60,00	60,00	341.426	64.770		2007
B. Companies measured at cost									
1. Germany									
August Horch Museum Zwickau GmbH, Zwickau	EUR		–	50,00	50,00	688	97		2007
AUTOMEILE Ausstellungsgesellschaft m.b.H., Hamburg	EUR		–	50,00	50,00	29	–	5)	2007
Deutsche Automobilgesellschaft mbH, Braunschweig	EUR		50,00	–	50,00	–	–	2) 5)	2008
LGI Logistikzentrum im Güterverkehrszentrum Ingolstadt Betreibergesellschaft mbH, Ingolstadt	EUR		–	50,00	50,00	2.421	492		2007
Objekt Audi Zentrum Berlin-Charlottenburg Verwaltungsgesellschaft mbH, Berlin	EUR		–	50,00	50,00	59	2		2008
Objektgesellschaft Audi Zentrum Berlin-Charlottenburg GmbH & Co. KG, Berlin	EUR		–	50,00	50,00	5.696	–9.192		2008
PMDTechnologies GmbH, Siegen	EUR		–	50,00	50,00	6.750	81		2008
Wolfsburg AG, Wolfsburg	EUR		50,00	–	50,00	11.165	253		2007
2. International									
Central Eléctrica Anhangüera Ltda., São Paulo	BRL	3,2436	–	40,00	40,00	–	–	7)	2008
SAIC-VOLKSWAGEN Sales Company Ltd., Shanghai	CNY	9,4956	–	40,00	40,00	596.580	85.311		2007
SITECH Dongchang Automotive Seating Technology, Ltd., Shanghai	CNY	9,4956	–	60,00	60,00	60.477	9.702		2007
Sturups Bilservice AB, Malmö	SEK	10,8700	–	33,40	33,40	271.563	503		2007
ThyssenKrupp Módulos Automotivos do Brasil Ltda., São José dos Pinhais, PR	BRL	3,2436	–	49,00	49,00	17.746	111		2007
Trio Bilservice AB, Västerås	SEK	10,8700	–	33,33	33,33	131.242	90		2007
Volkswagen Beijing Center Company Ltd., Beijing	CNY	9,4956	–	70,00	70,00	35.780	4.272		2007
VOLKSWAGEN Finančné služby Maklérska s.r.o., Bratislava	SKK	30,1260	–	58,00	58,00	54.422	54.202		2007
IV. ASSOCIATES									
A. Associates accounted for using the equity method									
1. Germany									
Autoport Emden GmbH, Emden	EUR		–	33,33	33,33	62	11		2008
MAN Aktiengesellschaft, Munich	EUR		28,67	–	28,67	2.215.919	497.176		2007
2. International									
Bits Data i Södertälje AB, Södertälje	SEK	10,8700	–	33,00	33,00	17.105	2.814	7)	2008
Cummins-Scania high pressure injection L.L.C., Columbus	USD	1,3917	–	30,00	30,00	9.704	36	7)	2007
Cummins-Scania XPI Manufacturing L.L.C., Columbus	USD	1,3917	–	50,00	50,00	52.119	–4.561	7)	2007
H.R. Owen Plc., London	GBP	0,9525	–	27,91	27,91	–	–	7)	2008
Oppland Tungbilservice AS, Fagernes	NOK	9,7500	–	50,00	50,00	3.432	946	7)	2007
Scamadrid S.A., Madrid	EUR		–	49,00	49,00	5.393	585	7)	2007
ScaValencia, S.A., Valencia	EUR		–	26,00	26,00	8.319	2.087	7)	2007
Tynset Diesel AS, Tynset	NOK	9,7500	–	50,00	50,00	4.988	1.820	7)	2007
B. Associates measured at cost									
1. Germany									
Abgaszentrum der Automobilindustrie (GbR), Weissach	EUR		–	–	–	–	–		
ALC – Auto-Lackier-Center GmbH, Chemnitz	EUR		–	20,00	20,00	598	155		2007
EXTESSY AG, Wolfsburg	EUR		–	22,95	22,95	12	–304		2006
Fahrzeugteile Service-Zentrum Mellendorf GmbH, Wedemark (Mellendorf)	EUR		26,00	23,70	49,70	4.179	1.664		2007
GIF Gewerbe- und Industriepark Bad Friedrichshall GmbH, Bad Friedrichshall	EUR		–	30,00	30,00	1.869	120		2007
GVZ Entwicklungsgesellschaft Wolfsburg mbH, Wolfsburg	EUR		–	30,80	30,80	1.247	248		2007
Hönigsberg & Düvel Datentechnik GmbH, Wolfsburg	EUR		–	87,10	87,10	6.422	4.585		2007
Living Solids GmbH, Magdeburg	EUR		–	24,90	24,90	0	–366		2007
PDB – Partnership for Dummy Technology and Biomechanics GbR, Ingolstadt	EUR		–	–	–	–	–		
POLYSIL GmbH, Wolfsburg	EUR		–	24,92	24,92	–	–	7)	2008
Theater der Stadt Wolfsburg GmbH, Wolfsburg	EUR		25,40	–	25,40	124	0	3)	2008

Name and domicile of company	Currency	Exchange rate (€1 =) Dec. 31, 2008	VW AG interest in capital in % Direct	Indirect	Total	Equity in thousands, local currency	Profit/loss in thousands, local currency	Footnote	Year
2. International									
e4t electronics for transportation s.r.o., Prague	CZK	26,8750	–	49,00	49,00	27.661	8.736		2007
Servicios Especiales de Ventas Automotrices, S.A. de C.V., México, D.F.	MXN	19,2333	–	25,00	25,00	46.930	–1.515		2007
SKO-ENERGO s.r.o., Mladá Boleslav	CZK	26,8750	–	46,00	46,00	55.978	2.279		2007
Smart Material Corp., Sarasota (Florida)	USD	1,3917	–	24,90	24,90	1.038	–16		2007
TAS Tvornica Automobila Sarajevo d.o.o, Vogosca	BAM	1,9558	50,00	–	50,00	–	–	5)	2007
TTTech Computertechnik AG, Vienna	EUR		–	24,99	24,99	24.180	–1.464		2007
Volkswagen of Nigeria Ltd., Lagos	NGN	191,6371	40,00	–	40,00	–	–	5)	2007
Yontrakit Volkswagen Marketing Limited Co., Bangkok	THB	48,2850	–	45,00	45,00	–	–	5)	2007
V. OTHER EQUITY INVESTMENTS									
1. Germany									
GKH Gemeinschaftskraftwerk Hannover GmbH, Hanover	EUR		–	15,30	15,30	10.226	–	1)	2007
NEULAND Wohnungsgesellschaft mbH, Wolfsburg	EUR		–	20,00	20,00	77.945	6.149		2007
Niedersächsische Gesellschaft zur Endablagerung von Sonderabfall mbH, Hanover	EUR		10,00	–	10,00	9.341	733		2007
2. International									
SKO-ENERGO-FIN s.r.o., Mladá Boleslav	CZK	26,8750	–	10,00	10,00	827.152	301.816		2007

1) Profit and loss transfer agreement
2) In liquidation
3) Different fiscal year
4) Short fiscal year
5) Currently not trading
6) Newly established company
7) Newly acquired company
8) Other profit and loss transfer arrangement
9) Global Mobility Holding B.V., Amsterdam holds a 100% interest in LeasePlan Corporation N.V., Amsterdam
10) Consolidated financial statements
11) Figures are contained in the consolidated financial statements of the parent company
12) Figures in accordance with IFRSs

VOLKSWAGEN AG is the general partner of the following companies:

1. Abgaszentrum der Automobilindustrie (GbR), Weissach
2. LOCATOR Grundstücks-Vermietungsgesellschaft mbH und Volkswagen AG in GbR, Eschborn
3. PDB – Partnership for Dummy Technology and Biomechanics GbR, Ingolstadt
4. Volkswagen AG Preussen Elektra AG OHG, Wolfsburg
5. Volkswagen Logistics GmbH & Co. OHG, Wolfsburg

Responsibility Statement

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

Wolfsburg, February 17, 2009
Volkswagen Aktiengesellschaft
The Board of Management

Martin Winterkorn	Francisco Javier Garcia Sanz	Jochem Heizmann
Horst Neumann	Hans Dieter Pötsch	

The following auditor's report (*Bestätigungsvermerk*) has been issued in accordance with § 322 German Commercial Code (*Handelsgesetzbuch*) on the consolidated financial statements and the group management report (*Konzernlagebericht*) of Volkswagen AG as of and for the fiscal year ended December 31, 2008. The group management report is neither included nor incorporated by reference in this Prospectus. This report was originally prepared in German. In case of ambiguities the German version takes precedence.

Auditors' Report

We have audited the consolidated financial statements prepared by VOLKSWAGEN AKTIENGESELLSCHAFT, Wolfsburg, comprising the income statement, the balance sheet and the statements of recognized income and expense and cash flows as well as the notes to the consolidated financial statements, together with the group management report, which is combined with the management report of the Company for the business year from January 1 to December 31, 2008. The preparation of the consolidated financial statements and the combined management report in accordance with the IFRSs, as adopted by the EU, and the additional requirements of German commercial law pursuant to § (article) 315a Abs. (paragraph) 1 HGB ("Handelsgesetzbuch": German Commercial Code) are the responsibility of the Company's Board of Management. Our responsibility is to express an opinion on the consolidated financial statements and on the combined management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with § 317 HGB 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 consolidated financial statements in accordance with the applicable financial reporting framework and in the combined management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements 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 consolidated financial statements and the combined management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of the entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by the Company's Board of Management, as well as evaluating the overall presentation of the consolidated financial statements and the combined management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with the IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Article 315a paragraph 1 HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The combined management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Hanover, February 18, 2009

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Harald Kayser
Wirtschaftsprüfer

ppa. Martin Schröder
Wirtschaftsprüfer

Income Statement of the Volkswagen Group for the Period January 1 to December 31, 2007

	Note	2007	2006
		€ million	
Sales revenue	**1**	**108,897**	**104,875**
Cost of sales	2	92,603	91,020
Gross profit		**+ 16,294**	**+ 13,855**
Distribution expenses		9,274	9,180
Administrative expenses		2,453	2,312
Other operating income	3	5,994	4,714
Other operating expenses	4	4,410	5,068
Operating profit		**+ 6,151**	**+ 2,009**
Share of profits and losses of equity-accounted investments	5	+ 734	+ 373
Finance costs	6	1,647	1,586
Other financial result	7	+ 1,305	+ 997
Financial result		**+ 392**	**−216**
Profit before tax from continuing operations		**+ 6,543**	**+ 1,793**
Income tax income/expense	8	2,421	− 162
current		2,744	212
deferred		−323	−374
Profit from continuing operations		**+ 4,122**	**+ 1,955**
Profit from discontinued operations		–	+ 795
Profit after tax		**+ 4,122**	**+ 2,750**
Minority interests		+ 2	+ 1
Profit attributable to shareholders of Volkswagen AG		**+ 4,120**	**2,749**
Basic earnings per ordinary share in €	**9**	**10.43**	**7.07**
of which from: continuing operations	**9**	**10.43**	**5.03**
of which from: discontinued operations	9	–	2.04
Basic earnings per preferred share in €	**9**	**10.49**	**7.13**
of which from: continuing operations	**9**	**10.49**	**5.07**
of which from: discontinued operations	9	–	2.06
Diluted earnings per ordinary share in €	**9**	**10.34**	**7.04**
of which from: continuing operations	**9**	**10.34**	**5.00**
of which from: discontinued operations	9	–	2.04
Diluted earnings per preferred share in €	**9**	**10.40**	**7.10**
of which from: continuing operations	**9**	**10.40**	**5.05**
of which from: discontinued operations	9	–	2.05

Balance Sheet of the Volkswagen Group
as of December 31, 2007

	Note	Dec. 31, 2007	Dec. 31, 2006
		€ million	
Assets			
Noncurrent assets			
Intangible assets	10	6,830	7,193
Property, plant and equipment	11	19,338	20,340
Leasing and rental assets	12	8,179	7,886
Investment property	12	152	153
Equity-accounted investments	13	7,795	6,876
Other equity investments	13	548	410
Financial services receivables	14	27,522	26,450
Other receivables and financial assets	15	2,416	1,998
Noncurrent tax receivables	16	952	1,030
Deferred tax assets	16	3,109	3,038
		76,841	**75,374**
Current assets			
Inventories	17	14,031	12,463
Trade receivables	18	5,691	5,049
Financial services receivables	14	24,914	23,426
Other receivables and financial assets	15	6,653	5,572
Current tax receivables	16	500	261
Marketable securities	19	6,615	5,091
Cash and cash equivalents	20	10,112	9,367
		68,516	**61,229**
Total assets		**145,357**	**136,603**
Equity and Liabilities			
Equity	21		
Subscribed capital		1,015	1,004
Capital reserves		5,142	4,942
Retained earnings		25,718	20,958
Equity attributable to shareholders of Volkswagen AG		31,875	26,904
Minority interests		63	55
		31,938	**26,959**
Noncurrent liabilities			
Noncurrent financial liabilities	22	29,315	28,734
Other noncurrent liabilities	23	2,245	1,735
Deferred tax liabilities	24	2,637	2,154
Provisions for pensions	25	12,603	13,854
Provisions for taxes	24	2,275	2,586
Other noncurrent provisions	26	8,276	7,096
		57,351	**56,159**
Current liabilities			
Current financial liabilities	22	28,677	30,023
Trade payables	27	9,099	8,190
Current tax payables	24	98	34
Other current liabilities	22	7,084	6,333
Provisions for taxes	24	1,828	–
Other current provisions	26	9,282	8,905
		56,068	**53,485**
Total equity and liabilities		**145,357**	**136,603**

Statement of Recognized Income and Expense of the Volkswagen Group for the Period January 1 to December 31, 2007

	2007	2006
	€ million	
Actuarial gains	1,427	318
Available-for-sale financial instruments (securities):		
Fair value changes taken directly to equity	123	225
Transferred to profit or loss	−498	−140
Cash flow hedges:		
Fair value changes taken directly to equity	1,572	1,108
Transferred to profit or loss	−577	−25
Foreign exchange differences	−228	−250
Deferred taxes	−740	−580
Share of profits and losses of equity-accounted investments recognized directly in equity, after tax	47	–
Income and expense recognized directly in equity	**1,126**	**656**
Profit after tax attributable to shareholders of Volkswagen AG	4,120	2,749
Total recognized income and expense for the period	**5,246**	**3,405**

Explanatory notes on equity are presented in note 21.

Cash Flow Statement of the Volkswagen Group for the Period January 1 to December 31, 2007

	2007	2006
	€ million	
Cash and cash equivalents at beginning of period	**9,367**	**7,963**
Profit before tax from continuing operations	6,543	1,793
Income taxes paid	−1,172	−888
Depreciation and amortization expense*	5,435	5,932
Amortization of capitalized development costs	1,843	1,826
Impairment losses on equity investments*	180	35
Depreciation of leasing and rental assets and investment property*	1,780	1,605
Change in provisions	1,657	3,395
Gain/Loss on disposal of noncurrent assets	32	− 324
Share of profit or loss of equity-accounted investments	−71	−206
Other noncash income/expense	− 11	13
Change in inventories	−1,856	−147
Change in receivables (excluding financial services)	−942	736
Change in liabilities (excluding financial liabilities)	2,244	700
Cash flows from operating activities	**15,662**	**14,470**
Acquisition of property, plant and equipment, and intangible assets	−4,638	−3,728
Additions to capitalized development costs	−1,446	−1,478
Acquisition of subsidiaries and other equity investments	−1,275	−2,720
Disposal of equity investments	14	1.581
Issuance of bonds	−7	−19
Change in leasing and rental assets and investment property	−2,763	−2,528
Change in financial services receivables	−3,588	−3,563
Proceeds from disposal of noncurrent assets (excluding leasing and rental assets and investment property)	206	544
Change in investments in securities	−1,742	−987
Investing activities	**−15,239**	**−12,898**
Capital contributions	211	340
Dividends paid	−497	−451
Other changes	−11	−23
Proceeds from issue of bonds	9,516	7,955
Repayment of bonds	−8,484	−8,401
Change in other financial liabilities	93	229
Finance lease payments	−40	−17
Change in loans	−610	254
Cash flows from financing activities	**178**	**−114**
Changes in cash and cash equivalents due to changes in the consolidated Group structure	37	5
Effect of exchange rate changes on cash and cash equivalents	−91	−59
Net change in cash and cash equivalents	**547**	**1,404**
Cash and cash equivalents at end of period	**9,914**	**9,367**
Cash and cash equivalents	9,914	9,367
Securities and loans	9,178	7,097
Gross liquidity	**19,092**	**16,464**
Total third-party borrowings	−57,992	−58,757
Net liquidity	**−38,900**	**−42,293**

* Offset with impairment reversals.

Explanatory notes on the cash flow statement are presented in note 28.

Notes to the Consolidated Financial Statements of the Volkswagen Group for the Fiscal Year ended December 31, 2007

Basis of presentation

Volkswagen AG is domiciled in Wolfsburg and entered in the commercial register at the Braunschweig Local Court under no. HRB 100484. The fiscal year corresponds to the calendar year.

In accordance with Regulation No. 1606/2002 of the European Parliament and of the Council, Volkswagen AG has prepared its consolidated financial statements for 2007 in compliance with the International Financial Reporting Standards (IFRSs) as adopted by the European Union. We have complied with all the IFRSs adopted by the EU and required to be applied for periods beginning on or after January 1, 2007. In addition, we have complied with all the provisions of German commercial law that we are also required to apply, as well as with the German Corporate Governance Code.

The consolidated financial statements were prepared in euros. Unless otherwise stated, all amounts are given in millions of euros (€ million).

The income statement was prepared using the internationally accepted cost of sales method.

Preparation of the consolidated financial statements in accordance with the above-mentioned standards requires management to make estimates that affect the reported amounts of certain items in the consolidated balance sheet and in the consolidated income statement, as well as the related disclosure of contingent assets and liabilities. The consolidated financial statements give a true and fair view of the net assets, financial position and results of operations as well as the cash flows of the Volkswagen Group.

Effects of new and amended IFRSs

Volkswagen AG applied IFRS 7 and the related amendment to IAS 1 for the first time in fiscal year 2007. IFRS 7 contains additional disclosure requirements for the Group's financial assets and liabilities. IAS 1 requires additional disclosures on the Group's capital management. The newly applicable provisions do not affect the classification or measurement of financial instruments.

The following interpretations were also required to be applied for the first time in fiscal year 2007:

- IFRIC 7 Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies
- IFRIC 8 Scope of IFRS 2
- IFRIC 9 Reassessment of Embedded Derivatives and
- IFRIC 10 Interim Financial Reporting and Impairment

The initial application of the interpretations had no effect or no material effect on the presentation of the consolidated financial statements.

New and amended IFRSs not applied

In its 2007 consolidated financial statements, Volkswagen AG did not apply the following accounting standards or interpretations that have already been adopted by the IASB but were not required to be applied for fiscal year 2007.

Standard/Interpretation*		Effective date	Adopted by the EU*	Expected effects
IFRS 8	Operating Segments	Jan. 1, 2009	Yes	Segment reporting
IAS 1	Presentation of Financial Statements	Jan. 1, 2009	No	Reclassification of components of the financial statements
IAS 23	Borrowing Costs	Jan. 1, 2009	No	Increase in carrying amount of qualifying assets
IFRIC 11	IFRS 2: Group and Treasury Share Transactions	Mar. 1, 2007	Yes	None
IFRIC 12	Service Concession Arrangements	Jan. 1, 2008	No	None
IFRIC 13	Customer Loyalty Programmes	July 1, 2008	No	None
IFRIC 14	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	Jan. 1, 2008	No	Not significant

* On December 31, 2007.

Basis of consolidation

In addition to Volkswagen AG, the consolidated financial statements comprise all significant companies at which Volkswagen AG is able, directly or indirectly, to govern the financial and operating policies in such a way that they can obtain benefits from the activities of these companies (subsidiaries). The subsidiaries also comprise investment funds and other special purpose entities whose net assets are attributable to the Group under the principle of substance over form. Consolidation of subsidiaries begins at the first date on which control exists, and ends when such control no longer exists.

Subsidiaries whose business is dormant or of low volume and that are insignificant for the presentation of a true and fair view of the net assets, financial position and results of operations as well as the cash flows of the Volkswagen Group are not consolidated. However, they are carried in the consolidated financial statements at the lower of cost or fair value since no active market exists for those companies and fair values cannot be reliably ascertained without undue cost or effort. The aggregate equity of these subsidiaries amounts to 0.9% (previous year: 1.2%) of Group equity. The aggregate profit after tax of these companies amounts to 0.3% (previous year: 0.4%) of the profit after tax of the Volkswagen Group.

Significant companies where Volkswagen AG is able, directly or indirectly, to significantly influence financial and operating policy decisions (associates), or directly or indirectly shares control (joint ventures), are accounted for using the equity method. Joint ventures also include companies in which the Volkswagen Group holds the majority of voting rights, but whose articles of association or partnership agreements stipulate that important decisions may only be resolved unanimously. Insignificant associates and joint ventures are generally carried at the lower of cost or fair value.

The composition of the Volkswagen Group is shown in the following table:

	2007	2006
Volkswagen AG and consolidated subsidiaries		
Germany	42	39
International	133	123
Subsidiaries carried at cost		
Germany	63	64
International	77	72
Associates and joint ventures		
Germany	24	29
International	45	51
	384	**378**

INVESTMENTS IN ASSOCIATES

Volkswagen AG held 37.4% (previous year: 34%) of the voting rights and 20.6% (previous year: 18.7%) of the subscribed capital of Scania AB, Södertälje, Sweden, at the balance sheet date. The market value of this interest was €2,893 million at December 31, 2007 (previous year: €2,057 million).

29.9% (previous year: 24.8%) of the ordinary shares and 28.7% (previous year: 23.8%) of the subscribed capital of MAN AG were attributable to the Group at the balance sheet date. The market value of the Group's interest in MAN AG was €4,797 million at the balance sheet date (previous year: €2,397 million).

The following carrying amounts are attributable to the Volkswagen Group from its interest in the associates Scania and MAN (previous year also including YANASE Audi Sales Company):

	2007	2006
	€ million	
Noncurrent assets	3,147	2,657
Current assets	3,480	2,818
Noncurrent liabilities	1,359	1,764
Current liabilities	3,242	2,274
Revenues	6,327	2,350
Profit of the period	540	174

INTERESTS IN JOINT VENTURES

The following carrying amounts are attributable to the Volkswagen Group from its proportionate interest in joint ventures:

	2007	2006
	€ million	
Noncurrent assets	7,551	7,852
Current assets	6,528	5,496
Noncurrent liabilities	4,326	4,712
Current liabilities	6,861	5,664
Income	5,869	4,945
Expenses	5,437	4,731

FULLY CONSOLIDATED SUBSIDIARIES

Five foreign companies that were newly formed in fiscal year 2007 and nine foreign companies that had not been consolidated in 2006 as well as four German companies were initially consolidated in fiscal year 2007. The number of consolidated subsidiaries was also reduced by the merger of one German company and four foreign companies.

The sale of the Europcar group in fiscal year 2006 resulted in income from discontinued operations of €795 million.

The list of all shareholdings can be downloaded from the electronic companies register at www.unternehmensregister.de and from www.volkswagenag.com/ir under the heading "Mandatory Publications" and the menu item "Annual Reports".

The following consolidated German subsidiaries with the legal form of a corporation or partnership meet the criteria set out in section 264(3) or section 264b of the Handelsgesetzbuch (HGB – German Commercial Code) and have exercised the option not to publish annual financial statements:

- Audi Vertriebsbetreuungsgesellschaft mbH, Ingolstadt
- Auto 5000 GmbH, Wolfsburg
- Automobilmanufaktur Dresden GmbH, Dresden
- Autostadt GmbH, Wolfsburg
- AutoVision GmbH, Wolfsburg
- Bugatti Engineering GmbH, Wolfsburg
- quattro GmbH, Neckarsulm
- Volim Volkswagen Immobilien Vermietgesellschaft für VW-/Audi-Händlerbetriebe mbH, Braunschweig
- Volkswagen Business Services GmbH, Braunschweig
- Volkswagen Gebrauchtfahrzeughandels und Service GmbH, Langenhagen
- Volkswagen Individual GmbH, Wolfsburg
- VOLKSWAGEN Retail GmbH, Wolfsburg
- Volkswagen Sachsen GmbH, Zwickau
- Volkswagen Sachsen Immobilienverwaltungs GmbH, Zwickau
- Volkswagen Zubehör GmbH, Dreieich
- Kommanditgesellschaft "MTH" Motor-Technik-Handelsgesellschaft m.b.H. & Co., Hamburg
- Raffay GmbH & Co. KG, Hamburg
- Volkswagen Logistics GmbH & Co. OHG, Wolfsburg
- Volkswagen Original Teile Logistik GmbH & Co. KG, Baunatal
- VW Wohnungs GmbH & Co. KG, Wolfsburg

Consolidation methods

The assets and liabilities of the German and foreign companies included in the consolidated financial statements are recognized in accordance with the uniform accounting policies used within the Volkswagen Group. In the case of companies accounted for using the equity method, the same accounting policies are applied to determine the proportionate equity, based on the most recent audited annual financial statements of each company.

In the case of subsidiaries consolidated for the first time, assets and liabilities are measured at their fair value at the date of acquisition. Their carrying amounts are adjusted in subsequent years. Goodwill arises when the purchase price of the investment exceeds the fair value of identifiable net assets. Goodwill is tested for impairment once a year to determine whether its carrying amount is recoverable. If the carrying amount of goodwill is higher than the recoverable amount, an impairment loss must be recognized. If this is not the case, there is no change in the carrying amount of goodwill compared with the previous year. If the purchase price of the investment is less than the identifiable net assets, the difference is recognized in the income statement in the year of acquisition. Goodwill is accounted for at the subsidiaries in the functional currency of those subsidiaries.

Receivables and liabilities, and expenses and income, between consolidated companies are eliminated. Intercompany profits or losses are eliminated in Group inventories and noncurrent assets. Deferred taxes are recognized for consolidation adjustments recognized in the income statement, with deferred tax assets and liabilities offset where taxes are levied by the same tax authority and relate to the same tax period.

The consolidation methods and accounting policies applied in the previous year were retained, with the exception of the changes due to the new or amended Standards.

Currency translation

Transactions in foreign currency are translated in the single-entity financial statements of Volkswagen AG and its consolidated subsidiaries at the rates prevailing at the transaction date. Foreign currency monetary items are recorded in the balance sheet using the middle rate on the balance sheet date. Foreign exchange gains and losses are recognized in the income statement. The financial statements of foreign companies are translated into euros using the functional currency concept. Asset and liability items are translated at the closing rate. With the exception of income and expenses recognized directly in equity, equity is translated at historical rates. The resulting foreign exchange differences are taken directly to equity until disposal of the subsidiary concerned, and are presented as a separate item in equity.

Income statement items are translated into euros at weighted average rates using the modified closing rate method. The rates applied are presented in the following table:

		Balance sheet Middle rate on December 31,		Income statement Average rate	
	€1 =	**2007**	**2006**	**2007**	**2006**
Argentina	ARS	4.63638	4.04253	4.27103	3.86003
Australia	AUD	1.67570	1.66910	1.63557	1.66668
Brazil	BRL	2.61445	2.81522	2.66318	2.73362
Canada	CAD	1.44490	1.52810	1.46895	1.42422
Czech Republic	CZK	26.62800	27.48500	27.75824	28.33810
India	INR	57.85353	58.22720	56.39206	56.79643
Japan	JPY	164.93000	156.93000	161.24064	146.06235
Mexico	MXN	16.07430	14.26044	14.97495	13.68452
People's Republic of China	CNY	10.75240	10.27930	10.41860	10.00815
Poland	PLN	3.59350	3.83100	3.78314	3.89512
Republic of Korea	KRW	1,377.96000	1,224.81000	1,273.33290	1,198.14796
Russia	RUB	35.98600	34.68000	35.02037	34.11236
Slovak Republic	SKK	33.58300	34.43500	33.77502	37.21442
South Africa	ZAR	10.02980	9.21240	9.66135	8.52228
Sweden	SEK	9.44150	9.04040	9.25214	9.25331
United Kingdom	GBP	0.73335	0.67150	0.68455	0.68182
USA	USD	1.47210	1.31700	1.37064	1.25567

Accounting policies

INTANGIBLE ASSETS

Purchased intangible assets are recognized at cost and amortized over their useful life using the straight-line method. This relates in particular to software, which is amortized over three years.

In accordance with IAS 38, research costs are recognized as expenses when incurred. Development costs for future series products and other internally generated intangible assets are capitalized at cost, provided manufacture of the products is likely to bring the Volkswagen Group an economic benefit. If the criteria for recognition as assets are not met, the expenses are recognized in the income statement in the year in which they are incurred.

Capitalized development costs include all direct and indirect costs that are directly attributable to the development process. Borrowing costs are not capitalized. The costs are amortized using the straight-line method from the start of production over the expected life cycle of the models or powertrains developed – generally between five and ten years.

Amortization recognized during the year is allocated to the relevant functions in the income statement.

Goodwill and intangible assets with indefinite useful lives are tested for impairment at least once a year; capitalized development costs and other intangible assets with finite useful lives are tested for impairment only if there are specific indications that they may be impaired. The Volkswagen Group generally applies the value in use of the relevant cash-generating unit to determine the recoverable amount of goodwill and indefinite-lived intangible assets. This is based on management's current planning. The planning period extends to a horizon of five years, with reasonable assumptions about future development being made for the subsequent years. The planning assumptions are adapted to reflect the current state of knowledge. They include reasonable assumptions on macroeconomic trends and historical developments. Estimation of cash flows is generally based on the expected growth trends for the automobile markets concerned. We apply country-specific discount factors of at least 9% when determining value in use for the purpose of impairment testing of intangible assets.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is carried at cost less depreciation and – where necessary – write-downs for impairment. Investment grants are generally deducted from cost. Cost is determined on the basis of the direct and indirect costs that are directly attributable. Borrowing costs are recorded as current expenses. Property, plant and equipment is depreciated using the straight-line method over its estimated useful life. The useful lives of items of property, plant and equipment are reviewed at each balance sheet date and adjusted if required.

Depreciation is based mainly on the following useful lives:

	Useful life
Buildings	25 to 50 years
Site improvements	10 to 18 years
Technical equipment and machinery	6 to 12 years
Other equipment, operating and office equipment, including special tools	3 to 15 years

Impairment losses on property, plant and equipment are recognized in accordance with IAS 36 where the recoverable amount of the asset concerned has fallen below the carrying amount. Recoverable amount is the higher of value in use and fair value less costs to sell. We apply country-specific discount factors of at least 9% when determining value in use for the purpose of impairment testing of property, plant and equipment. If the reasons for impairments recognized in previous years no longer apply, the impairment losses are reversed accordingly.

Where leased items of property, plant and equipment are used, the criteria for classification as a finance lease as set out in IAS 17 are met if all material risks and rewards incidental to ownership have been transferred to the Group company concerned. In such cases, the assets concerned are recognized at cost or at the present value of the minimum lease payments (if lower) and depreciated using the straight-line method over the asset's useful life, or over the term of the lease if this is shorter. The payment obligations arising from the future lease payments are discounted and recorded as a liability in the balance sheet.

Where Group companies are the lessees of assets under operating leases, i.e. if not all material risks and rewards incidental to ownership are transferred, lease and rental payments are recorded directly as expenses in the income statement.

LEASING AND RENTAL ASSETS

Vehicles leased out under operating leases are recognized at cost and depreciated to their estimated residual value using the straight-line method over the term of the lease.

INVESTMENT PROPERTY

Real estate and buildings held in order to obtain rental income (investment property) are carried at amortized cost; the useful lives applied to depreciation correspond to those of the property, plant and equipment used by the Company itself. The fair value of investment property must be disclosed in the notes if it is carried at amortized cost. Fair value is estimated using an income capitalization approach.

FINANCIAL INSTRUMENTS

Financial instruments are contracts that give rise to a financial asset of one company and a financial liability or an equity instrument of another. Regular way purchases or sales of financial instruments are accounted for at the settlement date – that is, at the date on which the asset is delivered.

IAS 39 classifies financial assets into the following categories:

- financial assets at fair value through profit or loss;
- held-to-maturity financial assets;
- loans and receivables; and
- available-for-sale financial assets.

Financial liabilities are classified into the following categories:

- financial liabilities at fair value through profit or loss; and
- financial liabilities carried at amortized cost.

We recognize financial instruments at amortized cost or at fair value.

The amortized cost of a financial asset or liability is the amount:

– at which a financial asset or liability is measured at initial recognition;

– minus any principal repayments;

– minus any write-down for impairment or uncollectibility;

– plus or minus the cumulative amortization of any difference between the original amount and the amount repayable at maturity (premium), amortized using the effective interest method over the term of the financial asset or liability.

In the case of current receivables and liabilities, amortized cost generally corresponds to the principal or repayment amount.

Fair value generally corresponds 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 fair value option is not used in the Volkswagen Group.

ORIGINATED FINANCIAL INSTRUMENTS

Loans, receivables and liabilities, as well as held-to-maturity investments, are measured at amortized cost, unless hedged. Specifically, these relate to:

– receivables from financing business;

– trade receivables and payables;

– other receivables and financial assets and liabilities; and

– financial liabilities.

Available-for-sale financial assets (securities) are carried at fair value. Changes in fair value are recognized directly in equity, net of deferred taxes.

Shares in unconsolidated subsidiaries and other equity investments that are not accounted for using the equity method are also classified as available-for-sale financial assets. However, they are generally carried at cost, since no active market exists for those companies and fair values cannot be reliably ascertained without undue cost or effort. Fair values are recognized if there are indications that fair value is lower than cost.

An impairment loss must be recognized if there is objective evidence of impairment, such as default over a certain period, initiation of enforcement measures, imminent insolvency or overindebtedness, applying for or opening bankruptcy proceedings. Impairment losses are recognized in profit or loss in the case of financial instruments recognized at amortized cost.

A significant or prolonged decline in fair value is objective evidence of the impairment of available-for-sale equity instruments. The cumulative loss is withdrawn from the reserve and recognized in profit and loss. Corresponding reversals of impairment losses are taken directly to equity.

DERIVATIVES AND HEDGE ACCOUNTING

Volkswagen Group companies use derivatives to hedge balance sheet items and future cash flows (hedged items). Derivatives, such as swaps, forward transactions and options, are used as the primary hedging instruments. The criteria for the application of hedge accounting are that the hedging relationship between the hedged item and the hedging instrument is clearly documented and that the hedge is highly effective.

The accounting treatment of changes in the fair value of hedging instruments depends on the nature of the hedging relationship. In the case of hedges against the risk of change in the carrying amount of balance sheet items (fair value hedges), both the hedging instrument and the hedged risk portion of the hedged item are measured at fair value. Gains or losses from remeasurement are recognized in profit or loss. In the case of hedges of future cash flows (cash flow hedges), the hedging instruments are also measured at fair value. Gains or losses from remeasurement of the effective portion of the derivative are initially recognized in the reserve for cash flow hedges directly in equity, and are only recognized in the income statement when the hedged item is recognized in profit or loss; the ineffective portion of a hedge is recognized immediately in profit or loss.

Derivatives used by the Volkswagen Group for financial management purposes to hedge against interest rate, foreign currency, or price risks, but that do not meet the strict criteria of IAS 39, are classified as financial assets or liabilities at fair value through profit or loss. External hedges of intra-Group hedged items that are subsequently eliminated in the consolidated financial statements are also assigned to this category.

RECEIVABLES FROM FINANCE LEASES

Where a Group company is the lessor – generally of vehicles – a receivable in the amount of the net investment in the lease is recognized in the case of finance leases, in other words where substantially all the risks and rewards incidental to ownership are transferred to the lessee.

OTHER RECEIVABLES AND FINANCIAL ASSETS

Other receivables and financial assets (except for derivatives) are recognized at amortized cost. Appropriate valuation allowances take account of identifiable specific risks and general credit risks.

DEFERRED TAXES

Deferred tax assets are generally recognized for taxable temporary differences between the tax base of assets and their carrying amounts in the consolidated balance sheet, as well as on tax loss carryforwards and tax credits provided it is probable that they can be used in future periods. Deferred tax liabilities are generally recognized for all taxable temporary differences between the tax base of liabilities and their carrying amounts in the consolidated balance sheet.

Deferred tax liabilities and assets are recognized in the amount of the expected tax liability or tax benefit, as appropriate, in subsequent fiscal years, based on the expected enacted tax rate at the time of realization. The tax consequences of dividend payments are not taken into account until the resolution on appropriation of earnings available for distribution has been adopted.

Deferred tax assets that are unlikely to be realized within a clearly predictable period are reduced by valuation allowances.

Deferred tax assets and deferred tax liabilities are offset where taxes are levied by the same taxation authority and relate to the same tax period.

INVENTORIES

Raw materials, consumables and supplies, merchandise, work in progress and self-produced finished goods reported in inventories are carried at cost. Cost is determined on the basis of the direct and indirect costs that are directly attributable. Borrowing costs are not capitalized. The measurement of same or similar inventories is based on the weighted average cost method. Valuation allowances are recognized where the carrying amounts are no longer recoverable at the balance sheet date due to lower selling prices.

NONCURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

Under IFRS 5, noncurrent assets or groups of assets and liabilities (disposal groups) are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Such assets are carried at the lower of their carrying amount and fair value less costs to sell, and are presented separately in current assets and liabilities in the balance sheet.

Discontinued operations are components of an entity that have either been disposed of or are classified as held for sale. The assets and liabilities of operations that are held for sale represent disposal groups that must be measured and reported using the same principles as noncurrent assets held for sale. The income and expenses from discontinued operations are presented in the income statement as "profit or loss from discontinued operations" below the profit or loss from continuing operations. Corresponding disposal gains or losses are contained in the profit or loss from discontinued operations. The prior-year figures in the income statement are restated accordingly.

PENSION PROVISIONS

The actuarial valuation of pension provisions is based on the projected unit credit method in respect of defined benefit plans in accordance with IAS 19. The valuation is based not only on pension payments and vested entitlements known at the balance sheet date, but also reflects future salary and pension trends. Actuarial gains and losses are recognized directly in equity, net of deferred taxes.

PROVISIONS FOR TAXES

Tax provisions contain obligations resulting from current taxes. Deferred taxes are presented in separate items of the balance sheet and income statement.

OTHER PROVISIONS

In accordance with IAS 37, provisions are recognized where a present obligation exists to third parties as a result of a past event; where a future outflow of resources is probable; and where a reliable estimate of that outflow can be made.

Provisions not resulting in an outflow of resources in the year immediately following are recognized at their settlement value discounted to the balance sheet date. Discounting is based on market interest rates. A discount rate of 5.2% was used in Germany. The settlement value also reflects cost increases expected at the balance sheet date.

Provisions are not offset against claims for reimbursement.

As part of the Financial Services Division's newly launched insurance business, we recognize insurance contracts in accordance with IFRS 4. Reinsurance acceptances are accounted for on an accrual basis. Estimation techniques based on assumptions about future changes in claims are used to calculate the claims provision. Minority interests in provisions are reported under other assets.

LIABILITIES

Noncurrent liabilities are recorded at amortized cost in the balance sheet. Differences between historical cost and the repayment amount are amortized using the effective interest method.

Liabilities to members of partnerships from the provision of capital are carried at the fair value of the redemption amount at the balance sheet date.

Liabilities under finance leases are carried at the present value of the lease payments.

Current liabilities are recognized at their repayment or settlement value.

REVENUE AND EXPENSE RECOGNITION

Sales revenue, interest and commission income from financial services and other operating income are recognized only when the relevant service has been rendered or the goods delivered, that is, when the risk has passed to the customer. Income from assets for which a Group company has a buy-back obligation is recognized only when the assets have definitively left the Group. Prior to that time, they are carried as inventories.

Cost of sales includes the costs incurred to generate the sales revenues and the cost of goods purchased for resale. This item also includes the costs of additions to warranty provisions. Research and development costs not eligible for capitalization in the period and amortization of development costs are likewise carried under cost of sales. Reflecting the presentation of interest and commission income in sales revenue, the interest and commission expenses attributable to the financial services business are presented in cost of sales.

Distribution expenses include personnel and material costs, and depreciation and amortization applicable to the distribution function, as well as the costs of shipping, advertising, sales promotion, market research and customer service. Administrative expenses include personnel costs and overheads as well as depreciation and amortization applicable to administrative functions. Government grants are generally deducted from the cost of the relevant assets. Personnel expenses are recognized in respect of the issue of convertible bonds to employees conveying the right to purchase shares of Volkswagen AG. Dividend income is recognized on the date when the dividend is legally approved.

ESTIMATES AND ASSUMPTIONS BY MANAGEMENT

Preparation of the consolidated financial statements requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities, and income and expenses, as well as the related disclosure of contingent assets and liabilities of the reporting period. Such estimates and assumptions relate primarily to the assessment of the recoverability of intangible assets, the standard definition throughout the Group of useful lives of items of property, plant and equipment and of leasing and rental assets, the collectibility of receivables, and the recognition and measurement of provisions.

The estimates and assumptions are based on underlying assumptions that reflect the current state of available knowledge. Specifically, the expected future development of business was based on the circumstances known at the date of preparation of these consolidated financial statements and a realistic assessment of the future development of the global and sector-specific environment. Developments in this environment that differ from the assumptions and that cannot be influenced by management could result in amounts that differ from the original estimates. If actual developments differ from the expected developments, the underlying assumptions and, if necessary, the carrying amounts of the assets and liabilities affected are adjusted.

At the date of preparation of these consolidated financial statements, the underlying assumptions and estimates were not exposed to any material risks. At present, management does not therefore believe that there will be a requirement in the following fiscal year for any material adjustment to the carrying amounts of assets and liabilities reported in the consolidated balance sheet.

Estimates and assumptions by management were based on assumptions that are explained in the Report on Expected Developments.

Segment reporting

BY DIVISION

	Automotive		Financial Services		Consolidation		Volkswagen Group	
	2007	2006	2007	2006	2007	2006	2007	2006
	€ million							
Sales to third parties	100,171	96,897	8,726	7,978	–	–	108,897	104,875
Intersegment sales revenue	2,357	1,663	1,419	893	−3,776	−2,556	–	–
Segment sales revenue	102,528	98,560	10,145	8,871	−3,776	−2,556	108,897	104,875
Impairment losses*	1,081	1,213	76	15	–	–	1,157	1,228
Reversals of impairment losses*	–	30	0	2	–	–	0	32
Operating profit	5,909	1,097	957	843	−715	69	6,151	2,009
Share of profits and losses of equity- accounted investments	580	240	154	133	–	–	734	373
Cash flows from operating activities	13,897	12,253	1,987	2,725	−222	−508	15,662	14,470
Segment assets	73,008	68,459	66,140	61,947	−6,839	−5,575	132,309	124,831
Equity-accounted investments	6,313	5,434	1,482	1,442	–	–	7,795	6,876
Segment liabilities	55,046	56,052	59,255	56,165	−7,721	−7,346	106,580	104,871
Investments in property, plant and equipment and other intangible assets	4,559	3,644	83	84	−4	–	4,638	3,728
Capitalized development costs	1,446	1,478	–	–	–	–	1,446	1,478
Investments in leasing and rental assets and investment property	76	55	5,119	4,789	–	–	5,195	4,844
Investing activities	8,818	6,937	6,940	5,786	−519	175	15,239	12,898

* Intangible assets, property, plant and equipment, leasing and rental assets, investment property and inventories.

BY MARKET 2007

	Germany	Rest of Europe	North America	South America	Africa	Asia/ Oceania	Consoli- dation	Total
	€ million							
Sales to third parties	26,864	50,839	13,219	8,340	2,103	7,532	–	108,897
Investments in property, plant and equipment, and other intangible assets	2,792	1,243	205	296	20	40	42	4,638
Segment assets	77,932	44,048	17,671	8,501	1,095	2,908	−19,846	132,309

BY MARKET 2006

	Germany	Rest of Europe	North America	South America	Africa	Asia/ Oceania	Consoli- dation	Total
	€ million							
Sales to third parties	28,544	46,211	14,611	6,409	2,426	6,674	–	104,875
Investments in property, plant and equipment, and other intangible assets	2,132	1,219	218	116	64	20	−41	3,728
Segment assets	74,208	47,699	19,863	5,692	1,116	2,988	−26,735	124,831

The internal organizational and management structure and the internal reporting lines to the Board of Management and the Supervisory Board form the basis for identifying the primary format of segment reporting within the Volkswagen Group by the two divisions Automotive and Financial Services. The secondary reporting format is geographically based.

As a matter of principle, business relationships between the companies within the segments of the Volkswagen Group are transacted at arm's length prices.

Income Statement Disclosures

1 Sales revenue

STRUCTURE OF GROUP SALES REVENUE

	2007	2006
	€ million	
Vehicles	86,159	83,342
Genuine parts	6,512	6,235
Other sales revenue	7,714	7,669
Rental and leasing business	5,311	4,457
Interest and similar income from financial services business	3,201	3,172
	108,897	**104,875**

For segment reporting purposes, the sales revenue of the Group is presented by division and market.

2 Cost of sales

Cost of sales also includes interest expenses of €2,429 million (previous year: €2,147 million) attributable to the financial services business. This item includes impairment losses on intangible assets, property, plant and equipment, and leasing and rental assets. Impairment losses are based on updated impairment tests and reflect market risks, as well as the increased external value of the euro.

3 Other operating income

	2007	2006
	€ million	
Income from reversal of valuation allowances on receivables and other assets	369	265
Income from reversal of provisions and accruals	877	942
Income from foreign currency hedging derivatives	1,390	370
Income from foreign exchange gains	1,093	649
Income from sale of promotional material	177	199
Income from cost allocations	903	864
Income from investment property	56	60
Gains on asset disposals	47	124
Miscellaneous other operating income	1,082	1,241
	5,994	**4,714**

Foreign exchange gains mainly comprise gains from changes in exchange rates between the dates of recognition and payment of receivables and liabilities denominated in foreign currencies, as well as exchange rate gains resulting from measurement at the closing rate. Foreign exchange losses from these items are included in other operating expenses.

4 Other operating expenses

	2007	2006
	€ million	
Valuation allowances on receivables and other assets	610	595
Losses from foreign currency hedging derivatives	780	582
Foreign exchange losses	1,410	755
Expenses from cost allocations	202	277
Expenses for termination agreements	94	1,801
Miscellaneous other operating expenses	1,314	1,058
	4,410	**5,068**

5 Share of profits and losses of equity-accounted investments

	2007	2006
	€ million	
Share of profits of equity-accounted investments	820	390
of which from: joint ventures	(443)	(271)
of which from: associates	(377)	(119)
Share of losses of equity-accounted investments	86	17
of which from: joint ventures	(86)	(5)
of which from: associates	(0)	(12)
	734	**373**

The share of profits and losses of equity-accounted investments also includes impairment losses on investments in joint ventures accounted for using the equity method in the Automotive Division.

6 Finance costs

	2007	2006
	€ million	
Other interest and similar expenses	1,032	864
Interest cost included in lease payments	9	8
Interest expenses	**1,041**	**872**
Interest component of additions to pension provisions	579	553
Interest cost on other liabilities	27	161
Interest cost on liabilities	**606**	**714**
Finance costs	**1,647**	**1,586**

7 Other financial result

	2007	2006
	€ million	
Income from profit and loss transfer agreements	17	13
Cost of loss absorption	16	12
Other income from equity investments	38	29
Other expenses from equity investments	182	100
Income from securities and loans*	505	226
Other interest and similar income	976	666
Gains and losses from fair value remeasurement and impairment of financial instruments	−49	25
Gains and losses from fair value remeasurement of ineffective derivatives	45	156
Gains and losses on hedges	−29	−6
Other financial result	**1,305**	**997**

* Including disposal gains/losses.

8 Income tax income/expense

COMPONENTS OF TAX INCOME AND EXPENSE

	2007	2006
	€ million	
Current tax expense/income, Germany	1,873	−458
Current tax expense, abroad	1,000	795
Current tax expense	**2,873**	**337**
of which prior period expense/income	(148)	(−84)
Income from reversal of tax provisions	−129	−125
Current income tax expense	**2,744**	**212**
Deferred tax expense/income, Germany	104	−416
Deferred tax income/expense, abroad	−427	42
Deferred tax income	**−323**	**−374**
Income tax income/expense from continuing operations	**2,421**	**−162**
Income tax income/expense from discontinued operations	–	30
Income tax income/expense	**2,421**	**−132**

The statutory corporation tax rate in Germany for the 2007 assessment period was 25%. This resulted in an aggregate tax rate, including trade tax and the solidarity surcharge, of 38.3%.

The Group's tax burden will fall to 29.5% starting in 2008 as a result of the German business tax reform. This is mainly due to the reduction in the corporation tax rate from 25% to 15%. The reduction in the tax rate was already reflected in the calculation of the German companies' deferred tax assets and liabilities. This resulted in a deferred tax expense of €75 million. The change in deferred tax assets and liabilities to be recognized directly in equity increased retained earnings by €58 million.

The local income tax rates applied for companies outside Germany vary between 0% and 42%. In the case of split tax rates, the tax rate applicable to undistributed profits is applied.

The realization of tax benefits from tax loss carryforwards from previous years resulted in a reduction in current income taxes in 2007 by €405 million (previous year: €247 million).

Previously unused tax loss carryforwards amounted to €1,658 million (previous year: €3,104 million). Tax loss carryforwards amounting to €960 million (previous year: €1,598 million) can be used indefinitely, while €54 million (previous year: €277 million) must be used within the next ten years. There are additional tax loss carryforwards amounting to €645 million (previous year: €1,229 million) that can be used within a period of 15 to 20 years. Tax loss carryforwards of €483 million (previous year: €1,063 million) are estimated not to be usable.

The decrease in tax loss carryforwards estimated not to be usable amounting to €580 million resulted primarily from the tax position of the US and Brazilian companies.

Deferred taxes are recognized where income from subsidiaries was tax-exempt in the past due to specific local regulations, but the tax effects on discontinuation of the temporary tax exemption are foreseeable. Tax benefits amounting to €83 million (previous year: €141 million) were recognized because of tax credits granted by various countries to compensate for the loss of tax relief where the amounts involved were unlimited.

No deferred tax assets were recognized for tax credits of €313 million (previous year: €206 million).

Due to the change in the statutory provisions in Germany, a refund claim for corporate income tax was recognized as a current tax asset for the first time in fiscal year 2006. It was recognized in the balance sheet at a present value of €951 million. The present value of the refund claim was €989 million at the balance sheet date.

Deferred tax expenses resulting from changes in tax rates amounted to €76 million (previous year: deferred tax expenses of €22 million).

€144 million of the deferred taxes recognized in the balance sheet was charged to equity (previous year: €596 million credited to equity) without being recognized in the income statement. Recognition of actuarial gains or losses directly in equity in accordance with IAS 19 resulted in a decrease in equity from the recognition of deferred taxes of €610 million in 2007 (previous year: decrease by €116 million). Changes in deferred taxes on reserves for cash flow hedges decreased equity by €233 million (previous year: decrease by €449 million). The deferred taxes required to be recognized on the fair value measurement of securities increased equity by €103 million (previous year: decrease of €15 million).

DEFERRED TAXES CLASSIFIED BY BALANCE SHEET ITEM

The following recognized deferred tax assets and liabilities were attributable to recognition and measurement differences in the individual balance sheet items and to tax loss carryforwards:

	Deferred tax assets		Deferred tax liabilities	
	Dec. 31, 2007	Dec. 31, 2006	Dec. 31, 2007	Dec. 31, 2006
	€ million			
Intangible assets	177	220	1,532	2,159
Property, plant and equipment, and leasing and rental assets	3,958	4,792	2,153	2,641
Noncurrent financial assets	178	189	1	6
Inventories	190	183	448	143
Receivables and other assets (including Financial Services Division)	413	575	4,862	5,703
Other current assets	43	17	41	66
Pension provisions	1,039	1,927	5	1
Other provisions	2,490	2,582	123	146
Liabilities	1,507	1,538	1,198	952
Tax loss carryforwards	313	646	0	0
Valuation allowances on deferred tax assets	0	0	0	0
Gross value	**10,308**	**12,669**	**10,363**	**11,817**
of which noncurrent	(7,134)	(9,085)	(6,653)	(8,215)
Offset	8,229	10,365	8,229	10,365
Consolidation	1,030	734	503	702
Amount recognized	**3,109**	**3,038**	**2,637**	**2,154**

In accordance with IAS 12, deferred tax assets and liabilities are offset if, and only if, they relate to income taxes levied by the same taxation authority and relate to the same tax period.

The tax expense from continuing operations of €2,421 million reported for 2007 (previous year: income of €162 million) was €85 million (previous year: €848 million) lower than the expected tax expense of €2,506 million that would have resulted from application of a tax rate applicable to undistributed profits of 38.3% to the profit before tax of the Group.

RECONCILATION OF EXPECTED TO EFFECTIVE INCOME TAX

	2007	2006
	€ million	
Profit before tax	6,543	1,793
Expected income tax expense (tax rate 38.3%; previous year: 38.3%)	**2,506**	**686**
Reconciliation:		
Effect of different tax rates outside Germany	−456	−489
Proportion of taxation relating to:		
tax-exempt income	−306	−106
expenses not deductible for tax purposes	365	214
effects of loss carryforwards and tax credits	−287	228
temporary differences for which no deferred taxes were recognized	486	290
Tax credits	−85	−1,081
Prior-period current tax expense	148	9
Effect of tax rate changes	−76	22
Other taxation changes	126	65
Effective income tax income/expense from continuing operations	**2,421**	**−162**
Effective tax rate from continuing operations (%)	37.0	–

9 Earnings per share

Basic earnings per share are calculated by dividing profit attributable to shareholders of Volkswagen AG by the weighted average number of ordinary and preferred shares outstanding during the reporting period. Earnings per share are diluted by potential shares. These include stock options, although these are only dilutive if they result in the issuance of shares at a value below the average market price of the shares. The fourth, fifth, sixth, seventh and eighth tranches of the stock option plan were dilutive.

Quantity	Ordinary 2007	Ordinary 2006	Preferred 2007	Preferred 2006
Weighted average number of shares outstanding – basic	289,099,603	282,525,488	105,238,280	105,238,280
Dilutive potential ordinary shares from the stock option plan	3,391,442	1,998,986	–	–
Weighted average number of shares outstanding – diluted	292,491,045	284,524,474	105,238,280	105,238,280

€ million	2007	2006
Profit after tax	4,122	2,750
Minority interests	2	1
Profit attributable to shareholders of Volkswagen AG	4,120	2,749
Basic earnings attributable to ordinary shares	3,016	1,998
of which from: continuing operations	3,016	1,420
of which from: discontinued operations	–	578
Basic earnings attributable to preferred shares	1,104	751
of which from: continuing operations	1,104	534
of which from: discontinued operations	–	217
Diluted earnings attributable to ordinary shares	3,025	2,002
of which from: continuing operations	3,025	1,423
of which from: discontinued operations	–	579
Diluted earnings attributable to preferred shares	1,095	747
of which from: continuing operations	1,095	531
of which from: discontinued operations	–	216

€	2007	2006
Basic earnings per ordinary share	10.43	7.07
of which from: continuing operations	10.43	5.03
of which from: discontinued operations	–	2.04
Basic earnings per preferred share	10.49	7.13
of which from: continuing operations	10.49	5.07
of which from: discontinued operations	–	2.06
Diluted earnings per ordinary share	10.34	7.04
of which from: continuing operations	10.34	5.00
of which from: discontinued operations	–	2.04
Diluted earnings per preferred share	10.40	7.10
of which from: continuing operations	10.40	5.05
of which from: discontinued operations	–	2.05

Additional Income Statement Disclosures in Accordance with IFRS 7 (Financial Instruments)

CLASSES OF FINANCIAL INSTRUMENTS

Financial instruments are divided into the following classes at the Volkswagen Group:

- Financial instruments measured at fair value,
- Financial instruments measured at amortized cost and
- Financial instruments not falling within the scope of IFRS 7.

Financial instruments not falling within the scope of IFRS 7 include in particular investments in associates and joint ventures accounted for using the equity method.

NET GAINS OR LOSSES FROM FINANCIAL INSTRUMENTS BY MEASUREMENT CATEGORY UNDER IAS 39

	2007	2006
	€ million	
Financial instruments at fair value through profit or loss	342	360
Loans and receivables	2,610	2,486
Available-for-sale financial assets	329	203
Financial liabilities measured at amortized cost	−3,268	−2,948
	13	**101**

Net gains and losses from financial instruments are composed of interest, fair value measurement gains and losses on financial instruments, gains and losses on currency translation, impairment losses and disposal gains/losses. Interest also includes interest income and expenses from the Financial Services Division's lending and leasing business. Financial instruments measured at fair value do not include any dividend income.

TOTAL INTEREST INCOME AND EXPENSES OF FINANCIAL INSTRUMENTS NOT MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

	2007	2006
	€ million	
Interest income	3,354	2,962
Interest expenses	3,386	2,974
	−32	**−12**

IMPAIRMENT LOSSES ON FINANCIAL ASSETS BY CLASS

	2007	2006
	€ million	
Measured at fair value	–	–
Measured at amortized cost	818	624
	818	**624**

Impairment losses relate to write-downs of financial assets, such as valuation allowances on unconsolidated subsidiaries and on receivables. Interest income on impaired financial assets amounted to €83 million in fiscal year 2007 (previous year: €98 million).

€11 million was recognized in fiscal year 2007 as an expense for fees and commissions from trustee business (previous year: €8 million).

10 Intangible assets

CHANGES IN INTANGIBLE ASSETS BETWEEN JANUARY 1 AND DECEMBER 31, 2006

	Concessions, industrial and similar rights, and licenses in such rights and assets	Goodwill	Capitalized costs for products under development	Capitalized development costs for products currently in use	Other intangible assets	Total
			€ million			
Cost						
Balance at Jan. 1, 2006	**63**	**238**	**1,715**	**9,540**	**1,283**	**12,839**
Foreign exchange differences	−2	8	5	0	−8	3
Changes in consolidated Group	25	−51	–	–	−136	−162
Additions	3	–	1,198	280	167	1,648
Transfers	2	–	−1,042	1,042	17	19
Disposals	28	–	4	716	37	785
Balance at Dec. 31, 2006	**63**	**195**	**1,872**	**10,146**	**1,286**	**13,562**
Amortization and impairment						
Balance at Jan. 1, 2006	**54**	**–**	**86**	**4,319**	**712**	**5,171**
Foreign exchange differences	−2	–	–	5	−6	−3
Changes in consolidated Group	25	–	–	–	−102	−77
Additions to cumulative amortization	5	–	–	1,363	174	1,542
Additions to cumulative impairment losses	1	–	31	432	50	514
Transfers	2	–	−1	1	2	4
Disposals	28	–	3	715	36	782
Balance at Dec. 31, 2006	**57**	**–**	**113**	**5,405**	**794**	**6,369**
Carrying amount at Dec. 31, 2006	**6**	**195**	**1,759**	**4,741**	**492**	**7,193**

Sensitivity analyses have shown that it is unnecessary to recognize impairment losses on goodwill and indefinite-lived intangible assets, including where realistic variations are applied to key assumptions.

CHANGES IN INTANGIBLE ASSETS BETWEEN JANUARY 1 AND DECEMBER 31, 2007

	Concessions, industrial and similar rights, and licenses in such rights and assets	Goodwill	Capitalized costs for products under development	Capitalized development costs for products currently in use	Other intangible assets	Total
			€ million			
Cost						
Balance at Jan. 1, 2007	**63**	**195**	**1,872**	**10,146**	**1,286**	**13,562**
Foreign exchange differences	−3	6	7	−65	−12	−67
Changes in consolidated Group	–	5	–	–	2	7
Additions	5	–	1,135	311	193	1,644
Transfers	3	–	−1,042	1,042	22	25
Disposals	1	5	34	964	121	1,125
Balance at Dec. 31, 2007	**67**	**201**	**1,938**	**10,470**	**1,370**	**14,046**
Amortization and impairment						
Balance at Jan. 1, 2007	**57**	–	**113**	**5,405**	**794**	**6,369**
Foreign exchange differences	−2	–	–	−37	−6	−45
Changes in consolidated Group	–	–	–	–	2	2
Additions to cumulative amortization	7	–	–	1,428	154	1,589
Additions to cumulative impairment losses	–	5	175	240	3	423
Transfers	0	–	−18	18	1	1
Disposals	1	5	41	957	119	1,123
Balance at Dec. 31, 2007	**61**	–	**229**	**6,097**	**829**	**7,216**
Carrying amount at Dec. 31, 2007	**6**	**201**	**1,709**	**4,373**	**541**	**6,830**

Of the total research and development costs incurred in 2007, €1,446 million (previous year: €1,478 million) met the criteria for capitalization under IFRSs.

The following amounts were recognized as expenses:

	2007	2006
	€ million	
Research and non-capitalized development costs	3,477	2,762
Amortization of development costs	1,843	1,826
Research and development costs recognized in the income statement	**5,320**	**4,588**

11 Property, plant and equipment

CHANGES IN PROPERTY, PLANT AND EQUIPMENT BETWEEN JANUARY 1 AND DECEMBER 31, 2006

	Land, land rights and buildings, including buildings on third-party land	Technical equipment and machinery	Other equipment, operating and office equipment	Payments on account and assets under construction	Total
			€ million		
Cost					
Balance at Jan. 1, 2006	**13,897**	**24,525**	**31,120**	**1,330**	**70,872**
Foreign exchange differences	−38	−59	−180	−11	−288
Changes in consolidated Group	−61	−12	−261	−15	−349
Additions	338	585	1,439	1,234	3,596
Transfers	133	397	449	−997	−18
Disposals	128	898	1,256	23	2,305
Balance at Dec. 31, 2006	**14,141**	**24,538**	**31,311**	**1,518**	**71,508**
Depreciation and impairment					
Balance at Jan. 1, 2006	**6,820**	**17,865**	**23,303**	**0**	**47,988**
Foreign exchange differences	−32	−39	−127	0	−198
Changes in consolidated Group	−22	−6	−192	–	−220
Additions to cumulative depreciation	480	1,814	2,965	–	5,259
Additions to cumulative impairment losses	47	63	353	10	473
Transfers	−4	6	−3	−3	−4
Disposals	69	877	1,153	–	2,099
Reversal of impairment losses	−6	−25	0	–	−31
Balance at Dec. 31, 2006	**7,214**	**18,801**	**25,146**	**7**	**51,168**
Carrying amount at Dec. 31, 2006	**6,927**	**5,737**	**6,165**	**1,511**	**20,340**
of which assets leased under finance lease contracts					
Carrying amount at Dec. 31, 2006	203	1	16	–	220

CHANGES IN PROPERTY, PLANT AND EQUIPMENT BETWEEN JANUARY 1 AND DECEMBER 31, 2007

	Land, land rights and buildings, including buildings on third-party land	Technical equipment and machinery	Other equipment, operating and office equipment	Payments on account and assets under construction	Total
			€ million		
Cost					
Balance at Jan. 1, 2007	**14,141**	**24,538**	**31,311**	**1,518**	**71,508**
Foreign exchange differences	2	−69	−48	−3	−118
Changes in consolidated Group	32	–	34	1	67
Additions	299	820	1,760	1,602	4,481
Transfers	120	563	532	−1,240	−25
Disposals	170	804	969	42	1,985
Balance at Dec. 31, 2007	**14,424**	**25,048**	**32,620**	**1,836**	**73,928**
Depreciation and impairment					
Balance at Jan. 1, 2007	**7,214**	**18,801**	**25,146**	**7**	**51,168**
Foreign exchange differences	−7	−29	−28	1	−63
Changes in consolidated Group	9	–	11	–	20
Additions to cumulative depreciation	472	1,730	2,628	–	4,830
Additions to cumulative impairment losses	2	24	414	–	440
Transfers	−2	−2	3	–	−1
Disposals	143	784	877	–	1,804
Reversal of impairment losses	–	–	0	–	0
Balance at Dec. 31, 2007	**7,545**	**19,740**	**27,297**	**8**	**54,590**
Carrying amount at Dec. 31, 2007	**6,879**	**5,308**	**5,323**	**1,828**	**19,338**
of which assets leased under finance lease contracts					
Carrying amount at Dec. 31, 2007	197	–	19	–	216

Government grants of €10 million (previous year: €47 million) were deducted from the cost of property, plant and equipment. Call options on buildings and plant leased under the terms of finance leases exist in most cases, and are normally exercised. Interest rates on the leases vary between 2.9% and 14%, depending on the market and the date of inception of the lease. Future finance lease payments due, and their present values, are shown in the following table:

	2008	2009 – 2012	from 2013	Total
		€ million		
Finance lease payments	31	97	133	261
Interest component of finance lease payments	10	22	15	47
Carrying amount/present value	**21**	**75**	**118**	**214**

For assets leased under operating leases, payments recognized in the income statement amounted to €408 million in the year under review (previous year: €367 million).

12 Leasing and rental assets and investment property

CHANGES IN LEASING AND RENTAL ASSETS AND INVESTMENT PROPERTY BETWEEN JANUARY 1 AND DECEMBER 31, 2006

	Leasing and rental assets	Investment property	Total
		€ million	
Cost			
Balance at Jan. 1, 2006	**12,681**	**315**	**12,996**
Foreign exchange differences	−939	−1	−940
Changes in consolidated Group	−2,302	–	−2,302
Additions	4,839	5	4,844
Transfers	–	−1	−1
Disposals	3,801	18	3,819
Balance at Dec. 31, 2006	**10,478**	**300**	**10,778**
Depreciation and impairment			
Balance at Jan. 1, 2006	**2,799**	**148**	**2,947**
Foreign exchange differences	−245	0	−245
Changes in consolidated Group	−126	–	−126
Additions to cumulative depreciation	1,582	8	1,590
Additions to cumulative impairment losses	16	–	16
Transfers	–	0	0
Disposals	1,433	9	1,442
Reversal of impairment losses	−1	–	−1
Balance at Dec. 31, 2006	**2,592**	**147**	**2,739**
Carrying amount at Dec. 31, 2006	**7,886**	**153**	**8,039**

CHANGES IN LEASING AND RENTAL ASSETS AND INVESTMENT PROPERTY BETWEEN JANUARY 1 AND DECEMBER 31, 2007

	Leasing and rental assets	Investment property	Total
		€ million	
Cost			
Balance at Jan. 1, 2007	**10,478**	**300**	**10,778**
Foreign exchange differences	−803	0	−803
Changes in consolidated Group	41	–	41
Additions	5,185	11	5,196
Transfers	–	0	0
Disposals	3,998	10	4,008
Balance at Dec. 31, 2007	**10,903**	**301**	**11,204**
Depreciation and impairment			
Balance at Jan. 1, 2007	**2,592**	**147**	**2,739**
Foreign exchange differences	−199	−1	−200
Changes in consolidated Group	8	–	8
Additions to cumulative depreciation	1,700	7	1,707
Additions to cumulative impairment losses	73	–	73
Transfers	–	–	–
Disposals	1,450	4	1,454
Reversal of impairment losses	0	–	0
Balance at Dec. 31, 2007	**2,724**	**149**	**2,873**
Carrying amount at Dec. 31, 2007	**8,179**	**152**	**8,331**

Leasing and rental assets include assets leased out under the terms of operating leases.

Investment property includes apartments rented out and leased dealerships, with a fair value of €402 million (previous year: €434 million). Operating expenses of €45 million (previous year: €48 million) were incurred for the maintenance of investment property in use. Expenses of €2 million (previous year: €2 million) were incurred for unused investment property.

The following payments from non-cancelable leases and rental agreements are expected to be received over the coming years:

2008	2009 – 2012	from 2013	Total
€ million			
1,235	1,240	41	2,516

13 Equity-accounted investments and other equity investments

CHANGES IN EQUITY-ACCOUNTED INVESTMENTS AND OTHER EQUITY INVESTMENTS BETWEEN JANUARY 1 TO DECEMBER 31, 2006

	Equity-accounted investments	Other equity investments	Total
	€ million		
Cost			
Balance at Jan. 1, 2006	**4,388**	**520**	**4,908**
Foreign exchange differences	−30	0	−30
Changes in consolidated Group	–	−44	−44
Additions	3,022	160	3,182
Transfers	14	−14	–
Disposals	374	9	383
Reversal of impairment losses	–	0	0
Balance at Dec. 31, 2006	**7,020**	**613**	**7,633**
Impairment losses			
Balance at Jan. 1, 2006	**190**	**184**	**374**
Foreign exchange differences	−3	1	−2
Changes in consolidated Group	–	−17	−17
Additions to cumulative impairment losses	1	35	36
Transfers	–	–	–
Disposals	42	0	42
Reversal of impairment losses	−2	–	−2
Balance at Dec. 31, 2006	**144**	**203**	**347**
Carrying amount at Dec. 31, 2006	**6,876**	**410**	**7,286**

CHANGES IN EQUITY-ACCOUNTED INVESTMENTS AND OTHER EQUITY INVESTMENTS BETWEEN JANUARY 1 TO DECEMBER 31, 2007

	Equity-accounted investments	Other equity investments	Total
		€ million	
Cost			
Balance at Jan. 1, 2007	**7,020**	**613**	**7,633**
Foreign exchange differences	– 18	– 1	– 19
Changes in consolidated Group	–	0	0
Additions	1,904	438	2,342
Transfers	– 10	10	–
Disposals	883	159	1,042
Reversal of impairment losses	–	–	–
Balance at Dec. 31, 2007	**8,013**	**901**	**8,914**
Impairment losses			
Balance at Jan. 1, 2007	**144**	**203**	**347**
Foreign exchange differences	– 1	0	– 1
Changes in consolidated Group	–	–	–
Additions to cumulative impairment losses	78	174	252
Transfers	– 3	3	–
Disposals	–	27	27
Reversal of impairment losses	–	–	–
Balance at Dec. 31, 2007	**218**	**353**	**571**
Carrying amount at Dec. 31, 2007	**7,795**	**548**	**8,343**

Equity-accounted investments include joint ventures in the amount of €2,789 million (previous year: €2,859 million).

Significant joint ventures and associates are detailed in the listing of significant Group companies at the end of the notes to the consolidated financial statements.

14 Noncurrent and current financial services receivables

	Current	Non-current	Carrying amount Dec. 31, 2007	Fair value Dec. 31, 2007	Current	Non-current	Carrying amount Dec. 31, 2006	Fair value Dec. 31, 2006
				€ million				
Receivables from financing business								
customer financing	9,531	18,471	28,002	28,196	9,245	17,473	26,718	26,911
dealer financing	9,791	774	10,565	10,565	8,897	726	9,623	9,763
direct banking	94	0	94	94	96	164	260	255
	19,416	19,245	38,661	38,855	18,238	18,363	36,601	36,929
Receivables from operating lease business	103	–	103	103	81	–	81	81
Receivables from finance leases	5,395	8,277	13,672	13,675	5,107	8,087	13,194	13,490
	24,914	**27,522**	**52,436**	**52,633**	**23,426**	**26,450**	**49,876**	**50,500**

Noncurrent receivables from the customer financing business mainly bear fixed interest at rates of between 0.1% and 19.5%, depending on the market concerned. They have terms of up to 84 months. The noncurrent portion of dealer financing is granted at interest rates of between 2% and 20%, depending on the country.

The receivables from customer and dealer financing are secured by vehicles or real property liens.

The receivables from dealer financing include an amount of €202 million (previous year: €162 million) receivable from affiliated companies.

The receivables from finance leases – almost entirely in respect of vehicles – are expected to generate the following cash flows:

	2008	2009 – 2012	from 2013	Total
	€ million			
Future payments from finance lease receivables	5,919	8,985	14	14,918
Unearned finance income from finance leases (discounting)	−524	−721	−1	−1,246
Carrying amount of receivables from finance leases	5,395	8,264	13	13,672
Present value of unguaranteed residual values	0	–	–	0
Present value of minimum lease payments outstanding at the balance sheet date	**5,395**	**8,264**	**13**	**13,672**

15 Noncurrent and current other receivables and financial assets

	Current	Non-current	Carrying amount Dec. 31, 2007	Fair value Dec. 31, 2007	Current	Non-current	Carrying amount Dec. 31, 2006	Fair value Dec. 31, 2006
	€ million							
Other receivables from								
affiliated companies	208	12	220	220	123	12	135	135
joint ventures	1,250	646	1,896	1,905	1,395	415	1,810	1,810
associates	9	–	9	9	14	–	14	14
other investees and investors	20	101	121	121	7	118	125	124
Recoverable income taxes	1,193	97	1,290	1,290	1,048	12	1,060	1,060
Positive fair values of derivatives	2,127	711	2,838	2,838	1,278	691	1,969	1,969
Other assets	1,846	849	2,695	2,698	1,707	750	2,457	2,457
	6,653	**2,416**	**9,069**	**9,081**	**5,572**	**1,998**	**7,570**	**7,569**

Other assets include plan assets to fund post-employment benefits in the amount of €101 million (previous year: €61 million). This item also includes the share of the technical provisions attributable to reinsurers amounting to €78 million.

There are no material restrictions on title or right of use in respect of other receivables and financial assets. Default risks are accounted for by means of valuation allowances.

Other receivables and financial assets include loans to joint ventures, associates and other equity investments, and bear interest at rates of up to 19.5% (previous year: 21.6%).

Other receivables from affiliated companies include loans with terms of up to 12 years, which were lent at interest rates of between 0.9% and 4.8%.

Current other receivables are predominantly non-interest-bearing.

The positive fair values of derivatives relate to the following items:

	Dec. 31, 2007	Dec. 31, 2006
	€ million	
Transactions for hedging against		
foreign currency risk from assets using fair value hedges	52	26
foreign currency risk from liabilities using fair value hedges	39	47
interest rate risk using fair value hedges	135	237
interest rate risk using cash flow hedges	53	74
foreign currency risk from future cash flows (cash flow hedges)	1,914	1,080
Hedging transactions	**2,193**	**1,464**
Assets arising from ineffective hedging derivatives	645	505
	2,838	**1,969**

Further details on derivative financial instruments as a whole are given in note 29 Financial risk management and financial instruments.

16 Tax assets

	Current	Noncurrent	Carrying amount Dec. 31, 2007	Current	Noncurrent	Carrying amount Dec. 31, 2006
			€ million			
Deferred tax assets	–	3,109	3,109	–	3,038	3,038
Tax receivables	500	952	1,452	261	1,030	1,291
	500	**4,061**	**4,561**	**261**	**4,068**	**4,329**

€ 1,782 million (previous year: €1.469 million) of the deferred tax assets are due within one year.

17 Inventories

	Dec. 31, 2007	Dec. 31, 2006
	€ million	
Raw materials, consumables and supplies	2,225	2,061
Work in progress	1,365	1,343
Finished goods and purchased merchandise	10,425	9,050
Payments on account	16	9
	14,031	**12,463**

Of the total inventories, €1,770 million (previous year: €1,932 million) is recognized at net realizable value. At the same time as the relevant revenue was recognized, inventories in the amount of €84,512 million were included in cost of sales (previous year: €83,457 million). Valuation allowances recognized as expenses in the reporting period amounted to €221 million (previous year: €225 million). Vehicles amounting to €98 million (previous year: €77 million) were assigned as collateral for partial retirement obligations.

18 Trade receivables

	Dec. 31, 2007	Dec. 31, 2006
	€ million	
Trade receivables from		
third parties	5,176	4,594
affiliated companies	175	210
joint ventures	329	194
associates	4	39
other investees and investors	7	12
	5,691	**5,049**

The fair values of the trade receivables correspond to the carrying amounts.

19 Marketable securities

The marketable securities serve to safeguard liquidity. Marketable securities are quoted, mainly short-term fixed-income securities, and shares.

20 Cash and cash equivalents

	Dec. 31, 2007	Dec. 31, 2006
	€ million	
Bank balances	9,857	9,212
Checks, cash-in-hand and call deposits	255	155
	10,112	**9,367**

Bank balances are held at various banks in different currencies.

21 Equity

			Retained earnings								
	Subscribed capital	Capital reserves	Accumulated profit	Currency translation reserve	Reserve for actuarial gains and losses	Reserve for cash flow hedges	Fair value reserve for securities	Equity-accounted investments	Equity attributable to shareholders of VW AG	Minority interests	Total equity
						€ million					
Balance at Jan. 1, 2006	1,093	4,513	21,251	– 1,445	– 1,852	– 132	172	–	23,600	47	23,647
Capital change	– 89	429	–	–	–	–	–	–	340	–	340
Dividend payment	–	–	450	–	–	–	–	–	450	1	451
Recognized income and expense	–	–	2,749	– 250	318	1,083	85	–	3,985	1	3,986
Deferred taxes	–	–	–	–	– 116	– 449	– 15	–	– 580	–	– 580
Other changes	–	–	– 1	–	10	–	–	–	9	8	17
Balance at Dec. 31, 2006	**1,004**	**4,942**	**23,549**	**– 1,695**	**– 1,640**	**502**	**242**	**–**	**26,904**	**55**	**26,959**
Balance before restatement Jan. 1, 2007	**1,004**	**4,942**	**23,549**	**– 1,695**	**– 1,640**	**502**	**242**	**–**	**26,904**	**55**	**26,959**
Reclassification of equity-accounted investments	–	–	– 17	423	–	–	–	– 406	–	–	–
Balance after restatement Jan. 1, 2007	**1,004**	**4,942**	**23,532**	**– 1,272**	**– 1,640**	**502**	**242**	**– 406**	**26,904**	**55**	**26,959**
Capital increase	11	200	–	–	–	–	–	–	211	–	211
Dividend payment	–	–	497	–	–	–	–	–	497	0	497
Recognized income and expense	–	–	4,120	– 228	1,427	995	– 375	47	5,986	2	5,988
Deferred taxes	–	–	–	–	– 610	– 233	103	–	– 740	–	– 740
Other changes	–	–	11	–	–	–	–	–	11	6	17
Balance at Dec. 31, 2007	**1,015**	**5,142**	**27,166**	**– 1,500**	**– 823**	**1,264**	**– 30**	**– 359**	**31,875**	**63**	**31,938**

The income and expense recognized directly in equity that are attributable to equity-accounted investments are reported in a separate column in equity due to their increased significance.

The subscribed capital of Volkswagen AG is denominated in euros. The shares are no-par value bearer shares. Each share has 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.

The subscribed capital is composed of 291,337,267 no-par value ordinary shares and 105,238,280 preferred shares, and amounts to €1,015 million (previous year: €1,004 million).

CHANGE IN ORDINARY AND PREFERRED SHARES AND SUBSCRIBED CAPITAL

	Shares		€	
	2007	2006	2007	2006
Balance at January 1	**392,218,347**	**427,168,080**	**1,004,078,968**	**1,093,550,285**
Retirement of ordinary treasury shares	–	41,719,353	–	106,801,544
Issued shares (stock option plan)	4,357,200	6,769,620	11,154,432	17,330,227
Balance at December 31	**396,575,547**	**392,218,347**	**1,015,233,400**	**1,004,078,968**

Based on the resolution by the Annual General Meeting on May 3, 2006, authorized capital of up to €90 million, expiring on May 2, 2011, was approved for the issue of new ordinary bearer shares. Additional authorized capital of up to €400 million was adopted by a resolution by the Annual General Meeting on April 22, 2004, expiring on April 21, 2009.

There is also contingent capital of €100 million for the issue of up to 39,062,500 ordinary and/or preferred shares. This contingent capital increase will be implemented only to the extent that the holders of convertible bonds to be issued before April 21, 2009 exercise their conversion rights.

The capital reserves comprise the share premium of a total of €4,816 million from the capital increases, the share premium of €219 million from the issue of bonds with warrants and an amount of €107 million appropriated on the basis of the capital reduction implemented in the previous fiscal year. Capital reserves rose by €200 million in fiscal year 2007 as a result of the share premium from the capital increase due to the exercise of convertible bonds under the stock option plan. No amounts were withdrawn from the capital reserves.

STOCK OPTION PLAN

The Board of Management, with the consent of the Supervisory Board, exercised the authorization given by the Annual General Meeting on April 16, 2002 to implement a stock option plan. Contingent capital of €16.5 million was created for this purpose. The contingent capital increase will only be implemented to the extent that the holders of convertible bonds issued on the basis of the authorization by the Annual General Meeting to establish a stock option plan exercise their conversion rights.

The stock option plan entitles the optionees – the Board of Management, Group senior executives and management, as well as employees of Volkswagen AG covered by collective pay agreements – to purchase options on shares of Volkswagen AG by subscribing for convertible bonds at a price of €2.56 each. Each bond is convertible into ten ordinary shares.

The convertible bonds are measured at fair value at the date of grant to the employees. The convertible bonds measured at fair value are recognized in personnel expenses and in equity.

The conversion prices and periods following the expiration of the first three tranches are shown in the following table. The information on the fourth tranche is presented as data for fiscal year 2007, although this tranche has now also expired.

CONVERSION PRICES AND PERIODS FOR EACH TRANCHE OF THE STOCK OPTION PLAN

	4th tranche	5th tranche	6th tranche	7th tranche	8th tranche
			€		
Base conversion price per share	51.52	36.54	38.68	37.99	58.18
Conversion price					
as from June 19, 2004	56.67				
as from publication of interim report for Jan. – Sept. 2004	59.25				
as from July 12, 2005		40.19			
as from publication of interim report for Jan. – Sept. 2005	61.82	42.02			
as from July 10, 2006			42.55		
as from publication of interim report for Jan. – Sept. 2006	64.40	43.85	44.48		
as from July 9, 2007				41.79	
as from publication of interim report for Jan. – Sept. 2007		45.68	46.42	43.69	
as from July 8, 2008					64.00
as from publication of interim report for Jan. – Sept. 2008			48.35	45.59	66.91
as from publication of interim report for Jan. – Sept. 2009				47.49	69.82
as from publication of interim report for Jan. – Sept. 2010					72.73
Beginning of conversion period	June 19, 2004	July 12, 2005	July 10, 2006	July 9, 2007	July 8, 2008
End of conversion period	June 11, 2007	July 4, 2008	July 2, 2009	July 1, 2010	June 30, 2011

The total value at December 31, 2007 of the convertible bonds issued at €2.56 per convertible bond was €964,648.96 (= 376,816 bonds), conveying the right to purchase 3,768,160 ordinary shares. The liabilities from convertible bonds are recognized under other liabilities. In fiscal year 2007, 11,503 convertible bonds with a value of €29,447.68 were returned by employees who have since left the Company. 435,720 conversion rights from the fourth, fifth, sixth and seventh tranches with a nominal value of €1,115,443.20 have been exercised. 4,357,200 shares with a notional value of €11,154,432.00 were thus issued.

Changes in the rights to stock options granted (fifth to eighth tranches) are shown in the following table:

	Nominal value of convertible bonds	Number of conversion rights	Number of potential ordinary shares
	€	Rights	Shares
Balance at January 1, 2007	**2,109,539.84**	**824,039**	**8,240,390**
In fiscal year			
granted	–	–	–
exercised	1,115,443.20	435,720	4,357,200
returned	29,447.68	11,503	115,030
Balance at December 31, 2007	**964,648.96**	**376,816**	**3,768,160**

MEASUREMENT OF CONVERTIBLE BONDS IN THE FIFTH TO EIGHT TRANCHES

Those convertible bonds granted after publication of the draft IFRS 2 on November 7, 2002 were measured in accordance with the transitional provisions of IFRS 2.

The fair value of the convertible bonds is estimated using a binomial option pricing model based on the issuance and conversion conditions described above. In terms of the optionees' conversion behavior, it was assumed that they will convert when the share price is 50% higher than the conversion price. Historical and implied volatilities based on the expected remaining term of the conversion rights were used to estimate the fair value of the convertible bonds. The assumptions used and the fair value estimated are presented in the following table:

	5th tranche	6th tranche	7th tranche	8th tranche
Volatility (%)	27.50	27.50	27.50	27.50
Risk-free rate (%)	3.00	3.49	2.57	3.77
Dividends (%)	3.20	3.20	3.20	3.20
Fair value per convertible bond (€)	48.25	39.66	48.71	63.49

The fair value of the convertible bonds is recognized ratably as a personnel expense over the two-year vesting period. This produced expenses of €15 million in 2007.

Changes in the number of convertible bonds in issue and their exercise prices are shown in the following table:

	Average exercise price per convertible bond*	Convertible bonds
	€	Quantity
Balance at January 1, 2007	**519.72**	**703,074**
In fiscal year		
granted	–	–
returned	553.30	11,418
exercised	423.99	314,840
Balance at December 31, 2007	**603.70**	**376,816**
of which available for exercise	449.76	71,895

* Conversion price per ten shares.

For 404,410 convertible bonds, the average conversion price increased by €46.70 in 2007.

2007	Exercise price per convertible bond*	Convertible bonds
	€	Quantity
5th tranche	456.80	21,824
6th tranche	464.20	17,954
7th tranche	436.90	32,117
8th tranche	640.00	304,821
		376,816

* Conversion price per ten shares.

314,840 convertible bonds were converted in fiscal year 2007 at a weighted average share price on exercise of €1,331.21.

DIVIDEND PROPOSAL

In accordance with section 58(2) of the Aktiengesetz (AktG – German Stock Corporation Act), the dividend payment by Volkswagen AG is based on the net retained profits reported in the annual financial statements of Volkswagen AG. Based on the annual financial statements of Volkswagen AG, net retained profits of €745 million are eligible for distribution. The Board of Management and Supervisory Board of Volkswagen AG will propose to the Annual General Meeting that a dividend of €1.80 per ordinary share and €1.86 per preferred share be paid, for a total of €720 million, and that the remaining amount of €24.5 million be carried forward to new account.

MINORITY INTERESTS

The minority interests in equity are attributable primarily to shareholders of AUDI AG.

22 Noncurrent and current financial liabilities

The details of noncurrent and current financial liabilities are presented in the following table:

	Current	Noncurrent	Carrying amount Dec. 31, 2007	Current	Noncurrent	Carrying amount Dec. 31, 2006
	€ million					
Bonds	6,943	20,364	27,307	7,492	19,177	26,669
Commercial paper and notes	6,924	2,901	9,825	8,153	3,310	11,463
Liabilities to banks	5,082	2,777	7,859	5,225	2,864	8,089
Deposits from direct banking business	8,421	1,199	9,620	7,713	1,114	8,827
Loans	1,058	1,881	2,939	1,267	2,069	3,336
Bills of exchange	0	–	0	0	–	0
Finance lease liabilities	21	193	214	16	200	216
Financial liabilities to						
affiliated companies	190	–	190	125	–	125
joint ventures	16	–	16	25	–	25
associates	6	–	6	4	–	4
other investees and investors	16	–	16	3	–	3
	28,677	29,315	57,992	30,023	28,734	58,757

Of the liabilities reported in the consolidated balance sheet, a total of €325 million (previous year: €389 million) is secured, for the most part by real estate liens.

Asset-backed securities transactions amounting to €13,015 million (previous year: €12,216 million) entered into to refinance the financial services business via special purpose entities are included in bonds, commercial paper and notes, and liabilities from loans. Receivables of €14,208 million (previous year: €13,867 million) from the customer financing and leasing businesses are pledged as collateral.

23 Noncurrent and current other liabilities

	Current	Noncurrent	Carrying amount Dec. 31, 2007	Current	Noncurrent	Carrying amount Dec. 31, 2006
			€ million			
Payments on account received in respect of orders	1,215	21	1,236	938	18	956
Other liabilities to						
affiliated companies	71	0	71	34	0	34
joint ventures	31	–	31	0	–	0
associates	0	–	0	16	–	16
other investees and investors	1	–	1	1	–	1
Negative fair values of derivative financial instruments	419	258	677	353	310	663
Liabilities relating to						
other taxes	783	372	1,155	692	277	969
social security	232	30	262	203	20	223
wages and salaries	1,344	243	1,587	1,063	178	1,241
Miscellaneous liabilities	2,988	1,321	4,309	3,033	932	3,965
	7,084	**2,245**	**9,329**	**6,333**	**1,735**	**8,068**

The negative fair values of derivatives relate to the following items:

	Dec. 31, 2007	Dec. 31, 2006
	€ million	
Transactions for hedging against		
foreign currency risk from assets using fair value hedges	5	22
foreign currency risk from liabilities using fair value hedges	243	227
interest rate risk using fair value hedges	47	46
interest rate risk using cash flow hedges	38	10
foreign currency risk from future cash flows (cash flow hedges)	201	223
Hedging transactions	**534**	**528**
Liabilities arising from ineffective hedging derivatives	143	135
	677	**663**

Further details on derivative financial instruments as a whole are given in note 29 Financial risk management and financial instruments.

24 Tax liabilities

	Current	Noncurrent	Carrying amount Dec. 31, 2007	Current	Noncurrent	Carrying amount Dec. 31, 2006
			€ million			
Deferred tax liabilities	–	2,637	2,637	–	2,154	2,154
Provisions for taxes	1,828	2,275	4,103	–	2,586	2,586
Current tax payables	98	–	98	34	–	34
	1,926	**4,912**	**6,838**	**34**	**4,740**	**4,774**

€1,790 million (previous year: €1,368 million) of the deferred tax liabilities are due within one year.

25 Provisions for pensions and other post-employment benefits

Provisions for pensions are recognized for benefits in the form of retirement, invalidity and dependents' benefits payable under pension plans. The benefits provided by the Group vary according to the legal, tax and economic circumstances of the country concerned, and usually depend on the length of service and remuneration of the employees.

Group companies provide occupational pensions under both defined contribution and defined benefit plans. In the case of defined contribution plans, the Company makes contributions to state or private pension schemes based on legal or contractual requirements, or on a voluntary basis. Once the contributions have been paid, there are no further obligations for the Company. Current contributions are recognized as pension expenses of the period concerned. In 2007, they amounted to €785 million (previous year: €798 million) in the Volkswagen Group. Contributions to the compulsory state pension system in Germany amounted to €746 million (previous year: €763 million).

Most pension plans are defined benefit plans, with a distinction made between pensions financed by provisions and externally funded plans.

The pension provisions for defined benefits are measured using the internationally accepted projected unit credit method in accordance with IAS 19, under which the future obligations are measured on the basis of the ratable benefit entitlements earned as of the balance sheet date. Measurement reflects assumptions as to trends in the relevant variables affecting the level of benefits. All defined benefit plans require actuarial calculations. Actuarial gains or losses arise from changes in the number of beneficiaries and differences between actual trends (for example, in salary and pension increases or changes in interest rates) and the assumptions on which calculations were based. Actuarial gains and losses are taken directly to equity.

Owing to their benefit character, the obligations of the US Group companies in respect of post-employment medical care in particular are also carried under provisions for pensions and other post-employment benefits. These post-employment benefit provisions take into account the expected long-term rise in the cost of healthcare. A one percentage point increase or decrease in the assumed healthcare cost trends only marginally affects the amount of the obligations. €10 million was recognized in fiscal year 2007 as an expense for healthcare costs (previous year: €6 million). The related carrying amount was therefore €160 million as of December 31, 2007 (previous year: €185 million).

Since 1996, the occupational pension arrangements of the Volkswagen Group in Germany have been based on a specially developed expense-related pension model that is classified as a defined benefit plan under IAS 19. With effect from January 1, 2001, this model was further developed into a pension fund, with the annual remuneration-linked contributions being invested in funds by Volkswagen Pension Trust e.V. as the trustee. By investing in funds, this model offers an opportunity for increasing benefit entitlements, while at the same time fully safeguarding them. For this reason, almost all Group companies in Germany have now joined the fund. Since the fund investments held by the trust meet the criteria of IAS 19 for classification as plan assets, they are deducted from the obligation.

Where the foreign Group companies provide collateral for obligations, this mainly takes the form of shares, fixed-income securities and real estate. These do not include any financial instruments issued by companies of the Volkswagen Group, or any investment property used by Group companies.

The following amounts were recognized in the balance sheet for defined benefit plans:

	Dec. 31, 2007	**Dec. 31, 2006**	**Dec. 31, 2005**	**Dec. 31, 2004**
		€ million		
Present value of funded obligations	3,330	3,235	2,959	2,455
Fair value of plan assets	3,422	3,159	2,690	2,068
Funded status (net)	−92	76	269	387
Present value of obligations not externally financed	12,532	13,652	13,618	12,169
Unrecognized past service cost	31	23	39	−31
Amount not recognized as an asset because of the limit in IAS 19	31	42	47	33
Net liability recognized in the balance sheet	**12,502**	**13,793**	**13,973**	**12,558**
of which provisions for pensions and other post-employment benefits	12,603	13,854	14,003	12,633
of which other assets	101	61	30	75

The present value of the obligations is calculated as follows:

	2007	2006
	€ million	
Present value of obligations at January 1	**16,887**	**16,577**
Current service cost	336	400
Interest cost	796	709
Actuarial losses	−1,522	−197
Employee contributions to plan assets	12	2
Pension payments from company assets	540	509
Pension payments from plan assets	97	77
Past service cost	10	16
Gains from plan curtailments and settlements	−25	−5
Changes in consolidated Group	37	−82
Other changes	56	118
Foreign exchange differences	−88	−65
Present value of obligations at December 31	**15,862**	**16,887**

Changes in the composition of the plan assets are shown in the following table:

	2007	2006
	€ million	
Fair value of plan assets at January 1	**3,159**	**2,690**
Expected return on plan assets	217	156
Actuarial losses/gains	−95	121
Employer contributions to plan assets	281	326
Employee contributions to plan assets	12	2
Pension payments from plan assets	97	77
Changes in consolidated Group	2	−20
Other changes	37	23
Foreign exchange differences	−94	−62
Fair value of plan assets at December 31	**3,422**	**3,159**

Investment of the plan assets to cover future pension obligations resulted in actual gains in the amount of €122 million (previous year: €277 million).

The rate for the expected long-term return on plan assets is based on the long-term returns actually generated for the portfolio, historical overall market returns and a forecast of expected returns on the securities classes held in the portfolio. The forecasts are based on returns expected for comparable pension funds for the remaining period of service, as the investment horizon, as well as on the experience of managers of large portfolios and of experts in the investment industry.

Employer contributions to plan assets are expected to amount to €240 million next year.

Plan assets consist of the following components:

	2007	2006
	%	
Equities	35.6	42.9
Fixed-income securities	52.4	48.3
Cash	5.0	4.6
Real estate	3.1	3.4
Other	3.9	0.8

The following amounts were recognized in the income statement:

	2007	2006
	€ million	
Current service cost	336	400
Interest cost	796	709
Expected return on plan assets	217	156
Past service cost	10	16
Gains from plan curtailments and settlements	−25	−5
Gains/losses as a result of application of limit under IAS 19.58(b)	−8	5
Net income and expenses recognized in profit or loss	**892**	**969**

The above amounts are generally included in the personnel costs of the functions in the income statement. Interest cost on pension provisions and the expected return on plan assets are presented in finance costs (note 6).

The net liability recognized in the balance sheet has changed as follows:

	2007	2006
	€ million	
Net liability recognized in the balance sheet at January 1	**13,793**	**13,973**
Changes in consolidated Group	35	−62
Net expense recognized in the income statement	892	969
Benefit payments from company assets and contributions to funds	821	835
Actuarial gains	−1,427	−318
Other changes	30	82
Foreign exchange differences	0	−16
Net liability recognized in the balance sheet at December 31	**12,502**	**13,793**

The experience adjustments, meaning differences between changes in assets and obligations expected on the basis of actuarial assumptions and actual changes in those assets and obligations, are shown in the following table:

	2007	2006	2005	2004
Differences between expected and actual developments:				
as % of fair value of the obligation	−0.48	0.03	0.25	2.63
as % of fair value of plan assets	−2.44	2.57	2.12	−0.27

Calculation of the pension provisions was based on the following assumptions:

	Germany		Abroad	
	2007	2006	2007	2006
	%		%	
Discount rate at December 31	5.50	4.50	2.00 – 9.00	2.00 – 11.50
Expected return on plan assets	5.00	5.00	2.00 – 9.80	4.50 – 11.05
Salary trend	2.50	1.50 – 2.00	2.00 – 7.60	1.50 – 5.86
Pension trend	1.00 – 1.60	1.00 – 1.25	2.20 – 5.25	1.70 – 5.10
Employee turnover rate	0.75 – 1.40	1.00 – 2.00	3.00 – 5.25	3.00 – 7.00
Annual increase in healthcare costs	–	–	4.50 – 7.75	4.50 – 7.75

26 Noncurrent and current other provisions

	Obligations arising from sales	Employee expenses	Other provisions	Total
	€ million			
Balance at January 1, 2006	**8,198**	**2,305**	**2,621**	**13,124**
Foreign exchange differences	−139	−14	−51	−204
Changes in consolidated Group	−2	−48	−76	−126
Utilized	4,004	849	695	5,548
Additions/New provisions	5,364	2,357	1,700	9,421
Interest cost	120	29	5	154
Reversals	385	100	335	820
Balance at January 1, 2007	**9,152**	**3,680**	**3,169**	**16,001**
Foreign exchange differences	−102	−5	5	−102
Changes in consolidated Group	0	6	99	105
Utilized	4,062	1,656	579	6,297
Additions/New provisions	5,445	1,093	2,011	8,549
Interest cost	41	−14	−4	23
Reversals	339	75	307	721
Balance at December 31, 2007	**10,135**	**3,029**	**4,394**	**17,558**

The obligations arising from sales contain provisions covering all risks relating to the sale of vehicles, components and genuine parts through to the disposal of end-of-life vehicles. They primarily comprise warranty claims, calculated on the basis of losses to date and estimated future losses. They also include provisions for discounts, bonuses and similar allowances incurred after the balance sheet date, but for which there is a legal or constructive obligation attributable to sales revenue before the balance sheet date.

Provisions for employee expenses are recognized for long-service awards, time credits, the part-time scheme for employees near to retirement, severance payments and similar obligations, among other things.

Other provisions relate to a wide range of identifiable risks and uncertain obligations and are measured in the amount of the expected settlement value.

Other provisions include technical provisions (insurance) amounting to €115 million. 53% of the other provisions are expected to result in cash outflows in the following year, 39% between 2009 and 2012, and 8% thereafter.

27 Trade payables

	Dec. 31, 2007	Dec. 31, 2006
	€ million	
Trade payables to		
third parties	9,014	8,081
affiliated companies	39	64
joint ventures	30	29
associates	1	6
other investees and investors	15	10
	9,099	**8,190**

Additional Balance Sheet Disclosures in accordance with IFRS 7 (Financial Instruments)

CARRYING AMOUNT OF FINANCIAL INSTRUMENTS BY MEASUREMENT CATEGORY UNDER IAS 39

	Dec. 31, 2007	Dec. 31, 2006
	€ million	
Financial assets at fair value through profit or loss	1,522	829
Loans and receivables	47,053	44,245
Available-for-sale financial assets	16,398	14,544
Financial liabilities at fair value through profit or loss	143	135
Financial liabilities measured at amortized cost	60,345	60,758

RECONCILIATION OF BALANCE SHEET ITEMS TO CLASSES OF FINANCIAL INSTRUMENTS

The following table shows the reconciliation of the balance sheet items to the relevant classes of financial instruments, broken down by carrying amount and fair value of the financial instruments.

RECONCILIATION OF BALANCE SHEET ITEMS TO CLASSES OF FINANCIAL INSTRUMENTS AS OF DECEMBER 31, 2006

	Measured at fair value	Measured at amortized cost		Not within scope of IFRS 7	Other	Balance sheet item at Dec. 31, 2006
	Carrying amount	Carrying amount	Fair value	Carrying amount	Carrying amount	
			€ million			
Noncurrent assets						
Equity-accounted investments	–	–	–	6,876	–	6,876
Other equity investments	–	410	410	–	–	410
Financial services receivables	–	26,450	27,074	–	–	26,450
Other receivables and financial assets	691	636	636	–	671	1,998
Current assets						
Trade receivables	–	5,049	5,049	–	–	5,049
Financial services receivables	–	23,426	23,426	–	–	23,426
Other receivables and financial assets	1,278	1,879	1,879	–	2,415	5,572
Marketable securities	5,091	–	–	–	–	5,091
Cash and cash equivalents	9,367	–	–	–	–	9,367
Noncurrent liabilities						
Noncurrent financial liabilities	–	28,734	28,794	–	–	28,734
Other noncurrent liabilities	310	1	1	–	1,424	1,735
Current liabilities						
Current financial liabilities	–	30,023	30,023	–	–	30,023
Trade payables	–	8,190	8,190	–	–	8,190
Other current liabilities	353	751	751	–	5,229	6,333

RECONCILIATION OF BALANCE SHEET ITEMS TO CLASSES OF FINANCIAL INSTRUMENTS AS OF DECEMBER 31, 2007

	Measured at fair value	Measured at amortized cost		Not within scope of IFRS 7	Other	Balance sheet item at Dec. 31, 2007
	Carrying amount	Carrying amount	Fair value € million	Carrying amount	Carrying amount	
Noncurrent assets						
Equity-accounted investments	–	–	–	7,795	–	7,795
Other equity investments	–	548	548	–	–	548
Financial services receivables	–	27,522	27,719	–	–	27,522
Other receivables and financial assets	711	828	828	–	877	2,416
Current assets						
Trade receivables	–	5,691	5,691	–	–	5,691
Financial services receivables	–	24,914	24,914	–	–	24,914
Other receivables and financial assets	2,127	1,771	1,771	–	2,755	6,653
Marketable securities	6,615	–	–	–	–	6,615
Cash and cash equivalents	10,112	–	–	–	–	10,112
Noncurrent liabilities						
Noncurrent financial liabilities	–	29,315	29,405	–	–	29,315
Other noncurrent liabilities	258	1	1	–	1,986	2,245
Current liabilities						
Current financial liabilities	–	28,677	28,677	–	–	28,677
Trade payables	–	9,099	9,099	–	–	9,099
Other current liabilities	419	716	716	–	5,949	7,084

CHANGES IN VALUATION ALLOWANCES ON FINANCIAL ASSETS

	Specific valuation allowances	Portfolio-based valuation allowances	2007	Specific valuation allowances	Portfolio-based valuation allowances	2006
			€ million			
Balance at January 1	**1,259**	**590**	**1,849**	**978**	**749**	**1,727**
Additions	565	88	653	450	81	531
Utilization	261	0	261	209	–	209
Reversals	295	111	406	136	64	200
Reclassification/Other changes	– 4	– 4	– 8	176	– 176	0
Balance at December 31	**1,264**	**563**	**1,827**	**1,259**	**590**	**1,849**

28 Cash flow statement

Cash flows are presented in the cash flow statement classified into cash flows from operating activities, investing activities and financing activities, irrespective of the format of the balance sheet.

Cash flows from operating activities are derived indirectly from profit before tax. Profit before tax is adjusted to eliminate noncash expenses (mainly depreciation and amortization) and income. This results in cash flows from operating activities after accounting for changes in working capital.

Investing activities include additions to property, plant and equipment, and noncurrent financial assets, as well as to capitalized development costs. The changes in leasing and rental assets and in financial services receivables are also included here.

Financing activities include outflows of funds from dividend payments and redemption of bonds, as well as inflows from the issue of bonds and changes in other financial liabilities.

The changes in balance sheet items that are presented in the cash flow statement cannot be derived directly from the balance sheet, as the effects of currency translation and changes in the consolidated Group are noncash transactions and are therefore eliminated.

The changes in cash and cash equivalents due to changes in the consolidated Group structure relate to cash and cash equivalents of initially consolidated and deconsolidated companies.

In 2007, cash flows from operating activities include interest received amounting to €4,096 million (previous year: €3,879 million) and interest paid amounting to €2,934 million (previous year: €3,184 million). In addition, the share of profits and losses of equity-method investments (note 5) includes dividends amounting to €667 million (previous year €139 million). Dividends amounting to €497 million (previous year: €450 million) were paid to Volkswagen AG shareholders.

	Dec. 31, 2007	Dec. 31, 2006
	€ million	
Cash and cash equivalents as reported in the balance sheet	10,112	9,367
Time deposit investments	198	–
Cash and cash equivalents as reported in the cash flow statement	9,914	9,367

29 Financial risk management and financial instruments

1. HEDGING GUIDELINES AND FINANCIAL RISK MANAGEMENT PRINCIPLES

The principles and responsibilities for managing and controlling the risks that could arise from financial instruments are defined by the Board of Management and monitored by the Supervisory Board. General rules apply to the Group-wide risk policy; these are oriented on the statutory requirements and the "Minimum Requirements for Risk Management by Credit Institutions".

Group Treasury is responsible for operational risk management and control. The Executive Committee for Liquidity and Foreign Currency is regularly informed about current financial risks. In addition, the Group Board of Management and the Supervisory Board are regularly updated on the current risk situation.

For more information, please see the Management Report on page 168.

2. CREDIT AND DEFAULT RISK

The credit and default risk arising from financial assets involves the risk of default by counterparties, and therefore comprises at a maximum the amount of the claims under positive fair value receivable from them. The risk arising from primary financial instruments is accounted for by recognizing bad debt losses. Cash and capital investments and derivatives are only entered into with prime-rated national and international counterparties. Risk is additionally limited by a limit system based on credit assessments by the international rating agencies.

There were no material concentrations of risk in fiscal year 2007 due to the global allocation of the Group's business activities and the resulting diversification.

CREDIT AND DEFAULT RISK RELATING TO FINANCIAL ASSETS BY GROSS CARRYING AMOUNT

	Neither past due nor impaired	Past due and not impaired	Impaired	Dec. 31, 2007	Neither past due nor impaired	Past due and not impaired	Impaired	Dec. 31, 2006
				€ million				
Measured at amortized cost								
Financial services receivables	50,298	2,254	1,782	54,334	46,653	2,625	2,221	51,499
Trade receivables	4,747	873	286	5,906	4,232	762	282	5,276
Other receivables	14,402	205	406	15,013	14,158	220	276	14,654
Measured at fair value	8,882	–	–	8,882	4,725	–	–	4,725
	78,329	**3,332**	**2,474**	**84,135**	**69,768**	**3,607**	**2,779**	**76,154**

CREDIT RATING OF THE GROSS CARRYING AMOUNTS OF FINANCIAL ASSETS THAT ARE NEITHER PAST DUE NOR IMPAIRED

	Risk class 1	Risk class 2	Dec. 31, 2007	Risk class 1	Risk class 2	Dec. 31, 2006
			€ million			
Measured at amortized cost						
Financial services receivables	42,493	7,805	50,298	39,098	7,555	46,653
Trade receivables	4,747	0	4,747	4,232	–	4,232
Other receivables	14,401	1	14,402	14,158	0	14,158
Measured at fair value	8,882	–	8,882	4,725	–	4,725
	70,523	**7,806**	**78,329**	**62,213**	**7,555**	**69,768**

The Volkswagen Group performs a credit assessment of borrowers in all loan and lease agreements, using scoring systems for the high-volume business and rating systems for corporate customers and receivables from dealer financing. Receivables rated as good are contained in risk class 1. Receivables from customers whose credit rating is not good but have not yet defaulted are contained in risk class 2.

MATURITY ANALYSIS OF THE GROSS CARRYING AMOUNTS OF FINANCIAL ASSETS THAT ARE PAST DUE AND NOT IMPAIRED

	Past due by:			
	up to 30 days	30 to 90 days	more than 90 days	Dec. 31, 2006
		€ million		
Measured at amortized cost				
Financial services receivables	2,231	387	7	2,625
Trade receivables	562	110	90	762
Other receivables	120	33	67	220
Measured at fair value	–	–	–	–
	2,913	**530**	**164**	**3,607**

	Past due by: up to 30 days	30 to 90 days	more than 90 days	Dec. 31, 2007
		€ million		
Measured at amortized cost				
Financial services receivables	1,898	351	5	2,254
Trade receivables	589	145	139	873
Other receivables	122	27	56	205
Measured at fair value	–	–	–	–
	2,609	**523**	**200**	**3,332**

CARRYING AMOUNTS OF FINANCIAL INSTRUMENTS THAT WOULD OTHERWISE BE PAST DUE WHOSE TERMS HAVE BEEN RENEGOTIATED

	Dec. 31, 2007	Dec. 31, 2006
	€ million	
Measured at amortized cost		
Financial services receivables	478	619
Trade receivables	12	12
Other receivables	–	–
Measured at fair value	–	–
	490	**631**

Collateral that met the recognition criteria under IFRSs was recognized in the balance sheet in the amount of €174 million in fiscal year 2007 (previous year: €186 million). This mainly relates to vehicles.

3. LIQUIDITY RISK

The solvency and liquidity of the Volkswagen Group is ensured at all times by rolling liquidity planning, a liquidity reserve in the form of cash, confirmed credit lines and globally available debt issuance programs.

The following overview shows the contractual undiscounted cash flows from financial instruments.

MATURITY ANALYSIS OF UNDISCOUNTED CASH FLOWS FROM FINANCIAL INSTRUMENTS

	Remaining contractual maturities:				Remaining contractual maturities:			
	under one year	within one to five years	over five years	2007	under one year	within one to five years	over five years	2006
				€ million				
Financial liabilities	30,755	27,488	4,001	62,244	31,220	26,620	5,722	63,562
Trade payables	9,244	49	24	9,317	8,216	88	0	8,304
Other financial liabilities	2,367	868	806	4,041	2,369	1,023	436	3,828
Derivatives	21,912	6,205	660	28,777	21,854	7,334	279	29,467
	64,278	**34,610**	**5,491**	**104,379**	**63,659**	**35,065**	**6,437**	**105,161**

Derivatives comprise both cash flows from derivative financial instruments with negative fair values and cash flows from derivatives with positive fair values for which gross settlement has been agreed. The cash outflows from derivatives for which gross settlement has been agreed are matched in part by cash inflows. These cash inflows are not reported in the maturity analysis. If the cash inflows were recognized, the cash flows presented in the maturity analysis would be substantially lower.

4. MARKET RISK

4.1 HEDGING POLICY AND FINANCIAL DERIVATIVES

During the course of its general business activities, the Volkswagen Group is exposed to foreign currency, interest rate, commodity price and fund price risk. Corporate policy is to limit or eliminate such risk by means of hedging. All necessary hedging transactions are executed or coordinated centrally by Group Treasury.

The following table shows the gains and losses on hedges:

	2007	2006
	€ million	
Hedging instruments used in fair value hedges	21	−361
Hedged items used in fair value hedges	−34	350
Ineffective portion of cash flow hedges	−16	5

The ineffective portion of cash flow hedges represents the income and expenses from changes in the fair value of hedging instruments that exceed the fair value of hedged items that are shown to be within the permitted range of 80% to 125% when measuring effectiveness. Such income or expenses are recognized directly in the financial result.

In 2007, €–485 million (previous year: €21 million) from the cash flow hedge reserve was transferred to the net other operating result and €–92 million (previous year: €–46 million) to the financial result.

The Volkswagen Group uses two different methods to present market risk from primary and derivative financial instruments in accordance with IFRS 7. A value-at-risk model is used to measure foreign currency and interest rate risk in the Financial Services Division, while market risk in the Automotive Division is determined using a sensitivity analysis. The value-at-risk calculation entails determining potential changes in financial instruments in the event of variations in interest and exchange rates using a historical simulation based on the last 250 trading days. Other calculation parameters are a holding period of 10 days and a confidence level of 99%. The sensitivity analysis calculates the effect on equity and profit by modifying risk variables within the respective market risks.

4.2 MARKET RISK IN THE FINANCIAL SERVICES DIVISION

Exchange rate risk in the Financial Services Division is mainly attributable to assets that are not denominated in the functional currency and from refinancing within operating activities. Interest rate risk relates to refinancing without matching maturities and the varying interest rate elasticity of individual asset and liability items. The risks are limited by the use of currency and interest rate hedges.

As of December 31, 2007, the value at risk for interest rate risk was €14 million (previous year: €25 million) and €24 million for foreign currency risk (previous year: €29 million).

The entire value at risk for interest rate and foreign currency risk at the Financial Services Division was €37 million (previous year: €36 million).

4.3 MARKET RISK IN THE AUTOMOTIVE DIVISION

4.3.1 Foreign currency risk

Foreign currency risk in the Automotive Division is attributable to investments, financing measures and operating activities. Currency forwards, currency options, currency swaps and cross-currency swaps are used to limit foreign currency risk. These transactions relate to the exchange rate hedging of all payments covering general business activities that are not made in the functional currency of the respective Group companies. The principle of matching currencies applies to the Group's financing activities.

As part of foreign currency risk management, hedging transactions in 2007 related primarily to the US dollar, sterling, the Swiss franc, the Japanese yen, the Swedish krone and the Russian rouble.

All non-functional currencies in which the Volkswagen Group enters into financial instruments are included as relevant risk variables in the sensitivity analysis in accordance with IFRS 7.

If the relevant functional currencies had been measured 10% higher than the other currencies as of December 31, 2007, the hedging reserve in equity and the fair value of the hedges would have been €1,385 million higher (previous year: €1,388 million). If the relevant functional currencies had been measured 10% lower than the other currencies as of December 31, 2007, the hedging reserve in equity and the fair value of the hedges would have been €1,272 million lower (previous year: €947 million).

If the relevant functional currencies had been measured 10% higher than the other currencies as of December 31, 2007, profit would have been €638 million lower (previous year: €346 million). If the relevant functional currencies had been measured 10% lower than the other currencies as of December 31, 2007, profit would have been €685 million higher (previous year: €188 million higher).

4.3.2 Interest rate risk

Interest rate risk in the Automotive Division results from changes in market interest rates, primarily for medium- and long-term variable interest receivables and liabilities. Interest rate swaps, cross-currency swaps and other types of interest rate contracts are entered into to hedge against this risk under fair value or cash flow hedges, depending on market conditions. Intra-Group financing arrangements are normally structured to match the maturities of their refinancing.

Interest rate risk within the meaning of IFRS 7 is calculated for the Automotive Division using sensitivity analyses. The effects of the risk variables in the form of market rates of interest on the financial result and on equity are presented here.

If market interest rates had been 100 bps higher as of December 31, 2007, equity would have been €81 million (previous year: €62 million) lower. If market interest rates had been 100 bps lower as of December 31, 2007, equity would have been €91 million higher (previous year: €66 million).

If market interest rates had been 100 bps higher (lower) as of December 31, 2007, profit would have been €105 million (previous year: €126 million) higher (lower).

4.3.3 Commodity price risk

Commodity price risk in the Automotive Division results from price fluctuations and the availability of non-ferrous metals and precious metals. Forward transactions are entered into to limit these risks. No hedge accounting in accordance with IAS 39 is used for commodity price risk.

Hedging relates to substantial volumes, such as the commodities aluminum and copper, as well as the precious metals platinum, rhodium and palladium.

Commodity price risk within the meaning of IFRS 7 is presented using sensitivity analysis. These show the effect on profit of changes in risk variables in the form of commodity prices.

If the commodity prices of the hedged metals had been 10% higher (lower) as of December 31, 2007, profit would have been €158 million (previous year: €201 million) higher (lower).

4.3.4 Fund price risk

The Spezialfonds (special funds) launched using surplus liquidity are subject in particular to equity and bond price risk, which can arise from fluctuations in quoted market prices, stock exchange indices and market rates of interest. The changes in bond prices resulting from variations in the market rates of interest are quantified in sections 4.3.1 and 4.3.2, as are the measurement of foreign currency and other interest rate risks arising from the special funds. As a rule, we counter the risks arising from the special funds by ensuring a broad diversification of products, issuers and regional markets when investing funds, as stipulated by our Investment Guidelines. In addition, we use exchange rate hedges in the form of futures contracts when market conditions are appropriate. The relevant measures are centrally coordinated by Group Treasury and implemented in operations by the special funds' risk management team.

As part of the presentation of market risk, IFRS 7 requires disclosures on how hypothetical changes in risk variables affect the price of financial instruments. Potential risk variables here are in particular quoted market prices or indices, as well as interest rate changes as bond price parameters.

If share prices had been 10% higher (lower) as of December 31, 2007, equity would have been €16 million (previous year: €178 million) higher (lower).

5. METHODS FOR MONITORING HEDGE EFFECTIVENESS

In the Volkswagen Group, hedge effectiveness is assessed prospectively using the critical terms match method and using statistical methods in the form of a regression analysis. Retrospective analysis of effectiveness uses effectiveness tests in the form of the dollar offset method or a regression analysis.

Under the dollar offset method, the changes in value of the hedged item expressed in monetary units are compared with the changes in value of the hedging instrument expressed in monetary units.

Where regression analysis is used, the change in value of the hedged item is presented as an independent variable, and that of the hedging instrument as a dependent variable. A hedge relationship is classified as effective if it has a coefficient of determination of $R^2 > 0.96$ and a slope factor b of between -0.80 and -1.25.

NOTIONAL AMOUNT OF DERIVATIVES

	Remaining term			Notional amount Dec. 31, 2007	Notional amount Dec. 31, 2006
	under one year	within one to five years	over five years		
			€ million		
Notional amount of hedging instruments used in cash flow hedges:					
Interest rate swaps	3,489	8,671	823	12,983	11,024
Currency forwards	14,453	6,467	–	20,920	20,215
Currency options	4,723	–	–	4,723	6,412
Currency swaps	316	245	–	561	35
Notional amount of other derivatives					
Interest rate swaps	10,411	23,099	584	34,094	30,654
Currency forwards	2,817	351	–	3,168	1,072
Currency swaps	2,039	–	–	2,039	2,119
Cross-currency swaps	1,702	979	8	2,689	2,239
Commodity futures contracts	613	889	–	1,502	1,839

The hedged items in cash flow hedges are expected to be realized in accordance with the maturity buckets of the hedges reported in the table.

The fair values of the derivatives are estimated using market data at the balance sheet date as well as by appropriate valuation techniques. The following term structures were used for the calculation:

	EUR	USD	GBP	JPY	RUB	CHF	SEK
				in %			
Interest rate for six months	4.707	4.596	5.940	0.975	6.880	2.865	4.777
Interest rate for one year	4.745	4.224	5.744	1.052	5.480	2.977	4.777
Interest rate for five years	4.555	4.176	5.093	1.188	7.145	3.063	4.755
Interest rate for ten years	4.720	4.660	5.013	1.665	7.590	3.345	4.897

30 Capital management

The goal of capital management is to ensure that the Group can effectively achieve its goals and strategies in the interests of shareholders, employees and other stakeholders. In particular, management focuses on generating the minimum return on invested assets in the Automotive Division that is required by the capital markets, and on increasing the return on equity in the Financial Services Division. In doing so, it aims to achieve the highest possible growth in the value of the Group and its divisions for the benefit of all the Company's stakeholder groups.

The Volkswagen Group's financial target system focuses systematically on continuously and sustainably increasing the value of the Company. In order to maximize the use of resources in the Automotive Division and to measure the success of this, we have been using value contribution, a control variable linked to the cost of capital, for a number of years.

The concept of value contribution not only allows overall performance to be measured in the Automotive Division, but also in the individual business units, projects and products. In addition, business units and product-specific investment projects can be managed operationally and strategically using the value contribution.

31 Contingent liabilities

	Dec. 31, 2007	Dec. 31, 2006
	€ million	
Liabilities from guarantees	76	56
Liabilities from warranty contracts	27	893
Pledges on company assets as security for third-party liabilities	12	12
Other contingent liabilities	369	192
	484	**1,153**

The previous contingent liabilities disclosed in connection with the disposal of the gedas Group no longer apply due to contractual changes with the purchaser.

In the course of the acquisition of a 100% equity interest in LeasePlan Corporation N.V., Amsterdam, and the subsequent sale of 50% of the shares to two co-investors, Volkswagen AG reached an agreement with the co-investors on put options entitling these investors to sell their shares to Volkswagen AG. These put options can be exercised (a) at any time or (b) under certain conditions within a fixed period. The price of the shares should be the higher of (a) the fair value of the shares as calculated by an expert using a standard valuation method, and (b) the co-investors' initial investment. The fair value of the put options is contained in Other liabilities.

The trust assets and liabilities of the savings and trust entities belonging to the South American subsidiaries not included in the consolidated balance sheet amount to €620 million (previous year: €591 million).

32 Litigation

Neither Volkswagen AG nor any of its Group companies is party to any legal or arbitration proceedings that may have a material effect on the economic position of the Group, or have had such an effect within the last two years. Equally, no such proceedings are foreseeable. Appropriate provisions are established by the Group company concerned for any potential costs arising from other legal or arbitration proceedings pending, or the company has adequate insurance cover.

33 Other financial obligations

	Payable 2008	Payable 2009-2012	Payable from 2013	Total Dec. 31, 2007	Total Dec. 31, 2006
			€ million		
Purchase commitments in respect of					
property, plant and equipment	1,526	451	–	1,977	1,604
intangible assets	127	41	–	168	209
investment property	1	–	–	1	0
Obligations from					
irrevocable credit commitments	1,898	–	–	1,898	2,063
loan commitments to subsidiaries	71	–	–	71	84
long-term leasing and rental contracts	250	595	1,264	2,109	1,926
Other financial obligations	476	1,151	305	1,932	179

Starting in fiscal year 2007, other financial obligations also relate to purchase volumes contractually agreed for the next few years with the acquirer of the gedas group.

34 Auditors' fees recognized as expenses

Under the provisions of the German Commercial Code (HGB), Volkswagen AG is obliged to disclose the audit fees of the Group auditors in Germany that are recognized as expenses.

	2007	2006
	€ thousand	
Audits of financial statements	4,751	4,401
Other assurance or valuation services	3,135	186
Tax advisory services	242	384
Other services	1,178	2,219
	9,306	**7,190**

35 Total expense for the period

	2007	2006
	€ million	
Cost of materials		
Cost of raw materials, consumables and supplies, purchased merchandise and services	**72,340**	**66,935**
Personnel expenses		
Wages and salaries	11,722	14,240
Social security, post-employment and other employee benefit costs	2,827	3,160
	14,549	**17,400**

36 Average number of employees during the year

	2007	2006
Performance-related wage-earners	162,013	165,056
Salaried staff	137,095	135,046
	299,108	**300,102**
Apprentices	8,481	8,337
	307,589	**308,439**
Vehicle-producing investments not fully consolidated	21,005	20,160
	328,594	**328,599**

37 Events after the balance sheet date

There were no significant events up to February 18, 2008.

38 Related party disclosures in accordance with IAS 24

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 are influenced by another related party of Volkswagen AG.

On March 28, 2007, Dr. Ing. h.c. F. Porsche AG held 30.93% of the voting rights of Volkswagen AG and appointed two members of the Supervisory Board. All transactions with Dr. Ing. h.c.F. Porsche AG itself and with other companies affiliated with Dr. Ing. h.c. F. Porsche AG are conducted on an arm's length basis.

On January 20, 2007, the State of Lower Saxony held 20.26% of the voting rights of Volkswagen AG and also appointed two members of the Supervisory Board. Transactions with private companies owned by the State of Lower Saxony are conducted on an arm's length basis.

All transactions with unconsolidated subsidiaries, joint ventures, associates and other related parties are conducted on an arm's length basis.

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

The amounts of the supplies and services transacted between consolidated companies of the Volkswagen Group and related parties (unconsolidated subsidiaries, joint ventures, associates, Dr. Ing. h. c. F. Porsche AG and other related parties) are presented in the following table:

RELATED PARTIES

	Supplies and services rendered		Supplies and services received	
	2007	2006	2007	2006
	€ million			
Supervisory Board members	0	0	0	0
Group Board of Management	0	0	–	0
Unconsolidated subsidiaries	1,124	1,217	411	470
Joint ventures	2,717	2,160	284	328
Associates	0	243	3	42
Pension plans	1	0	0	0
Other related parties	2	25	41	46
Porsche	5,528	4,183	178	142

	Receivables from		Payables to	
	2007	2006	2007	2006
	€ million			
Supervisory Board members	0	0	4	3
Group Board of Management	–	0	13	10
Unconsolidated subsidiaries	446	418	109	88
Joint ventures	1,497	1,472	17	111
Associates	1	58	0	4
Pension plans	0	1	0	0
Other related parties	0	38	0	1
Porsche	407	343	46	12

The Board of Management and Supervisory Board of the Volkswagen Group are related parties within the meaning of IAS 24. The following benefits and remuneration were recorded for these persons:

	2007	2006
	€	
Short-term benefits	19,936,903	16,063,254
Termination benefits	5,950,000	–
Post-employment benefits	1,647,415	2,846,554*
Other long-term benefits	–	–
Share-based payment	78,000	546,950
	27,612,318	**19,456,758**

* Adjusted.

There are outstanding balances for bonuses of the Board of Management members in the amount of €10,850,000 at the end of the fiscal year. The post-employment benefits relate to additions to pension provisions for current members of the Board of Management. The expenses shown above do not correspond to the definition of remuneration of members of the Board of Management and the Supervisory Board in accordance with the German Corporate Governance Code.

39 Notices and disclosure of changes regarding the ownership of voting rights in Volkswagen AG in accordance with the Wertpapierhandelsgesetz (WpHG – German Securities Trading Act)

PORSCHE

Dr. Ing. h.c. F. Porsche Aktiengesellschaft (now: Porsche Automobile Holding SE), Stuttgart, Germany, notified us in accordance with section 21(1) of the WpHG that the share of voting rights held by Dr. Ing. h.c. F. Porsche Aktiengesellschaft in Volkswagen Aktiengesellschaft, Wolfsburg, Germany, exceeded the threshold of 30% on March 28, 2007 and amounted to 30.93% of the voting rights at this date (88,874,462 voting rights).

The following persons notified us in accordance with section 21(1) of the WpHG that their share of the voting rights in Volkswagen AG in each case exceeded the threshold of 30% on March 28, 2007 and in each case amounted to 30.93% (88,874,462 voting rights) at this date.

30.93% of this (88,874,462 voting rights) is attributable to each of them in accordance with section 22(1) sentence 1 no. 1 of the WpHG. The names of the controlled companies via which the voting rights are actually held and whose attributable share of the voting rights amounts to 3% or more are given in brackets:

- Porsche GmbH, Stuttgart/Germany; Familien Porsche-Daxer-Piëch Beteiligung GmbH, Stuttgart/Germany; Familie Porsche Beteiligung GmbH, Stuttgart/Germany; Ferdinand Piëch GmbH, Grünwald/Germany; Hans-Michel Piëch GmbH, Grünwald/Germany
  (Dr. Ing. h.c. F. Porsche AG, Stuttgart/Germany),
- Louise Daxer-Piëch GmbH, Stuttgart/Germany; Ferdinand Alexander Porsche GmbH, Stuttgart/Germany; Gerhard Porsche GmbH, Stuttgart/Germany
  (Dr. Ing. h.c. F. Porsche AG, Stuttgart/Germany; Familien Porsche-Daxer-Piëch Beteiligung GmbH, Stuttgart/Germany),
- Hans-Peter Porsche GmbH, Stuttgart/Germany; Wolfgang Porsche GmbH, Stuttgart/Germany
  (Dr. Ing. h.c. F. Porsche AG, Stuttgart/Germany; Familie Porsche Beteiligung GmbH, Stutt gart/Germany),
- Louise Daxer-Piëch GmbH, Salzburg/Austria
  (Dr. Ing. h.c. F. Porsche AG, Stuttgart/Germany; Familien Porsche-Daxer-Piëch Beteiligung GmbH, Stuttgart/Germany; Louise Daxer-Piëch GmbH, Stuttgart/Germany),
- Prof. Ferdinand Alexander Porsche GmbH, Salzburg/Austria
  (Dr. Ing. h.c. F. Porsche AG, Stuttgart/Germany; Familien Porsche-Daxer-Piëch Beteiligung GmbH, Stuttgart/Germany; Ferdinand Alexander Porsche GmbH, Stuttgart/ Germany),
- Gerhard Anton Porsche GmbH, Salzburg/Austria
  (Dr. Ing. h.c. F. Porsche AG, Stuttgart/Germany; Familien Porsche-Daxer-Piëch Beteiligung GmbH, Stuttgart/Germany; Gerhard Porsche GmbH, Stuttgart/Germany),
- Ing. Hans-Peter Porsche GmbH, Salzburg/Austria
  (Dr. Ing. h.c. F. Porsche AG, Stuttgart/Germany; Familie Porsche Beteiligung GmbH, Stuttgart/Germany; Hans-Peter Porsche GmbH, Stuttgart/Germany),
- Mag. Josef Ahorner, Austria; Mag. Louise Kiesling, Austria; Prof. Ferdinand Alexander Porsche, Austria; Prof. Ferdinand Alexander Porsche, Austria; Mark Philipp Porsche, Austria; Kai-Alexander Porsche, Austria; Dr. F. Oliver Porsche, Austria; Gerhard Anton Porsche, Austria
  (Dr. Ing. h.c. F. Porsche AG, Stuttgart/Germany; Familien Porsche-Daxer-Piëch Beteiligung GmbH, Stuttgart/Germany; Louise Daxer-Piëch GmbH, Stuttgart/Germany; Ferdinand Alexander Porsche GmbH, Stuttgart/Germany; Gerhard Porsche GmbH, Stuttgart/ Germany; Louise Daxer-Piëch GmbH, Salzburg/ Austria; Prof. Ferdinand Alexander Porsche GmbH, Salzburg/Austria; Gerhard Anton Porsche GmbH, Salzburg/Austria; Ferdinand Porsche Holding GmbH, Salzburg/Austria; Ferdinand Porsche Privatstiftung, Salzburg/Austria),
- Hans-Peter Porsche, Austria; Peter Daniell Porsche, Austria
  (Dr. Ing. h.c. F. Porsche AG, Stuttgart/Germany; Familie Porsche Beteiligung GmbH, Stuttgart/Germany; Hans-Peter Porsche GmbH, Stuttgart/Germany; Ing. Hans-Peter Porsche GmbH, Salzburg/Austria; Familie Porsche Holding GmbH, Salzburg/Austria; Familie Porsche Privatstiftung, Salzburg/Austria),
- Dr. Wolfgang Porsche, Germany
  (Dr. Ing. h.c. F. Porsche AG, Stuttgart/Germany; Familie Porsche Beteiligung GmbH, Stuttgart/Germany; Wolfgang Porsche GmbH, Stuttgart/Germany; Hans-Peter Porsche GmbH, Stuttgart/Germany; Ing. Hans-Peter Porsche GmbH, Salzburg/Austria; Familie Porsche Holding GmbH, Salzburg/Austria; Familie Porsche Privatstiftung, Salzburg/Austria),
- Ferdinand Porsche Privatstiftung, Salzburg/Austria
  (Dr. Ing. h.c. F. Porsche AG, Stuttgart/Germany; Familien Porsche-Daxer-Piëch Beteiligung GmbH, Stuttgart/Germany; Louise Daxer-Piëch GmbH, Stuttgart/Germany; Ferdinand Alexander Porsche GmbH, Stuttgart/Germany; Gerhard Porsche GmbH, Stuttgart/Germany; Louise Daxer-Piëch GmbH, Salzburg/ Austria; Prof. Ferdinand Alexander Porsche GmbH, Salzburg/Austria; Gerhard Anton Porsche GmbH, Salzburg/Austria; Ferdinand Porsche Holding GmbH, Salzburg/Austria),
- Ferdinand Porsche Holding GmbH, Salzburg/Austria
  (Dr. Ing. h.c. F. Porsche AG, Stuttgart/Germany; Familien Porsche-Daxer-Piëch Beteiligung GmbH, Stuttgart/ Germany; Louise Daxer-Piëch GmbH, Stuttgart/Germany; Ferdinand Alexander Porsche GmbH, Stuttgart/ Germany; Gerhard Porsche GmbH, Stuttgart/Germany; Louise Daxer-Piëch GmbH, Salzburg/Austria; Prof. Ferdinand Alexander Porsche GmbH, Salzburg/Austria; Gerhard Anton Porsche GmbH, Salzburg/Austria),

– Familie Porsche Privatstiftung, Salzburg/Austria
  (Dr. Ing. h.c. F. Porsche AG, Stuttgart/Germany; Familie Porsche Beteiligung GmbH, Stuttgart/Germany; Hans-Peter Porsche GmbH, Stuttgart/Germany; Ing. Hans-Peter Porsche GmbH, Salzburg/Austria; Familie Porsche Holding GmbH, Salzburg/Austria),

– Familie Porsche Holding GmbH, Salzburg/Austria
  (Dr. Ing. h.c. F. Porsche AG, Stuttgart/Germany; Familie Porsche Beteiligung GmbH, Stuttgart/Germany; Hans-Peter Porsche GmbH, Stuttgart/Germany; Ing. Hans-Peter Porsche GmbH, Salzburg/Austria),

– Dipl.-Ing. Dr. h.c. Ferdinand Piëch GmbH, Salzburg/Austria
  (Dr. Ing. h.c. F. Porsche AG, Stuttgart/Germany; Ferdinand Piëch GmbH, Grünwald/ Germany),

– Dr. Hans Michel Piëch GmbH, Salzburg/Austria
  (Dr. Ing. h.c. F. Porsche AG, Stuttgart/Germany; Hans Michel Piëch GmbH, Grünwald/ Germany) and

– Dr. Ferdinand Piëch, Austria
  (Dr. Ing. h.c. F. Porsche AG, Stuttgart/Germany; Ferdinand Piëch GmbH, Grünwald/ Germany; Dipl.-Ing. Dr. h.c. Ferdinand Piëch GmbH, Salzburg/Austria).

The following persons notified us in accordance with section 21(1) of the WpHG that their share of the voting rights in Volkswagen AG in each case also exceeded the threshold of 30% on March 28, 2007 and in each case amounted to 30.93% (88,874,535 voting rights) at this date. 30.93% of this (88,874,535 voting rights) is attributable to each of them in accordance with section 22(1) sentence 1 no. 1 of the WpHG. The names of the controlled companies via which the voting rights are actually held and whose attributable share of the voting rights amounts to 3% or more are given in brackets:

– Porsche GmbH, Salzburg/Austria
  (Dr. Ing. h.c. F. Porsche AG, Stuttgart/Germany; Porsche GmbH, Stuttgart/Germany) and

– Porsche Holding Gesellschaft m.b.H., Salzburg/Austria
  (Dr. Ing. h.c. F. Porsche AG, Stuttgart/Germany; Porsche GmbH, Stuttgart/Germany; Porsche GmbH, Salzburg/Austria).

Dr. Hans Michel Piëch, Austria, notified us in accordance with section 21(1) of the WpHG that his share of the voting rights in Volkswagen AG also exceeded the threshold of 30% on March 28, 2007 and amounted to 30.94% (88,886,932 votes) at this date. Of this, 30.93% of the voting rights (88,874,462 voting rights) is attributable to him in accordance with section 22(1) sentence 1 no. 1 of the WpHG. The voting rights attributable to him are held via the following companies controlled by him, whose share of the voting rights in Volkswagen AG amounts to 3% or more in each case:

– Dr. Ing. h.c. F. Porsche AG, Stuttgart/Germany; Hans Michel Piëch GmbH, Grünwald/Germany; Dr. Hans Michel Piëch GmbH, Salzburg/Austria.

STATE OF LOWER SAXONY

Hannoversche Beteiligungsgesellschaft mbH, Hanover, Germany, notified us in accordance with section 41(4a) of the Wertpapierhandelsgesetz (WpHG – German Securities Trading Act) that it held 20.19% of the voting rights (corresponding to 57,953,870 voting shares) of Volkswagen AG, Wolfsburg, Germany, on January 20, 2007.

The State of Lower Saxony, Hanover, Germany, notified us in accordance with section 41(4a) of the WpHG (German Securities Trading Act) that it held 20.26% of the voting rights (corresponding to 58,155,310 voting shares) of Volkswagen AG, Wolfsburg, Germany, on January 20, 2007. Of this amount, 20.19% (corresponding to 57,953,870) of the voting rights are attributable to the State of Lower Saxony via Hannoversche Beteiligungsgesellschaft mbH, Hanover, Germany, in accordance with section 22(1) sentence 1 no. 1 of the WpHG.

The State of Lower Saxony also notified us on January 28, 2008 that it held a total of 58,522,310 ordinary shares as of December 31, 2007. It held 440 VW ordinary shares directly and 58,521,870 ordinary shares indirectly via Hannoversche Beteiligungsgesellschaft mbH (HanBG), which is owned by the State of Lower Saxony.

40 German Corporate Governance Code

On December 20, 2007, the Board of Management and Supervisory Board of Volkswagen AG issued their declaration of conformity with the German Corporate Governance Code as required by section 161 of the Aktiengesetz (AktG – German Stock Corporation Act) and made it permanently available to the shareholders of Volkswagen AG on the Company's website at www.volkswagen.com/ir

On December 5, 2007, the Board of Management and Supervisory Board of AUDI AG likewise issued their declaration of conformity with the German Corporate Governance Code and made it permanently available to the shareholders at www.audi.com

41 Remuneration of the Board of Management and the Supervisory Board

	2007	2006
	€	
Board of Management remuneration		
Non-performance-related remuneration	4,810,736	5,009,987
Performance-related remuneration	10,850,000	8,210,000
Stock options exercised or subscribed	837,150	546,950
Fair value of stock options held at reporting date	7,950,150	1,929,950
Supervisory Board remuneration		
Fixed remuneration components	307,192	306,142
Variable remuneration components	3,968,975	2,537,125
Loans to Supervisory Board members	21,218	18,160

The fixed remuneration also includes differing levels of remuneration for the assumption of appointments at Group companies as well as non-cash benefits, which consist in particular of the use of company cars and the grant of insurance cover. The additional annual variable amount paid to each member of the Board of Management contains annually recurring components tied to the business success of the Company. It is primarily oriented on the results achieved and the financial position of the Company.

On December 31, 2007 the pension provisions for members of the Board of Management amounted to €30,334,447 (previous year: €21,907,510). 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. The members of the Board of Management are entitled to the retirement pension in the event of disability, and to payment of their normal remuneration for six months in the event of illness. Surviving dependents receive a widow's pension of 66⅔% and 20% orphan's pension per child based on the pension of the former member of the Board of Management.

Retired members of the Board of Management and their surviving dependents received €8,688,685 (previous year: €10,189,421). Provisions for pensions for this group of people were recognized in the amount of €107,971,788 (previous year: €118,976,976).

Loans of €21,218 have been granted to members of the Supervisory Board (amount redeemed in 2007: €17,778). The loans generally bear interest at a rate of 4.0% and have an agreed term of up to 12.5 years.

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 (see page 100).

Significant Group Companies

Automotive Division

Name, location	Equity interest in %
VOLKSWAGEN AG, Wolfsburg	
Volkswagen Sachsen GmbH, Zwickau	100.00
AUDI BRUSSELS S.A., Brussels/Belgium	100.00
VOLKSWAGEN SLOVAKIA, a.s., Bratislava/Slovak Republic	100.00
SITECH Sitztechnik GmbH, Wolfsburg	100.00
Volkswagen Navarra, S.A., Arazuri (Navarra)/Spain	100.00
AUTOEUROPA-AUTOMÓVEIS LDA., Quinta do Anjo/Portugal	100.00
Volkswagen Motor Polska Sp.z o.o., Polkowice/Poland	100.00
Volkswagen-Audi España, S.A., El Prat de Llobregat (Barcelona)/Spain	100.00
Volkswagen Original Teile Logistik GmbH & Co. KG, Baunatal	52.76
VOLKSWAGEN Group United Kingdom Ltd., Milton Keynes/United Kingdom	100.00
Groupe VOLKSWAGEN France s.a., Villers-Cotterêts/France	100.00
Volkswagen Logistics GmbH & Co. OHG, Wolfsburg	100.00
VW Kraftwerk GmbH, Wolfsburg	100.00
Automobilmanufaktur Dresden GmbH, Dresden	100.00
Volkswagen Poznan Sp.z o.o., Poznan/Poland	100.00
Volkswagen Group Sverige Aktiebolag, Södertälje/Sweden	100.00

Automotive Division

Name, location	Equity interest in %
Auto 5000 GmbH, Wolfsburg	100.00
VOLKSWAGEN GROUP OF AMERICA, INC., Auburn Hills, Michigan/USA	100.00
Volkswagen Group Canada Inc., Ajax, Ontario/Canada	100.00
VOLKSWAGEN Group Japan K.K.,Toyohashi/Japan	100.00
Volkswagen Tokyo K.K., Tokyo/Japan	100.00
VOLKSWAGEN GROUP AUSTRALIA PTY LTD., Botany/Australia	100.00
VOLKSWAGEN Group RUS OOO, Kaluga/Russia	100.00
OOO VOLKSWAGEN Rus, Kaluga/Russia	80.10
AUDI AG, Ingolstadt	99.14
AUDI HUNGARIA MOTOR Kft., Györ/Hungary	100.00
Audi Volkswagen Korea Ltd., Seoul/Korea	100.00
Audi Volkswagen Middle East FZE, Dubai	100.00
Automobili Lamborghini Holding S.p.A., Sant'Agata Bolognese/Italy	100.00
VOLKSWAGEN GROUP ITALIA S.P.A. , Verona/Italy	100.00
Audi Japan K.K., Tokyo/Japan	100.00
Audi Canada Inc., Ajax, Ontario/Canada	100.00
Audi of America, LLC, Auburn Hills, Michigan/USA	100.00
SEAT, S.A., Martorell, Barcelona/Spain	100.00
SEAT Deutschland GmbH, Mörfelden-Walldorf	100.00
Gearbox del Prat, S.A., El Prat de Llobregat (Barcelona)/Spain	100.00
ŠKODA AUTO a.s., Mladá Boleslav/Czech Republic	100.00
Škoda Auto Deutschland GmbH, Weiterstadt	100.00
ŠKODA AUTO Slovensko s.r.o., Bratislava/Slovak Republic	100.00
ŠKODA AUTO INDIA PRIVATE LIMITED, Aurangabad/India	100.00
ŠKODA AUTO Polska, S.A., Poznan/Poland	51.00
BENTLEY MOTORS LIMITED, Crewe/United Kingdom	100.00
Volkswagen de Mexico, S.A. de C.V., Puebla/Pue./Mexico	100.00
Volkswagen do Brasil Ltda., São Bernardo do Campo, SP/Brazil	100.00
Volkswagen Argentina S.A., Buenos Aires/Argentina	100.00
Volkswagen of South Africa (Pty.) Ltd., Uitenhage/South Africa	100.00
Shanghai-Volkswagen Automotive Company Ltd., Shanghai/P. R. China[1]	50.00
FAW-Volkswagen Automotive Company, Ltd., Changchun/P. R. China[1]	40.00
Volkswagen (China) Investment Company Ltd., Beijing/ P. R. China	100.00
Volkswagen Group Services S.A., Brussels/Belgium	100.00
Volkswagen International Finance N.V., Amsterdam/The Netherlands	100.00
MAN Aktiengesellschaft, Munich[2]	28.67
SCANIA Aktiebolag, Södertälje/Sweden[3]	20.59

1 Joint ventures are accounted for using the equity method.
2 The interest in MAN conveys 29.9% of the voting rights and thus differs from the equity interest. The company is accounted for using the equity method.
3 The interest in SCANIA conveys 37.44% of the voting rights and thus differs from the equity interest. The company is accounted for using the equity method.

Financial Services Division

Name, location	Equity interest in %
VOLKSWAGEN FINANCIAL SERVICES AG, Braunschweig	100.00
Volkswagen Leasing GmbH, Braunschweig	100.00
Volkswagen Bank GmbH, Braunschweig	100.00
Volkswagen Reinsurance AG, Braunschweig	100.00
Volkswagen-Versicherungsdienst GmbH, Wolfsburg	100.00
VOLKSWAGEN FINANCE, S.A., Alcobendas (Madrid)/Spain	100.00
Volkswagen Finance S.A., Villers-Cotterêts/France	100.00
Volkswagen Financial Services (UK) Ltd., Milton Keynes/United Kingdom	100.00
Volkswagen Financial Services N.V., Amsterdam/The Netherlands	100.00
VOLKSWAGEN FINANCIAL SERVICES JAPAN LTD., Tokyo/Japan	100.00
ŠkoFIN s.r.o., Prague/Czech Republic	100.00
Global Mobility Holding B.V., Amsterdam/The Netherlands[1,2]	50.00
LeasePlan Corporation N.V., Amsterdam/The Netherlands	–
Volkswagen Pon Financial Services B.V., Amersfoort/The Netherlands[1]	60.00
VW CREDIT, INC., Wilmington, Delaware/USA	100.00
VOLKSWAGEN LEASING SA DE CV, Puebla/Mexico	100.00
Financial services companies in Brazil, São Paulo/Brazil	100.00
Financial services companies in Argentina, Buenos Aires/Argentina	100.00

[1] Joint ventures are accounted for using the equity method.
[2] Global Mobility Holding B.V., Amsterdam, holds all shares of LeasePlan Corporation N.V., Amsterdam.

Executive Bodies

(Part of the Notes to the Consolidated Financial Statements and the Annual Financial Statements of Volkswagen AG)

Members of the Board of Management and their Appointments

APPOINTMENTS: AS OF DECEMBER 31, 2007

PROF. DR. RER. NAT.
MARTIN WINTERKORN (60)
Chairman (since January 1, 2007),
Research and Development,
Sales
July 1, 2000*
Appointments:
○ FC Bayern München AG, Munich
○ Infineon Technologies AG, Munich
○ Salzgitter AG, Salzgitter
○ TÜV Süddeutschland Holding AG, Munich
⊙ Scania AB, Södertälje, Sweden

DR. RER. POL.
WOLFGANG BERNHARD (47)
February 1, 2005 – January 31, 2007*

FRANCISCO JAVIER
GARCIA SANZ (50)
Procurement
July 1, 2001*
Appointments:
⊙ Scania AB, Södertälje, Sweden

PROF. DR. RER. POL.
JOCHEM HEIZMANN (56)
Production
January 11, 2007*
Appointments:
○ Lufthansa Technik AG, Hamburg

DR. RER. POL.
HORST NEUMANN (58)
Human Resources and Organization
December 1, 2005*
Appointments:
○ Wolfsburg AG, Wolfsburg

HANS DIETER PÖTSCH (56)
Finance and Controlling
January 1, 2003*
Appointments:
○ Allianz Versicherungs-AG, Munich
○ BASF AG, Ludwigshafen
○ Bizerba GmbH & Co. KG, Balingen
⊙ Scania AB, Södertälje, Sweden

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.

● Group appointments to statutory supervisory boards.

⊙ Comparable appointments in Germany and abroad.

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

Members of the Supervisory Board and their Appointments
APPOINTMENTS: AS OF DECEMBER 31, 2007

HON.-PROF. DR. TECHN. H.C.
DIPL.-ING. ETH
FERDINAND K. PIËCH (70)
Chairman
April 16, 2002*
Appointments:
○ MAN AG, Munich (Chairman)
○ Dr. Ing. h.c. F. Porsche AG, Stuttgart
○ Porsche Automobil Holding SE, Stuttgart
⊙ Porsche Ges.m.b.H, Salzburg
⊙ Porsche Holding GmbH, Salzburg

JÜRGEN PETERS (63)
Deputy Chairman;
President International Metalworkers' Federation – IMF
November 1, 2003*
Appointments:
○ Salzgitter AG, Salzgitter (Deputy Chairman)

ANDREAS BLECHNER (50)
April 16, 2002 – April 19, 2007*

ELKE ELLER (45)
August 20, 2001 – September 30, 2007*

DR. JUR. MICHAEL FRENZEL (60)
Chairman of the Board of Management of TUI AG
June 7, 2001*
Appointments:
○ AWD Holding AG, Hanover
○ AXA Konzern AG, Cologne
○ Continental AG, Hanover
○ E.ON Energie AG, Munich
● Hapag-Lloyd AG, Hamburg (Chairman)
● Hapag-Lloyd Fluggesellchaft mbH, Hanover (Chairman)
● TUI Deutschland GmbH, Hanover (Chairman)
⊙ Norddeutsche Landesbank, Hanover
⊙ Preussag North America, Inc., Atlanta (Chairman)
⊙ TUI China Travel Co. Ltd., Beijing
⊙ TUI Travel PLC., Crawley

BABETTE FRÖHLICH (42)
IG Metall,
Member of Executive Committee 02 with responsibility for Codetermination and Sector Policy
October 25, 2007*
Appointments:
○ KION Group GmbH, Wiesbaden
○ KION Holding eins GmbH, Wiesbaden
○ MTU Aero Engines GmbH, Munich
○ MTU Aero Engines Holding AG, Munich

DR. JUR. HANS MICHAEL GAUL (65)
June 19, 1997*
Appointments:
○ Allianz Versicherungs-AG, Munich
○ DKV Deutsche Krankenversicherung AG, Cologne
○ Evonik Industries AG, Essen
○ HSBC Trinkaus & Burckhardt AG, Düsseldorf
○ IVG Immobilien AG, Bonn
○ VNG – Verbundnetz Gas AG, Leipzig

DR. JUR. KLAUS LIESEN (76)
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.

● Group appointments to statutory supervisory boards.

⊙ Comparable appointments in Germany and abroad.

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

DR. ING. JÜRGEN GROSSMANN (55)
Chairman of the Board of Management of RWE AG;
Partner, Georgsmarienhütte Holding GmbH
May 3, 2006*
Appointments:
- ○ BATIG Gesellschaft für Beteiligungen mbH, Hamburg
- ○ British American Tobacco (Germany) GmbH, Hamburg
- ○ British American Tobacco (Industrie) GmbH, Hamburg
- ○ Deutsche Bahn AG, Berlin
- ○ MTU Friedrichshafen GmbH, Friedrichshafen
- ○ Surteco AG, Buttenwiesen-Pfaffenhofen (Chairman)
- ● RWE Dea AG, Hamburg (Chairman)
- ● RWE Energy AG, Dortmund (Chairman)
- ● RWE Power AG, Essen (Chairman)
- ⊙ Ardex GmbH, Witten
- ⊙ Evonik Trading GmbH, Essen
- ⊙ Hanover Acceptances Ltd., London
- ⊙ Messer Group GmbH, Sulzbach

HOLGER P. HÄRTER (51)
Chief Financial Officer,
Deputy President of the Executive Board of Porsche Automobil Holding SE;
Chief Financial Officer, Deputy Chairman of the Executive Board of Dr. Ing. h.c. F. Porsche AG
May 3, 2006*
Appointments:
- ○ Boerse-Stuttgart, Stuttgart
- ○ EUWAX AG, Stuttgart
- ⊙ Porsche Cars Great Britain Ltd., Reading
- ⊙ Porsche Cars North America Inc., Wilmington
- ⊙ Porsche Enterprises Inc., Wilmington
- ⊙ Porsche Financial Services, Inc., Wilmington
- ⊙ Porsche Ibérica S.A., Madrid
- ⊙ Porsche Italia S.p.A., Padua
- ⊙ Porsche Japan K.K., Tokyo

WALTER HIRCHE (67)
Minister of Economic Affairs, Labor and Transport for the Federal State of Lower Saxony
April 8, 2003*
Appointments:
- ○ Deutsche Messe AG, Hanover (Chairman)

PETER JACOBS (50)
Chairman of the Works Council at the Volkswagen AG Emden plant
April 19, 2007*
Appointments:
- ⊙ Volkswagen Coaching GmbH, Wolfsburg

OLAF KUNZ (48)
IG Metall – Executive Committee 01,
Head of the Office of Legal Counsel
April 16, 2002*
Appointments:
- ○ Bosch Sicherheitssysteme GmbH, Stuttgart

GÜNTER LENZ (48)
July 1, 1997 – July 31, 2007*

PETER MOSCH (36)
Chairman of the General Works Council of AUDI AG
January 18, 2006*

ULRICH NEß (64)
July 1, 2004 – April 19, 2007*

ROLAND OETKER (58)
Managing Partner of ROI Verwaltungsgesellschaft mbH;
President of Deutsche Schutzvereinigung für Wertpapierbesitz e.V.
June 19, 1997*
Appointments:
- ○ Deutsche Post AG, Bonn
- ○ IKB Deutsche Industriebank AG, Düsseldorf
- ⊙ Dr. August Oetker KG-Gruppe, Bielefeld

○ Membership of statutory supervisory boards in Germany.

● Group appointments to statutory supervisory boards.

⊙ Comparable appointments in Germany and abroad.

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

BERND OSTERLOH (51)
Chairman of the Group and General Works Councils of Volkswagen AG
January 1, 2005*
Appointments:
○ Auto 5000 GmbH, Wolfsburg
○ Autostadt GmbH, Wolfsburg
○ Wolfsburg AG, Wolfsburg
⊙ Projekt Region Braunschweig GmbH, Braunschweig
⊙ Volkswagen Coaching GmbH, Wolfsburg

PROF. DR. JUR. DR.-ING. E.H. HEINRICH V. PIERER (67)
June 27, 1996*
Appointments:
○ Deutsche Bank AG, Frankfurt am Main
○ Hochtief AG, Essen
○ Münchener Rückversicherungs–Gesellschaft AG, Munich
○ ThyssenKrupp AG, Düsseldorf

WOLFGANG RITMEIER (59)
Chairman of the Board of Management of Volkswagen Management Association (VMA)
April 19, 2007*
Appointments:
⊙ Volkswagen Pension Trust e.V., Wolfsburg

HEINRICH SÖFJER (56)
Chairman of the Works Council Volkswagen Commercial Vehicles
August 3, 2007*

JÜRGEN STUMPF (53)
Chairman of the Works Council at the Volkswagen AG Kassel plant
January 1, 2005*

BERND WEHLAUER (53)
Deputy Chairman of the General and Group Works Councils of Volkswagen AG
September 1, 2005*
Appointments:
○ Wolfsburg AG, Wolfsburg
⊙ Volkswagen Pension Trust e.V., Wolfsburg

DR. ING. WENDELIN WIEDEKING (55)
Chairman of the Executive Board of Porsche Automobil Holding SE;
President and Chief Executive Officer of Dr. Ing. h. c. F. Porsche AG
January 28, 2006*
Appointments:
⊙ Novartis AG, Basel
⊙ Porsche Cars Great Britain Ltd., Reading
⊙ Porsche Cars North America Inc., Wilmington
⊙ Porsche Enterprises Inc., Wilmington
⊙ Porsche Ibérica S.A., Madrid
⊙ Porsche Italia S.p.A., Padua
⊙ Porsche Japan K.K., Tokyo

CHRISTIAN WULFF (48)
Prime Minister for the Federal State of Lower Saxony
April 8, 2003*

COMMITTEES OF THE SUPERVISORY BOARD
AS OF DECEMBER 31, 2007

MEMBERS OF THE PRESIDIUM
Hon.-Prof. Dr. techn. h.c. Dipl.-Ing. ETH Ferdinand K. Piëch (Chairman)
Jürgen Peters (Deputy Chairman)
Bernd Osterloh
Bernd Wehlauer
Dr. Ing. Wendelin Wiedeking
Christian Wulff

MEMBERS OF THE MEDIATION COMMITTEE IN ACCORDANCE WITH SECTION 27(3) OF THE MITBESTIMMUNGSGESETZ (GERMAN CODETERMINATION ACT)
Hon.-Prof. Dr. techn. h.c. Dipl.-Ing. ETH Ferdinand K. Piëch (Chairman)
Jürgen Peters (Deputy Chairman)
Bernd Osterloh
Christian Wulff

MEMBERS OF THE AUDIT COMMITTEE
Holger P. Härter (Chairman)
Bernd Wehlauer (Deputy Chairman)
Elke Eller (until September 30, 2007)
Babette Fröhlich (since November 16, 2007)
Dr. jur. Hans Michael Gaul

MEMBERS OF THE SHAREHOLDER BUSINESS RELATIONSHIPS COMMITTEE
Roland Oetker (Chairman)
Wolfgang Ritmeier (Deputy Chairman, since April 19, 2007)
Elke Eller (until September 30, 2007)
Dr. jur. Michael Frenzel
Ulrich Neß (until April 19, 2007)
Bernd Wehlauer (since November 16, 2007)

○ Membership of statutory supervisory boards in Germany.

● Group appointments to statutory supervisory boards.

⊙ Comparable appointments in Germany and abroad.

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

List of Holdings in accordance with Sections 285 and 313 HGB of VOLKSWAGEN AG and the Volkswagen Group as at 31.12.2007

Name and location of company	Currency	Exchange rate (1 Euro =) 31.12.2007	VW AG share of capital in % Direct	Indirect	Total	Equity in '000 local currency	Earnings in '000 local currency	Year
I. HOLDING COMPANY								
Volkswagen AG, Wolfsburg								
II. SUBSIDIARIES								
A. Fully Consolidated Companies								
1. Germany								
AUDI AG, Ingolstadt	EUR		99.14	–	99.14	2,437,899	1)	2007
Audi Retail GmbH, Ingolstadt	EUR		–	100.00	100.00	39,400	1)	2007
Audi Zentrum Hannover GmbH, Hannover	EUR		–	100.00	100.00	2,359	532	2007
Audi Vertriebsbetreuungsgesellschaft mbH, Ingolstadt	EUR		–	100.00	100.00	100	1)	2007
quattro GmbH, Neckarsulm	EUR		–	100.00	100.00	100	1)	2007
Automobilmanufaktur Dresden GmbH, Dresden	EUR		100.00	–	100.00	80,090	1)	2007
Autostadt GmbH, Wolfsburg	EUR		100.00	–	100.00	50	1)	2007
AutoVision GmbH, Wolfsburg	EUR		100.00	–	100.00	35,630	1)	2007
Auto 5000 GmbH, Wolfsburg	EUR		–	100.00	100.00	10,000	1)	2007
Volkswagen Individual GmbH, Wolfsburg	EUR		–	100.00	100.00	2,400	1)	2007
LOCATOR Grundstücksvermietungsgesellschaft mbH und Volkswagen AG in Gesellschaft bürgerlichen Rechts, Eschborn	EUR		–	–	–	–	–	
SITECH Sitztechnik GmbH, Wolfsburg	EUR		–	100.00	100.00	50,012	9,264	2007
SkodaAuto Deutschland GmbH, Weiterstadt	EUR		–	100.00	100.00	7,824	3,712	2007
SEAT Deutschland GmbH, Mörfelden-Walldorf	EUR		–	100.00	100.00	18,448	388	2007
VOLKSWAGEN FINANCIAL SERVICES AG, Braunschweig	EUR		100.00	–	100.00	3,351,495	1)	2007
Volim Volkswagen Immobilien Vermietgesellschaft für VW-/Audi-Händlerbetriebe mbH, Braunschweig	EUR		–	100.00	100.00	26	1)	2007
Volkswagen Bank GmbH, Braunschweig	EUR		–	100.00	100.00	2,979,125	1)	2007
Volkswagen Business Services GmbH, Braunschweig	EUR		–	100.00	100.00	26	1)	2007
Volkswagen Leasing GmbH, Braunschweig	EUR		–	100.00	100.00	219,123	1)	2007
Volkswagen Reinsurance AG, Braunschweig	EUR		–	100.00	100.00	32,055	1)	2007
Volkswagen-Versicherungsdienst GmbH, Wolfsburg	EUR		–	100.00	100.00	36,396	18,684	2007
VW Versicherungsvermittlungs-GmbH, Wolfsburg	EUR		–	100.00	100.00	22,434	12,008	2007
Volkswagen Gebrauchtfahrzeughandels und Service GmbH, Langenhagen	EUR		100.00	–	100.00	100	1)	2007
Volkswagen Gewerbegrund GmbH, Wolfsburg	EUR		100.00	–	100.00	100,270	14,258	2007
VW Wohnungs GmbH & Co. KG, Wolfsburg	EUR		–	100.00	100.00	83,865	13,092	2007
Volkswagen Immobilien Service GmbH, Wolfsburg	EUR		51.00	49.00	100.00	5,177	480	2007
Volkswagen Logistics GmbH, Wolfsburg	EUR		100.00	–	100.00	543	81	2007
Volkswagen Logistics GmbH & Co. OHG, Wolfsburg	EUR		81.00	19.00	100.00	511	132,898	2007
Volkswagen Original Teile Logistik Beteiligungs-GmbH, Baunata	EUR		46.80	3.80	50.60	29	0	2007
Volkswagen Original Teile Logistik GmbH & Co. KG., Baunata	EUR		48.89	3.87	52.76	50,529	37,559	2007
VOLKSWAGEN Retail GmbH, Wolfsburg	EUR		100.00	–	100.00	135,234	1)	2007
Bugatti Engineering GmbH, Wolfsburg	EUR		–	100.00	100.00	25	1)	2007
Kommanditgesellschaft "MTH" Motor-Technik-Handelsgesellschaft m. b. H. & Co., Hamburg	EUR		–	100.00	100.00	45,480	31,848	2007
Raffay GmbH & Co. KG, Hamburg	EUR		–	100.00	100.00	11,790	36,296	2007
Raffay Versicherungsdienst G.m.b.H., Hamburg	EUR		–	100.00	100.00	153	1)	2007
Raffay Verwaltungs- und Beteiligungsgesellschaft m.b.H., Hamburg	EUR		–	100.00	100.00	191	−144	2007
"MTH" Motor-Technik-Handelsgesellschaft m. b. H., Hamburg	EUR		–	100.00	100.00	168	−13	2007
Volkswagen Sachsen GmbH, Zwickau	EUR		100.00	–	100.00	515,718	1)	2007
Volkswagen Sachsen Immobilienverwaltungs GmbH, Zwickau	EUR		100.00	–	100.00	76,695	1)	2007
Volkswagen Zubehör GmbH, Dreieich	EUR		100.00	–	100.00	8,969	1)	2007
VW Kraftwerk GmbH, Wolfsburg	EUR		100.00	–	100.00	42,914	1)	2007
2. Abroad								
Audi Australia Pty Ltd., Botany	AUD	1,6757	–	100.00	100.00	17,389	2,468	2007
Audi Brasil Distribuidora de Veiculos Ltda., São Paulo	BRL	2,6145	–	100.00	100.00	15,832	1,172	2007
AUDI BRUSSELS S.A./ N.A., Brüssel	EUR		99.99	0.01	100.00	214,939	10,380	2007
AUDI DO BRASIL E CIA., Curitiba	BRL	2,6145	–	100.00	100.00	178,346	14,329	2007
AUDI HUNGARIA MOTOR Kft., Györ	EUR		–	100.00	100.00	3,809,860	556,227	2007
Audi Japan K.K., Tokio	JPY	164.9300	–	100.00	100.00	6,427,611	797,588	2007
Audi Volkswagen Korea Ltd., Seoul	KRW	1,377.9600	–	100.00	100.00	16,437,896	4,767,100	2007
Audi Volkswagen Middle East FZE, Dubai	USD	1,4721	–	100.00	100.00	21,240	7,741	2007
AUTOEUROPA-AUTOMÓVEIS LDA., Quinta do Anjo	EUR		50.00	50.00	100.00	374,979	13,965	2007
Automobili Lamborghini Holding S.p.A., Sant' Agata Bolognese	EUR		–	100.00	100.00	765,000 3)	43,000 3)	2007
Automobili Lamborghini S.p.A., Sant' Agata Bolognese	EUR		–	100.00	100.00	351,561 3)	42,169 3)	2007
Lamborghini ArtiMarca S.p.A., Sant' Agata Bolognese	EUR		–	100.00	100.00	11,483 3)	3,929 3)	2007
MML S.p.A., Sant' Agata Bolognese	EUR		–	100.00	100.00	5,924	984	2007
VOLKSWAGEN GROUP ITALIA S.P.A., Verona	EUR		–	100.00	100.00	262,154	17,803	2007
VOLKSWAGEN GROUP FIRENZE S.P.A., Florenz	EUR		–	100.00	100.00	6,654	−5.837	2007
AutoVision S. A., Brüssel	EUR		–	100.00	100.00	724	656	2006
BUGATTI INTERNATIONAL S.A., Luxemburg	EUR		100.00	–	100.00	2,249	716	2007

Name and location of company	Currency	Exchange rate (1 Euro =) 31.12.2007	VW AG share of capital in % Direct	Indirect	Total	Equity in '000 local currency	Earnings in '000 local currency	Year
Global Automotive C.V., Amsterdam	EUR		99.99	0.01	100.00	2,913,743	28	2007
Volkswagen International Finance N.V., Amsterdam	EUR		–	100.00	100.00	3,209,687	339,852	2007
Import Volkswagen Group s.r.o., Prag	CZK	26.6280	–	100.00	100.00	585,409	164,762	2007
SKODA AUTO a.s., Mladá Boleslav	CZK	26.6280	–	100.00	100.00	66,532,002	15,891,990	2007
SKODA AUTO India Private Limited, Aurangabad	INR	57.8535	–	100.00	100.00	3,238,881	886,610	2007
SKODA AUTO Polska, S.A., Poznan	PLN	3.5935	–	51.00	51.00	34,816	11,967	2007
SKODA AUTO Slovensko s.r.o., Bratislava	SKK	33.5830	–	100.00	100.00	310,066	23,344	2007
Södertälje Bil Invest Aktiebolag, Södertälje	SEK	9.4415	–	100.00	100.00	307,000	156,569	2006
Din Bil Sverige Aktiebolag, Stockholm	SEK	9.4415	–	100.00	100.00	242,338	59,669	2006
Aktiebolaget Tönseth & Co, Södertälje	SEK	9.4415	–	100.00	100.00	8,080	−508	2006
Din Bil Fastigheter Malmö AB, Stockholm	SEK	9.4415	–	100.00	100.00	607	0	2006
Din Bil Helsingborg Aktiebolag, Stockholm	SEK	9.4415	–	100.00	100.00	13,203	103	2006
Din Bil Stockholm Norr Aktiebolag, Stockholm	SEK	9.4415	–	100.00	100.00	8,403	262	2006
Din Bil Stockholm Söder Aktiebolag, Stockholm	SEK	9.4415	–	100.00	100.00	22,804	767	2006
Volkswagen Group Sverige Aktiebolag, Södertälje	SEK	9,4415	–	100.00	100.00	666,395	230,340	2006
Europeisk Biluthyrning Aktiebolag, Stockholm	SEK	9.4415	–	100.00	100.00	333,875	8)	2006
PSE Sverige Aktiebolag, Södertälje	SEK	9.4415	–	100.00	100.00	600	8)	2006
Volkswagen IT Service Sverige Aktiebolag, Södertälje	SEK	9.4415	–	100.00	100.00	6,591	8)	2006
Volkswagen Parts Logistics Sverige Aktiebolag, Södertälje	SEK	9.4415	–	100.00	100.00	7,116	8)	2006
VOLKSWAGEN Group RUS OOO, Kaluga	RUB	35.9860	0.01	99.99	100.00	2,022,906	929,762	2006
VOLKSWAGEN Group Japan K.K., Toyohashi	JPY	164.9300	–	100.00	100.00	27,487,384	1,040,991	2007
Volkswagen Tokyo K.K.,Tokio	JPY	164.9300	–	100.00	100.00	775,135	242,978	2007
Volkswagen International Payment Services N.V., Amsterdam	EUR		–	100.00	100.00	304,713	2,682	2007
VOLKSWAGEN SLOVAKIA, a.s., Bratislava	SKK	33.5830	–	100.00	100.00	48,647,380	7,606,311	2007
Global VW Automotive B.V., Amsterdam	EUR		100.00	–	100.00	101	71	2007
Groupe VOLKSWAGEN France s.a., Villers-Cotterêts	EUR		100.00	–	100.00	341,487	115,712	2007
BUGATTI AUTOMOBILES SAS, Molsheim	EUR		–	100.00	100.00	10,724 4)	−700 4)	2006
OOO VOLKSWAGEN Rus, Kaluga	RUB	35.9860	50.10	30.00	80.10	601,782	5,467	2006
SEAT, S. A., Martorell, Barcelona	EUR		100.00	–	100.00	1,274,154	169,703	2007
Asturias Motor, S.A., Gijón (Asturias)	EUR		–	100.00	100.00	788	6	2007
Castellana Motor, S.A., Madrid	EUR		–	100.00	100.00	191	−1,244	2007
Catalunya Motor, S.A., Barcelona	EUR		–	100.00	100.00	5,467	−425	2007
CENTRO TÉCNICO DE SEAT, S.A., Martorell, Barcelona	EUR		–	100.00	100.00	178,534	5,433	2007
Gearbox del Prat, S.A., El Prat de Llobregat, Barcelona	EUR		–	100.00	100.00	93,935	981	2007
Huelva Motor, S.A., Huelva	EUR		–	100.00	100.00	1,210	453	2007
Leioa Motor, S.A., Leioa (Vizcaya)	EUR		–	100.00	100.00	3,000	271	2007
Levante Motor, S.A., Valencia	EUR		–	100.00	100.00	3,355	439	2007
Marineda Motor, S.A., La Coruña	EUR		–	100.00	100.00	1,134	37	2007
SEAT PORTUGAL, UNIPESSOAL LDA, Lissabon	EUR		–	100.00	100.00	1,001	106	2007
Sevilla Motor, S.A., Sevilla	EUR		–	100.00	100.00	2,339	162	2007
Valderribas Motor, S.A., Madrid	EUR		–	100.00	100.00	576	−60	2007
Valladolid Motor, S.A., Valladolid	EUR		–	100.00	100.00	2,417	185	2007
Volkswagen Argentina S.A., Buenos Aires	ARS	4.6364	–	100.00	100.00	778,120	90,240	2007
Volkswagen Compañía Financiera S.A., Buenos Aires	ARS	4.6364	–	100.00	100.00	30,324	1,570	2007
Volkswagen S.A. de Ahorro para Fines Determinados, Buenos Aires	ARS	4.6364	–	100.00	100.00	20,845	2,741	2007
Volkswagen-Audi España, S.A., El Prat de Llobregat Barcelona	EUR		–	100.00	100.00	267,310	91,294	2007
Astur Wagen, S.A., Gijón (Asturias)	EUR		–	100.00	100.00	3,788	548	2007
Barna Wagen, S.A., Barcelona	EUR		–	100.00	100.00	1,207	681	2007
Castellana Wagen, S.A., Madrid	EUR		–	100.00	100.00	6,204	294	2007
Catalunya Wagen, S.A., Barcelona	EUR		–	100.00	100.00	5,900	418	2007
Leioa Wagen, S.A., Leioa (Vizcaya)	EUR		–	100.00	100.00	3,143	1,130	2007
Levante Wagen, S.A., Valencia	EUR		–	100.00	100.00	4,455	1,243	2007
Málaga Wagen, S.A., Málaga	EUR		–	100.00	100.00	3,357	619	2007
Sevilla Wagen, S.A., Sevilla	EUR		–	100.00	100.00	6,714	3,072	2007
Valladolid Wagen, S.A., Valladolid	EUR		–	100.00	100.00	2,994	840	2007
Vallehermoso Wagen, S.A., Madrid	EUR		–	100.00	100.00	3,521	518	2007
VOLKSWAGEN FINANCE, S.A. — ESTABLECIMIENTO FINANCIERO DE CRÉDITO, Alcobendas (Madrid)	EUR		–	100.00	100.00	290,612	22,252	2007
SERVILEASE, S.A., Alcobendas (Madrid)	EUR		–	100.00	100.00	12,733	475	2007
Volkswagen Navarra, S.A., Polígono de Landaben, s/n, Arazuri (Navarra)	EUR		–	100.00	100.00	633,026	69,693	2007
SITECH Sp. z o. o., Polkowice	PLN	3.5935	100.00	–	100.00	354,838	66,925	2007
ŠkoFIN s.r.o., Prag	CZK	26.6280	–	100.00	100.00	1,677,961	487,134	2007
Volkswagen Caminhões e Ônibus Indústria e Comércio de Veículos Comerciais Ltda., São Paulo	BRL	2.6145	100.00	–	100.00	1,009,991	24,589	2007
Volkswagen Canada Inc., Ajax, Ontario	CAD	1.4449	70.68	29.32	100.00	174,300	29,779	2006
Audi Canada Inc., Ajax, Ontario	CAD	1.4449	–	100.00	100.00	1,441	3,480	2007
Volkswagen (China) Investment Company Limited, Peking	CNY	10.7524	100.00	–	100.00	3,497,651	933,606	2007
VOLKSWAGEN IMPORT CO. LTD., Tianjin	CNY	10.7524	–	100.00	100.00	77,090	24,103	2006
Volkswagen de Mexico, S.A. de C.V., Puebla/Pue.	MXN	16.0743	100.00	–	100.00	19,239,300	−855,030	2007
Volkswagen do Brasil Indústria de Veículos Automotores Ltda., São Bernardo do Campo, SP	BRL	2.6145	100.00	–	100.00	1,533,961	589,949	2007
VOLKSWAGEN FINANCE BELGIUM S.A., Brüssel	EUR		–	100.00	100.00	3,193	2,455	2007
VOLKSWAGEN FINANCIAL SERVICES AUSTRALIA PTY LIMITED, Botany	AUD	1.6757	–	100.00	100.00	29,275	3,175	2006

Name and location of company	Currency	Exchange rate (1 Euro =) 31.12.2007	VW AG share of capital in % Direct	Indirect	Total	Equity in '000 local currency	Earnings in '000 local currency	Year
VOLKSWAGEN FINANCIAL SERVICES JAPAN LTD., Tokio	JPY	164.9300	–	100.00	100.00	4,236,514	1,053,909	2007
Volkswagen Financial Services N.V., Amsterdam	EUR		–	100.00	100.00	18,229	4,158	2007
Volkswagen Financial Services (UK) Ltd., Milton Keynes	GBP	0.7334	–	100.00	100.00	154,313	12,490	2007
Volkswagen Financial Services (UK) (March) Ltd., Milton Keynes	GBP	0.7334	–	100.00	100.00	5)	5)	2007
Volkswagen Financial Services (UK) (June) Ltd., Milton Keynes	GBP	0.7334	–	100.00	100.00	5)	5)	2007
Volkswagen Financial Services (UK) (September) Ltd., Milton Keynes	GBP	0.7334	–	100.00	100.00	5)	5)	2007
Volkswagen Finans Sverige AB, Södertälje	SEK	9.4415	–	100.00	100.00	147,225	67,206	2007
VOLKSWAGEN GROUP AUSTRALIA PTY LTD., Botany, Sydney	AUD	1.6757	100.00	–	100.00	25,628	13,465	2006
Volkswagen Group of America , Inc., Auburn Hills, Michigan	USD	1.4721	100.00	–	100.00	510,503	86,127	2006
Audi of America, LLC., Auburn Hills (USA)	USD	1.4721	–	100.00	100.00	63,671	69,773	2007
BENTLEY MOTORS, INC., New York	USD	1.4721	–	100.00	100.00	46,136	8,093	2006
LION AIR SERVICES, INC., George Town	USD	1.4721	–	99.99	99.99	31,431	5,215	2006
VW CREDIT, INC., Wilmington, Delaware	USD	1.4721	–	100.00	100.00	1,098,131	104,184	2006
VOLKSWAGEN AUTOMOTIVE FINANCE, L.L.C., Wilmington, Delaware	USD	1.4721	–	100.00	100.00	43,451	357	2006
Volkswagen Auto Lease Entity, LLC, Wilmington, Delaware	USD	1.4721	–	100.00	100.00	120,994	253	2006
VOLKSWAGEN AUTO LEASE UNDERWRITTEN FUNDING, LLC, Wilmington, Delaware	USD	1.4721	–	100.00	100.00	429,408	13,873	2006
VOLKSWAGEN AUTO LOAN VEHICLE, L.L.C., Wilmington, Delaware	USD	1.4721	–	100.00	100.00	42,873	1,241	2006
VOLKSWAGEN AUTO SECURITIZATION TRANSACTION, L.L.C., Wilmington, Delaware	USD	1.4721	–	100.00	100.00	33,909	−842	2006
Volkswagen Bank USA, L.L.C., Salt Lake City, Utah	USD	1,4721	–	100.00	100.00	132,571	16,205	2006
VOLKSWAGEN DEALER FINANCE, L.L.C., Wilmington, Delaware	USD	1.4721	–	100.00	100.00	96,499	14,730	2006
VOLKSWAGEN INDEPENDENT BORROWING ENTITY, L.L.C, Wilmington, Delaware	USD	1.4721	–	100.00	100.00	47,542	712	2006
VOLKSWAGEN OPERATING LEASE TRANSACTION, L.L.C, Wilmington, Delaware	USD	1.4721	–	100.00	100.00	81,958	−3,822	2006
Volkswagen Public Auto Loan Securitization, L.L.C., Wilmington, Delaware	USD	1.4721	–	100.00	100.00	48,991	−13,600	2006
VW CREDIT CANADA INC., St. Laurent, Quebec	CAD	1.4449	–	100.00	100.00	117,938	22,356	2006
VW CREDIT LEASING Ltd., Wilmington, Delaware	USD	1.4721	–	100.00	100.00	100	0	2006
Volkswagen Group Services S.A., Brüssel	EUR		99.99	0.01	100.00	1,559,869	84,754	2006
VOLKSWAGEN Group United Kingdom Ltd., Milton Keynes	GBP	0.7334	100.00	–	100.00	753,400	116,400	2006
Bentley Motor Cars International S.A., Lausanne	CHF	1.6547	–	99.90	99.90	2,740	155	2006
Bentley Motors Limited, Crewe	GBP	0.7334	–	100.00	100.00	–	52,700	2006
BENTLEY MOTOR CARS EXPORT LIMITED, Crewe	GBP	0.7334	–	100.00	100.00	5)	5)	2006
BENTLEY MOTORS CANADA, LTD., Montréal	CAD	1.4449	–	100.00	100.00	1,103	318	2006
CREWE GENUINE LIMITED, Crewe	GBP	0.7334	–	100.00	100.00	5)	5)	2007
James Young Limited, Crewe	GBP	0.7334	–	100.00	100.00	12,474	5)	2006
Volkswagen Group Insurance and Risk Management Services (UK) Limited, Milton Keynes	GBP	0.7334	–	100.00	100.00	43	0	2006
VOLKSWAGEN HOLDING FINANCIÈRE S.A., Villers-Cotterêts	EUR		–	100.00	100.00	78,558	87	2007
VOLKSWAGEN FINANCE S.A., Villers-Cotterêts	EUR		0.32	99.68	100.00	88,108	−3,922	2007
VOLKSWAGEN LEASING SA DE CV, Puebla	MXN	16.0743	–	100.00	100.00	290,648	280,029	2007
Volkswagen Motor Polska Sp. z o.o., Polkowice	PLN	3.5935	100.00	–	100.00	618,432	107,289	2007
Volkswagen of South Africa (Pty.) Ltd., Uitenhage	ZAR	10.0298	100.00	–	100.00	5,145,474	1,240,562	2007
Volkswagen Participações Ltda., São Paulo	BRL	2.6145	–	100.00	100.00	1,141,415	40,742	2007
Banco Volkswagen S.A., São Paulo	BRL	2.6145	–	100.00	100.00	746,009	108,717	2007
Consórcio Nacional Volkswagen - Administradora de Consórcio Ltda., São Paulo	BRL	2.6145	–	100.00	100.00	77,446	13,561	2007
Volkswagen Leasing S.A. Arrendamento Mercantil, São Paulo	BRL	2.6145	–	100.00	100.00	889,754	26,495	2007
Volkswagen Serviços Ltda., São Paulo	BRL	2.6145	–	100.00	100.00	14,911	26,229	2007
Volkswagen Poznan Sp. z o.o., Poznan	PLN	3.5935	100.00	–	100.00	1,999,942	368,978	2007
Volkswagen-Versicherungsdienst Gesellschaft m.b.H., Wien	EUR		–	100.00	100.00	6,876	4,228	2007

B. Not Consolidated Companies

1. Germany

Name and location of company	Currency	Exchange rate (1 Euro =) 31.12.2007	Direct	Indirect	Total	Equity in '000 local currency	Earnings in '000 local currency	Year
Audi Akademie GmbH, Ingolstadt	EUR		–	100.00	100.00	780	1)	2007
Audi Qualifizierungsgesellschaft mbH, Ingolstadt	EUR		–	100.00	100.00	25	1)	2007
Audi Electronics Venture GmbH, Gaimersheim	EUR		–	100.00	100.00	13,360	1)	2007
AUDI Immobilien GmbH & Co. KG, Ingolstadt	EUR		–	100.00	100.00	–	3	2007
AUDI Immobilien Verwaltung GmbH, Ingolstadt	EUR		–	100.00	100.00	39	7	2007
Audi Zentrum Berlin-Charlottenburg GmbH & Co. KG, Berlin	EUR		–	100.00	100.00	1,966	−545	2006
Audi Zentrum Berlin-Charlottenburg Verwaltungs-GmbH, Berlin	EUR		–	100.00	100.00	25	1	2006
Audi Zentrum Frankfurt GmbH, Frankfurt am Main	EUR		–	100.00	100.00	8,025	1)	2007
Audi Zentrum Hamburg GmbH, Hamburg	EUR		–	100.00	100.00	25	6)	2007
Audi Zentrum Stuttgart GmbH & Co. KG, Stuttgart	EUR		–	100.00	100.00	1,000	−1,000	2007
Audi Zentrum Stuttgart Verwaltungs-GmbH, Stuttgart	EUR		–	100.00	100.00	40 4)	15 4)	2007
Autohaus Mann Zehlendorf GmbH, Berlin	EUR		–	100.00	100.00	1,221	296	2006

Name and location of company	Currency	Exchange rate (1 Euro =) 31.12.2007	VW AG share of capital in % Direct	Indirect	Total	Equity in '000 local currency	Earnings in '000 local currency	Year
Autohaus Staamann GmbH & Co. KG, Berlin	EUR		–	100.00	100.00	3,596	263	2006
Autohaus Staamann Verwaltungs GmbH, Berlin	EUR		–	100.00	100.00	25	0	2006
Automobile Rhein-Neckar GmbH, Mannheim	EUR		–	100.00	100.00	3,806	−895	2006
Auto Union GmbH, Ingolstadt	EUR		–	100.00	100.00	354	1)	2007
AVG Automobil Vertriebsgesellschaft mbH, Hannover	EUR		–	100.00	100.00	–	–	2006
AZU Autoteile und -zubehör Vertriebs GmbH, Dreieich	EUR		–	100.00	100.00	57	0	2007
Brandenburgische Automobil-GmbH, Potsdam	EUR		–	100.00	100.00	2,321	267	2006
Carmeq GmbH, Berlin	EUR		–	100.00	100.00	3,100	1)	2006
CC WellCom GmbH, Potsdam	EUR		–	100.00	100.00	25	1)	2007
Eduard Winter Automobilbetriebe GmbH & Co. KG, Berlin	EUR		–	100.00	100.00	4,702	644	2006
Eduard Winter Automobilbetriebe Verwaltungsgesellschaft mbH, Berlin	EUR		–	100.00	100.00	27	1	2006
Eduard Winter Importauto GmbH & Co. KG, Berlin	EUR		–	100.00	100.00	271	−691	2006
Eduard Winter Importauto Verwaltungsgesellschaft mbH, Berlin	EUR		–	100.00	100.00	27	1	2006
Eduard Winter Service GmbH & Co. KG, Berlin	EUR		–	100.00	100.00	200	58	2006
Eduard Winter Service Verwaltungs-GmbH, Berlin	EUR		–	100.00	100.00	26	0	2006
Fahr- und Sicherheitstraining FuS GmbH, Ingolstadt	EUR		–	27.45	27.45	56	812	2007
Groupe Volkswagen France S.A. + Co. OHG, Wolfsburg	EUR		–	100.00	100.00	6)	6)	2006
Groupe Volkswagen France Grundstücksgesellschaft mbH, Wolfsburg	EUR		–	100.00	100,00	7)	7)	2006
Selbstfahrer Union GmbH & Co. KG, Wolfsburg	EUR		–	100.00	100.00	25,554	1,178	2006
Hahn + Lang Automobile GmbH & Co. KG, Stuttgart	EUR		–	100.00	100.00	4,375	−6,492	2006
Hahn + Lang Automobile Verwaltungs-GmbH, Stuttgart	EUR		–	100.00	100.00	32	−1	2006
Hönigsberg & Düvel Datentechnik GmbH, Wolfsburg	EUR		–	87.10	87.10	2,989	390	2006
ISIM International School of Integrated Management GmbH, Braunschweig	EUR		100.00	–	100.00	–	−1	2006
Karosserie- und Lackierzentrum Potsdam GmbH & Co., Potsdam	EUR		–	100.00	100.00	125	213	2006
Karosserie- und Lackierzentrum Potsdam Verwaltungs-GmbH, Potsdam	EUR		–	100.00	100.00	39	1	2006
Kunden Club GmbH des Volkswagen-Konzerns, Wolfsburg	EUR		100.00	–	100.00	144	1)	2006
MMI Marketing Management Institut GmbH, Braunschweig	EUR		100.00	–	100.00	512	1)	2006
NSU GmbH, Neckarsulm	EUR		–	100.00	100.00	326	1)	2007
Osterkamp Automobile GmbH, Aurich	EUR		–	100.00	100.00	–	−1,195	2006
SEAT Deutschland Niederlassung GmbH, Frankfurt am Main	EUR		–	100.00	100.00	113	2	2006
stop+go Systemzentrale GmbH, Unna	EUR		–	100.00	100.00	3,000	1)	2006
UNA 152. Equity Management GmbH, Frankfurt am Main	EUR		–	100.00	100.00	25	7)	2007
Vehicle Trading International (VTI) GmbH, Braunschweig	EUR		–	100.00	100.00	2,927 3)	1,330 3)	2006
VfL Wolfsburg-Fußball GmbH, Wolfsburg	EUR		100.00	–	100.00	1,882	113	2007
Volkswagen Chemnitz GmbH, Chemnitz	EUR		–	100.00	100.00	5,206	−442	2007
Volkswagen Coaching Gesellschaft mbH, Wolfsburg	EUR		100.00	–	100.00	5,369	1)	2007
rkn GmbH, Wolfsburg	EUR		–	100.00	100.00	503	1)	2007
Volkswagen-Bildungsinstitut GmbH, Zwickau	EUR		–	100.00	100.00	256	1)	2007
Volkswagen Design Center Potsdam GmbH, Potsdam	EUR		–	100.00	100.00	2,521	1)	2006
Volkswagen Insurance Brokers GmbH, Wolfsburg	EUR		–	100.00	100.00	1,193	395	2006
Volkswagen Klassik GmbH, Wolfsburg	EUR		–	100.00	100.00	6)	1)	2006
Volkswagen Motorsport GmbH, Hannover	EUR		–	100.00	100.00	2,034	1)	2006
Volkswagen Motorsport Verwaltungs GmbH, Hannover	EUR		–	100.00	100.00	6)	6)	2007
Volkswagen Procurement Service GmbH, Wolfsburg	EUR		–	100.00	100.00	100	1)	2007
Volkswagen Retail Leipzig GmbH, Leipzig	EUR		–	100.00	100.00	12,383 4)	683 4)	2006
Volkswagen Retail Rhein-Main GmbH, Frankfurt am Main	EUR		–	100.00	100.00	7,200	−800	2006
Volkswagen Vertriebsbetreuungsgesellschaft mbH, Chemnitz	EUR		100.00	–	100.00	815	363	2006
Volkswagen Zentrum Bochum Verwaltungsgesellschaft mbH, Bochum	EUR		–	100.00	100.00	3,025	0	2005
Volkswagen Zentrum Bochum GmbH, Bochum	EUR		–	100.00	100.00	5)	5)	2007
WESER-EMS Vertriebsgesellschaft mbH, Bremen	EUR		81.25	–	81.25	5,502	1,487	2007
ZENDA Dienstleistungen GmbH, Würzburg	EUR		–	100.00	100.00	364	325	2006
2. Abroad								
1998, LTD., Springfield, Virginia	USD	1.4721	–	100.00	100.00	14,598	2,328	2006
Apolo Administradora de Bens S/C Ltda., São Bernardo do Campo, SP	BRL	2.6145	–	100.00	100.00	5)	5)	2006
Audi Akademia Hungaria Kft., Györ	EUR		–	100.00	100.00	383	−13	2007
AUDI AUSTRALIA RETAIL OPERATIONS PTY LTD, Botany (Australien)	AUD	1.6757	–	100.00	100.00	6)	6)	2007
						3)	3)	
Audi Japan Sales K.K., Tokio	JPY	164.9300	–	100.00	100.00	186.800 4)	137,209 4)	2007
Audi Real Estate S.L, Barcelona	EUR		–	100.00	100.00	14,371	−129	2007
Audi Tooling Barcelona, S.L., Barcelona	EUR		–	100.00	100.00	2,180	244	2006
Automobiles Villers Services S.A.S., Villes Cotterets	EUR		–	100.00	100.00	6)	6)	2007
Automobili Lamborghini America, LLC, Wilmington, Delaware	USD	1.4721	–	100.00	100.00	59	9	2007
Automotive Components International RUS OOO, Kaluga	RUB	35.9860	–	100.00	100.00	6)	6)	2007
AUTOVISÃO BRASIL DESENVOLVIMENTO DE NEGÓCIOS LTDA., São Bernardo do Campo	BRL	2.6145	–	100.00	100.00	134	33	2006
AutoVize s.r.o., Mladá Boleslav	CZK	26.6280	–	100.00	100.00	2)	2)	2007

Name and location of company	Currency	Exchange rate (1 Euro =) 31.12.2007	VW AG share of capital in % Direct	Indirect	Total	Equity in '000 local currency	Earnings in '000 local currency	Year
A-VISION — PRESTACAO DE SERVICOS À INDÚSTRIA AUTOMÓVEL, UNIPESSOAL LDA, Palmela	EUR		–	100.00	100.00	287	154	2006
BENTLEY INSURANCE SERVICES LIMITED, Crewe	GBP	0.7334	–	100.00	100.00	270	6	2006
Bentley Motor Cars, Inc., New York	USD	1.4721	–	100.00	100.00	5)	5)	2007
BENTLEY MOTOR EXPORT SERVICES LIMITED, Crewe	GBP	0.7334	–	100.00	100.00	5)	5)	2007
CENTRE AUTOMOBILE DE LA RIVIERA CAR SAS, Nice	EUR		–	100.00	100.00	7)	7)	2006
Centre Usato Sangallo S.r.l., Florenz	EUR		–	100.00	100.00	25	10	2007
HAMLIN SERVICES LLC, Wilmington, Delaware	USD	1.4721	–	100.00	100.00	5)	5)	2007
H.J.Mulliner & Co. Limited, Crewe	GBP	0.7334	–	100.00	100.00	5)	5)	2007
HOLAD Holding & Administration AG, Basel	CHF	1.6547	100.00	–	100.00	13,532	0	2007
CARIVIERA SAS, Nice	EUR		–	100.00	100.00	7)	7)	2006
INIS International Insurance Service s.r.o., Mladá Boleslav	CZK	26.6280	–	100.00	100.00	44,787	39,593	2006
INIS International Insurance Service s.r.o., Bratislava	SKK	33.5830	–	100.00	100.00	11,944	7,544	2006
Instituto para Formación y Desarrollo Volkswagen, S.C., Puebla/Pue.	MXN	16.0743	–	100.00	100.00	5,476	−1,258	2006
InterRent Biluthyrning Aktiebolag, Södertälje	SEK	9.4415	–	100.00	100.00	360	5)	2007
LES CARROSSERIES DU CONCESSIONNAIRE SAS, Villers-Cotterêts	EUR		–	100.00	100.00	7)	7)	2006
Limited Liability Company Volkswagen Financial Services RUS, Moskau	RUB	35.9860	–	100.00	100.00	6)	6)	2007
NIRA Dynamics AB, Linköping	SEK	9.4415	–	90.69	90.69	4,041	−7,067	2006
Park Ward & Co. Limited, Crewe	GBP	0.7334	–	100.00	100.00	5)	5)	2007
PARK WARD MOTORS INC., Wilmington, Delaware	USD	1.4721	–	100.00	100.00	5)	5)	2007
Picardie Auto Services S.A.S., Villers-Cotterêts	EUR		–	100.00	100.00	273 3)	−211 3)	2006
PUTT ESTATES (PROPRIETARY) LIMITED, Upington	ZAR	10.0298	–	100.00	100.00	541	378	2007
RIVIERA TECHNIC SAS, Mougins	EUR		–	99.99	99.99	7)	7)	2006
SEAT Nordic AB, Södertälje	SEK	9.4415	–	100.00	100.00	162	17	2006
SEAT Center Arrábida Automóveis Lda., Setúbal	EUR		–	100.00	100.00	545	1	2007
SEAT Saint Martin S.A.S., Paris	EUR		–	100.00	100.00	149	−323	2006
SEAT SPORT, S.A., Martorell, Barcelona	EUR		–	100.00	100.00	3,298	284	2007
SERVICES AUTOMOBILES INFORMATISES SAS, Villeres-Cotterêts	EUR		–	100.00	100.00	7)	7)	2006
SOCIETE IMMOBILIERE AUDI SARL, Paris	EUR		–	100.00	100.00	750	41	2007
SOCIETE NOUVELLE LE CHATAIGNIER SAS, Antibes	EUR		–	99.96	99.96	7)	7)	2006
VILLERS SERVICES CENTER SAS, Paris	EUR		–	100.00	100.00	606	−228	2006
Volksprop Halfway House (Pty.) Ltd., Uitenhage	ZAR	10.0298	–	100.00	100.00	–	158	2006
Volkswagen Automatic Transmission (Dalian) Co., Ltd, Dalian	CNY	10.7524	–	100.00	100.00	6)	6)	2007
VOLKSWAGEN BANK SA INSTITUCION DE BANCA MULTIPLE, Puebla	MXN	16.0743	–	100.00	100.00	6)	6)	2007
Volkswagen Finance (China) Co., Ltd., Peking	CNY	10.7524	–	100.00	100.00	420,197	−38,275	2006
VOLKSWAGEN FINANCIAL SERVICES ASIA-PACIFIC PTE. LTD., Singapur	SGD	2.1163	–	100.00	100.00	100	0	2006
VOLKSWAGEN FINANCIAL SERVICES SINGAPORE LTD., Singapur	SGD	2.1163	–	100.00	100.00	1,993	81	2006
Volkswagen Financial Services Taiwan LTD., Taipei	TWD	47.7650	–	100.00	100.00	130,915	27,519	2006
Volkswagen Group Finanz OOO, Moskau	RUB	35.9860	–	100.00	100.00	73,455	29,915	2006
Volkswagen Group Latin America, Inc., Miami, Florida	USD	1.4721	–	100.00	100.00	617	−47	2006
Volkswagen Group Malaysia Sdn. Bhd, Kuala Lumpur	MYR	4.8682	100.00	–	100.00	11,154	−15,945	2006
VOLKSWAGEN GROUP MILANO S.R.L., Milano (Italien)	EUR		–	100.00	100.00	10	6)	2007
Volkswagen Group Pension Scheme Trustee Limited, Milton Keynes	GBP	0.7334	–	100.00	100.00	5)	5)	2007
VOLKSWAGEN GROUP SALES INDIA PRIVATE LIMITED, Pune	INR	57.8535	91.00	9.00	100.00	6)	6)	2007
Volkswagen Group Singapore Pte. Ltd., Singapur	SGD	2.1163	51.00	49.00	100.00	11,249	692	2006
VOLKSWAGEN INDIA PRIVATE LIMITED, PUNE	INR	57.8535	91.00	9.00	100.00	6)	6)	2007
Volkswagen Insurance Company Ltd., Dublin	EUR		–	100.00	100.00	31,124	5,742	2006
VOLKSWAGEN INSURANCE SERVICE LTD., Milton Keynes	GBP	0.7334	–	100.00	100.00	378	273	2006
VOLKSWAGEN INSURANCE SERVICES, CORREDURIA DE SEGUROS, SL., Barcelona	EUR		–	100.00	100.00	3,313	2,922	2006
Volkswagen Investments Ltd., Dublin	EUR		100.00	–	100.00	5)	5)	2007
Volkswagen Investment Limited Partnership, Cayman Islands	USD	1.4721	99.90	0.10	100.00	5)	5)	2007
VOLKSWAGEN SARAJEVO, d.o.o., Vogosca	EUR		58.00	–	58.00	17,695	974	2006
VOLKSWAGEN SERVICIOS DE ADMINISTRACION DE PERSONAL S.A. de C.V.,Puebla	MXN	16.0743	–	100.00	100.00	136	5)	2006
VOLKSWAGEN SERVICIOS SA DE CV, Puebla	MXN	16.0743	–	100.00	100.00	6)	6)	2007
Volkswagen - Versicherungsdienst AG, Wallisellen	CHF	1.6547	–	100.00	100.00	926	29	2006
VVD VOLKSWAGEN CORRETAGEM DE SEGUROS LTDA., São Paulo	BRL	2.6145	–	100.00	100.00	–	875	2006
ASSIVALO PRESTACAO DE SERVIÇOS AUXILIARES DO SETOR DE SEGUROS LTDA., São Paulo	BRL	2.6145	–	70.00	70.00	1,424	24	2006
MULTIMARCAS CORRETORA DE SEGOROS S/C LTDA., São Paulo	BRL	2.6145	–	100.00	100.00	17 10)	−2 10)	2006
VVS Verzekerings-Service N.V., Amsterdam	EUR		–	60.00	60.00	3,079	2,852	2006
AMER ASSURANTIEN B.V., Amersfoort	EUR		–	100.00	100.00	11)	11)	2006
V.V.S. ASSURADEUREN B.V., Diemen	EUR		–	100.00	100.00	11)	11)	2006
V.V.S. VERZEKERINGEN B.V., Diemen	EUR		–	100.00	100.00	11)	11)	2006
VWFS Real Estate Corporation, Tokio	JPY	164.9300	–	100.00	100.00	61,829	13,232	2006
VWT PARTICIPAÇÕES LTDA., São Bernardo do Campo, SP	BRL	2.6145	–	100.00	100.00	4,391	2,249	2006

Name and location of company	Currency	Exchange rate (1 Euro =) 31.12.2007	VW AG share of capital in % Direct	Indirect	Total	Equity in '000 local currency	Earnings in '000 local currency	Year
VOLKSWAGEN LOGISTICS PRESTAÇÃO DE SERVIÇOS DE LOGÍSTICA E TRANSPORTE LTDA., São Bernardo do Campo, SP	BRL	2.6145	–	100.00	100.00	7,210	3,760	2006
ZAO Evroavto, Sergiev Posad	RUB	35.9860	–	100.00	100.00	100	5)	2006
III. JOINT VENTURES								
A. At Equity Consolidated Companies								
1. Germany								
IAV GmbH Ingenieurgesellschaft Auto und Verkehr, Berlin	EUR		50.00	–	50.00	43,085	6,339	2006
2. Abroad								
Dead Sea Magnesium Ltd., Sodom	USD	1.4721	35.00	–	35.00	– 12)	–51,479 12)	2006
FAW-Volkswagen Automotive Company, Ltd., Changchun	CNY	10.7524	20.00	20.00	40.00	13,497,349	5,034,651	2007
Global Mobility Holding B.V., Amsterdam	EUR		–	50.00	50.00	2,104,961	79,233	2006
LeasePlan Corporation N.V., Amsterdam	EUR		–	–	9)	1,371,972	210,804	2006
Shanghai-Volkswagen Automotive Company Ltd., Shangha	CNY	10.7524	40.00	10.00	50.00	17,478,954 12)	2,288,543 12)	2006
Shanghai Volkswagen Powertrain Company Ltd., Shangha	CNY	10.7524	–	60.00	60.00	676,200	–9,488	2007
VDF Servis Holding A.Ş., Istanbul	TRY	1.7170	–	51.00	51.00	6)	6)	2007
VDF SIGORTA ARACILIK HIZMETLERI A.Ş., Istanbul	TRY	1.7170	–	99.99	99.99	453	347	2006
VOLKSWAGEN BANK POLSKA S.A., Warschau	PLN	3.5935	–	60,00	60.00	189,626	37,094	2006
VOLKSWAGEN SERWIS UBEZPIECZENIOWY SP. Z O.O., Warschau	PLN	3.5935	–	100.00	100.00	12,781	12,731	2006
VOLKSWAGEN DOĞUŞ TÜKETICI FINANSMANI ANONIM ŞIRKETI, Maslak-Istanbul	TRY	1.7170	–	51.00	51.00	39,458	18,344	2006
VOLKSWAGEN FAW Engine (Dalian) Co. Ltd., Dalian	CNY	10.7524	–	60.00	60.00	995,094	–117,720	2006
Volkswagen FAW Platform Company Ltd., Changchun	CNY	10.7524	–	60.00	60.00	413,682	2,289	2006
VOLKSWAGEN Finančnè služby Slovensko s.r.o., Bratislava	SKK	33.5830	–	58.00	58.00	743,366	90,195	2006
Volkswagen Leasing Polska Sp. z o.o., Warschau	PLN	3.5935	–	60.00	60.00	13,192 10)	7,233 10)	2006
Volkswagen Pon Financial Services B.V., Amersfoort	EUR		–	60.00	60.00	156,230	26,103	2006
Autolease Zeeland Beheer B.V., Goes	EUR		–	100.00	100.00	11)	11)	2006
DutchLease Goes B.V., Goes	EUR		–	100.00	100.00	11)	11)	2006
DFM N.V., Amersfoort	EUR		–	100.00	100.00	11)	11)	2006
DFM Autofinanciering B.V., Amersfoort	EUR		–	100.00	100.00	11)	11)	2006
DutchLease Amsterdam B.V., Amsterdam	EUR		–	100.00	100.00	11)	11)	2006
DutchLease Rotterdam B.V., Rotterdam	EUR		–	100.00	100.00	11)	11)	2006
DutchLease Utrecht B.V., Utrecht	EUR		–	100.00	100.00	11)	11)	2006
Lease + Balans B.V., Amersfoort	EUR		–	100.00	100.00	11)	11)	2006
Lease + B.V., Amersfoort	EUR		–	100.00	100.00	11)	11)	2006
Midland Beheer B.V., Amersfoort	EUR		–	100.00	100.00	11)	11)	2006
Volkswagen Leasing B.V., Amersfoort	EUR		–	100.00	100.00	11)	11)	2006
VOLKSWAGEN Transmission (Shanghai) Company Ltd., Shanghai	CNY	10.7524	–	60.00	60.00	276,656	46,233	2006
B. At Cost Consolidated Companies								
1. Germany								
August Horch Museum Zwickau GmbH, Zwickau	EUR		–	50.00	50.00	591	99	2006
AUTOMEILE Ausstellungsgesellschaft m.b.H., Hamburg	EUR		–	50.00	50.00	29	5)	2006
Deutsche Automobilgesellschaft mbH, Braunschweig	EUR		50.00	–	50.00	2)	2)	2007
LGI Logistikzentrum im Güterverkehrszentrum Ingolstadt Betreibergesellschaft mbH, Ingolstadt	EUR		–	50.00	50.00	1,928	549	2006
Objekt Audi Zentrum Berlin-Charlottenburg Verwaltungsgesellschaft mbH, Berlin	EUR		–	50.00	50.00	57	7	2007
Objektgesellschaft Audi Zentrum Berlin-Charlottenburg mbH & Co. KG, Berlin	EUR		–	50.00	50.00	15,000	–408	2007
PMDTechnologies GmbH, Siegen	EUR		–	50.00	50.00	6,669	105	2007
Wolfsburg AG, Wolfsburg	EUR		50.00	–	50.00	27,573	2,676	2006
2. Abroad								
Krupp Módulos Automotivos do Brasil Ltda., São José dos Pinhais, PR	BRL	2.6145	–	49.00	49.00	17,635	–1,354	2006
SAIC-Volkswagen Sales Company Ltd., Shanghai	CNY	10.7524	–	40.00	40.00	606,811	55,606	2006
SITECH Dongchang Automotive Seating Technology Ltd., Shanghai	CNY	10.7524	–	60.00	60.00	35,867	1,008	2006
STURUPS BILSERVICE AB, Sturup	SEK	9.4415	–	33.40	33.40	271,060	3,854	2006
Trio Bilservice Aktiebolag, Västeras	SEK	9.4415	–	33.30	33.30	130,952	87	2006
Volkswagen Beijing Center Co.,Ltd., Peking	CNY	10.7524	–	70.00	70.00	31,508	1,609	2006
VOLKSWAGEN Finančnè služby Maklérska s.r.o., Bratislava	SKK	33.5830	–	58.00	58.00	46,978	46,758	2006
IV. ASSOCIATED COMPANIES								
A. At Equity Consolidated Associated Companies								
1. Germany								
Autoport Emden GmbH, Emden	EUR		–	33.33	33.33	172	20	2006
MAN Aktiengesellschaft, München	EUR		29.90	–	29.90	2,012,823	334,080	2006
2. Abroad								
SCANIA Aktiebolag, Södertälje	SEK	9.4415	37.44	–	37.44	21,972 13)	10,520 13)	2006

Name and location of company	Currency	Exchange rate (1 Euro =) 31.12.2007	VW AG share of capital in % Direct	Indirect	Total	Equity in '000 local currency	Earnings in '000 local currency	Year
B. At Cost Consolidated Associated Companies								
1. Germany								
Abgaszentrum der Automobilindustrie GbR, Weissach	EUR		–	–	–	–	–	
ALC Auto-Lackier-Center GmbH, Chemnitz	EUR		–	20.00	20.00	579	140	2006
Extessy AG, Wolfsburg	EUR		–	24.90	24.90	12	−304	2006
Fahrzeugteile Service-Zentrum Mellendorf GmbH, Wedemark (Mellendorf)	EUR		26.00	23.70	49.70	3,515	2,287	2006
GIF Gewerbe- und Industriepark Bad Friedrichshall GmbH, Bad Friedrichshal	EUR		–	30.00	30.00	1,750	179	2006
GVZ Entwicklungsgesellschaft Wolfsburg mbH, Wolfsburg	EUR		–	30.80	30.80	999	260	2006
LivingSolids GmbH, Magdeburg	EUR		–	24.90	24.90	–	−828	2006
PDB - Partnership for Dummy Technology and Biomechanics GbR, Ingolstadt	EUR		–	–	–	– 3)	– 3)	
Theater der Stadt Wolfsburg GmbH, Wolfsburg	EUR		25.40	–	25.40	124	0	2007
VW AUDI Vertrieb GmbH, Berlin	EUR		26.00	–	26.00	2)	2)	2007
2. Abroad								
e4t electronics for transportation s.r.o., Prag	CZK	26.6280	–	49.00	49.00	18,925	6,012	2006
Servicios Especiales de Ventas Automotrices, S.A. de C.V., México, D.F.	MXN	16.0743	–	25.00	25.00	49,544	−252	2006
SKO-ENERGO s.r.o., Mladá Boleslav	CZK	26.6280	–	46.00	46.00	55,275	35,429	2006
Smart Material Corp., Sarasota	USD	1.4721	–	24.90	24.90	1,054	−63	2006
TAS Tvornica Automobila Sarajevo d.o.o., Vogosca	EUR		50.00	–	50.00	5)	5)	2007
TTTech Computertechnik AG, Wien	EUR		–	24.99	24.99	5,604	129	2006
Volkswagen of Nigeria Ltd., Lagos	NGN	174.3703	40.00	–	40.00	5)	5)	2007
Yontrakit Volkswagen Marketing Limited Co., Bangkok	THB	43.8000	–	45.00	45.00	5)	5)	2007
V. Investments								
1. Germany								
GKH-Gemeinschaftskraftwerk Hannover GmbH, Hannover	EUR		–	15.30	15.30	10,226	1)	2006
NEULAND Wohnungsgesellschaft mbH, Wolfsburg	EUR		–	20.00	20.00	73,883	8,338	2006
Niedersächsische Gesellschaft zur Endablagerung von Sonderabfall mbH, Hannover	EUR		10.00	–	10.00	11,404	994	2006
2. Abroad								
ŠKO-ENERGO FIN s.r.o., Mladá Boleslav	CZK	26.6280	–	10.00	10.00	658,394	207,511	2006

1) Profit Transfer Agreement
2) In Liquidation
3) Differing Fiscal Year
4) Shortened Fiscal Year
5) Currently Not Trading
6) Newly Established Company
7) Newly Acquired Company
8) Other Profit Transfer
9) Global Mobility Holding B.V., Amsterdam holds 100% of the shares of LeasePlan Corporation N.V., Amsterdam
10) Consolidated Accounts
11) Value is included in the Consolidated Accounts of the Holding Company
12) Numbers according to IFRS
13) Stated in Millions of Local Currency

With regard to the following companies Volkswagen AG is liable without limitation

1. Abgaszentrum der Automobilindustrie GbR, Weissach
2. LOCATOR Grundstücksvermietungsgesellschaft mbH und Volkswagen AG in Gesellschaft bürgerlichen Rechts, Eschborn
3. PDB – Partnership for Dummy Technology and Biomechanics GbR, Ingolstadt
4. Volkswagen AG Preussen Elektra AG OHG, Wolfsburg
5. Volkswagen Logistics GmbH & Co. OHG, Wolfsburg

Responsibility Statement

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

Wolfsburg, February 18, 2008

Volkswagen Aktiengesellschaft

The Board of Management

Martin Winterkorn	Francisco Javier Garcia Sanz	Jochem Heizmann
Horst Neumann	Hans Dieter Pötsch	

The following auditor's report (*Bestätigungsvermerk*) has been issued in accordance with § 322 German Commercial Code (*Handelsgesetzbuch*) on the consolidated financial statements and the group management report (*Konzernlagebericht*) of Volkswagen AG as of and for the fiscal year ended December 31, 2007. The group management report is neither included nor incorporated by reference in this prospectus. This report was originally prepared in German. In case of ambiguities, the German version takes precedence.

Auditor's Report

We have audited the consolidated financial statements prepared by VOLKSWAGEN AKTIENGESELLSCHAFT, Wolfsburg, comprising the income statement, the balance sheet and the statements of recognized income and expense and cash flows as well as the notes to the consolidated financial statements, together with the group management report, which is combined with the management report of the Company for the business year from January 1 to December 31, 2007. The preparation of the consolidated financial statements and the combined management report in accordance with the IFRSs, as adopted by the EU, and the additional requirements of German commercial law pursuant to § (article) 315a Abs. (paragraph) 1 HGB ("Handelsgesetzbuch": German Commercial Code) are the responsibility of the Company's Board of Management. Our responsibility is to express an opinion on the consolidated financial statements and on the combined management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with § 317 HGB 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 consolidated financial statements in accordance with the applicable financial reporting framework and in the combined management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements 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 consolidated financial statements and the combined management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of the entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by the Company's Board of Management, as well as evaluating the overall presentation of the consolidated financial statements and the combined management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with the IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Article 315a paragraph 1 HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The combined management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Hanover, February 19, 2008

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Prof. Dr. Norbert Winkeljohann Wirtschaftsprüfer	Harald Kayser Wirtschaftsprüfer

Annual Financial Statements of Volkswagen AG

Balance Sheet of Volkswagen AG as of December 31, 2009

			Note	Dec. 31, 2009	Dec. 31, 2008
				€ million	
Assets					
Fixed assets			**1**		
Intangible assets				199	218
Tangible assets				3,932	3,892
Long-term financial assets				34,505	29,907
				38,636	34,017
Current assets					
Inventories			2	3,361	3,680
Receivables and other assets			3	10,376	14,777
Securities			4	80	450
Cash-in-hand and bank balances			5	8,825	3,712
				22,641	**22,619**
Prepaid expenses				**58**	**49**
Total assets				**61,334**	**56,685**
Equity and Liabilities					
Equity					
Subscribed capital			6	1,025	1,024
Ordinary shares		755			
Preferred shares		269			
Contingent capital	7				
Capital reserves			7	5,356	5,351
Revenue reserves			8	4,792	4,592
Net retained profits				884	781
				12,056	**11,748**
Special tax-allowable reserves			**9**	**65**	**70**
Provisions			**10**	**23,236**	**23,370**
Liabilities			**11**	**25,973**	**21,495**
Deferred income				**5**	**2**
Total equity and liabilities				**61,334**	**56,685**

Income Statement of Volkswagen AG for the Period January 1 to December 31, 2009

	Note	2009	2008
		€ million	
Sales	**12**	**47,864**	**56,710**
Cost of sales		−47,454	−55,780
Gross profit on sales		**410**	**930**
Selling expenses		−3,985	−3,589
General and administrative expenses		−794	−752
Other operating income	13	4,435	5,238
Other operating expenses	14	−2,717	−3,775
Financial result	15	4,453	4,688
Write-downs of long-term financial assets and securities classified as current assets		−290	−216
Result from ordinary activities		**1,512**	**2,524**
Taxes on income		−430	−1,697
Net income for the year		**1,082**	**827**

Notes to the Annual Financial Statements of Volkswagen AG for the Period ended December 31, 2009

Financial statements in accordance with the German Commercial Code

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).

To enhance the clarity of presentation, we have combined individual items of the balance sheet and the income statement. 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.

Volkswagen AG is a vertically integrated energy company within the meaning of section 3 no. 38 of the Energiewirtschaftsgesetz (EnWG – German Energy Industry Act) and is therefore subject to the provisions of the EnWG. In the electricity sector, both Volkswagen AG and a subsidiary carry out the functions of generation and sales as well as electricity distribution. To prevent discrimination and cross-subsidies, separate accounts must as a rule be maintained for these functions in accordance with section 10(3) of the EnWG. In addition, a balance sheet and income statement that comply with the provisions contained in section 10(1) of the EnWG must be prepared for each area of activity. (Unbundling requirement in internal accounting systems). As Volkswagen AG's electricity distribution activities (site network) do not serve the purpose of general provision and are also extremely insignificant, Volkswagen AG has not reported these activities separately and has limited itself to preparing a separate presentation of its other activities within the electricity sector in accordance with the purpose of the EnWG to prevent discrimination and cross-subsidies.

We do not believe that the European Court of Justice ruling of May 22, 2008 regarding the provisions granting privileges for site networks affects VW AG's accounting, as the ruling relates exclusively to network access issues and not to separate accounting.

The list of all shareholdings can be downloaded from the electronic companies register at www.unternehmensregister.de and from www.volkswagenag.com/ir under the heading "Mandatory Publications" and the menu item "Annual Reports".

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 November 20, 2009.

The declaration of conformity has been made permanently available at www.volkswagenag.com/ir under the heading "Corporate Governance" and the menu item "Declarations of Conformity".

Significant events in the fiscal year

In the course of the planned merger with Porsche Automobil Holding SE, Volkswagen AG acquired a 49.9% interest in Porsche Zwischenholding GmbH for €3,884 million.

As part of the continued realignment of our foreign equity investments, the shares of Bentley Motors Ltd. were transferred from VW Group U.K. to Volkswagen AG.

The equity investment in Scania AB was increased by €392 million by acquiring further shares. In addition, a capital contribution of €566 million was made at VW Group U.K. and of €500 million at VW Group Services.

A further €706 million was invested in long-term investments.

Accounting policies

In most cases, the accounting policies applied in the previous year were retained. Any changes in specific instances are individually addressed in the following.

Intangible assets are carried at cost and amortized over three to five years using the straight-line method. Grants paid for third-party assets are capitalized as purchased rights to use and amortized over five years.

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 derived from the official tax depreciation tables:

- Buildings: . . . . 25–50 years
- Leasehold improvements: . . . . 9–33 years
- Technical equipment and machinery: . . . . 5–20 years
- Operating and office equipment (including special tools and devices): . . . . 3–25 years

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 multi-shift operation. Movable items of tangible assets purchased or manufactured after December 31, 2007 are only depreciated using the straight-line method.

Additions of movable assets are depreciated ratably in the year of acquisition.

Low-value assets are depreciated over five years and subsequently derecognized in accordance with tax provisions. 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 are recorded in the special tax-allowable reserves presented between equity and liabilities in the balance sheet.

Shares in affiliated companies and other equity investments are carried at the lower of cost and net realizable value.

Long-term investments are carried at the lower of cost or fair value.

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 work in progress also includes proportionate indirect materials and labor costs, including depreciation in the amount required under tax law.

Adequate valuation allowances take account of all identifiable storage and inventory risks.

Receivables and other assets are carried at their principal amounts. Valuation allowances 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.

Receivables denominated in foreign currencies are translated at the exchange rate prevailing at the date of initial recognition. 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; higher exchange rates at the balance sheet date (remeasurement gains) are not recognized. Hedged receivables are not remeasured at the closing rate.

Purchased foreign currency and interest rate 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.

Adequate provisions are recognized for identifiable risks and uncertain obligations on the basis of prudent business judgment. Provisions cover all identifiable risks of future settlement.

Provisions for pensions and similar obligations are carried at the actuarial present value computed using the German entry age normal method and reflect current mortality tables. A discount rate of 5.5% was used.

Since fiscal year 2001, pension obligations have been linked to investments in the capital markets.

Provisions for jubilee payments are discounted at 5.5% per annum, reflecting tax recognition and measurement provisions.

Provisions for obligations under partial retirement arrangements are discounted to the present value at a real discount rate of 1.8%.

Provisions for warranty obligations are recognized on the basis of the historical or estimated probability of claims affecting vehicles delivered.

Currency forwards 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 redemption or settlement amount.

Liabilities denominated in foreign currencies are translated at the exchange rate prevailing at the date of initial recognition. A higher exchange rate at the balance sheet date results in the recognition of the liability at a higher carrying amount, with the difference recognized in the income statement. Lower exchange rates at the balance sheet date (remeasurement gains) are not recognized.

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

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

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.

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.

Foreign currency translation

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. Equity investments are translated at the rate prevailing at the date of acquisition.

To hedge future cash flows – primarily from expected future sales, purchases of materials and credit transactions – against currency and interest rate fluctuations, Volkswagen AG uses derivatives such as currency forwards and options, including structured options, as well as interest-rate hedges, such as caps. Such transactions are measured in accordance with the imparity principle (under which expected or unrealized losses must be recognized, but the recognition of unrealized gains is prohibited). Assets or liabilities hedged by cross-currency swaps and currency forwards are translated at the contractually agreed rates at the time of initial recognition.

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 10 to 11. The carrying amount of fixed assets is €38,636 million at the balance sheet date. Fixed assets are composed of intangible assets, tangible assets and long-term financial assets.

Capital expenditures amounted to:

	2009	2008
	€ million	
Intangible assets	62	79
Tangible assets	1,313	1,444
Long-term financial assets	7,813	9,758
Total	9,189	11,281

Depreciation, amortization and write-downs were charged on:

	2009	2008
	€ million	
Intangible assets	84	73
Tangible assets	1,248	1,488
Long-term financial assets	290	35
Total	1,622	1,596

The additions to shares in affiliated companies and other equity investments primarily relate to the acquisition of shares of Porsche Zwischenholding GmbH, capital contributions at VW Group UK, VW Group Services S. A., Bentley Motors Ltd. and AUDI AG as well as to the purchase of shares of Scania AB.

Most of the disposals of shares in affiliated companies result from the planned contribution of companies to the Dutch intermediate holding company and a capital reduction at VW Financial Services AG.

Volkswagen AG invested a further €706 million in long-term investments in 2009.

Long-term investments also include the profit participation certificates issued by an affiliated company in the amount of €1 million. In addition, they include the shares in securities investment funds held by Volkswagen Pension Trust e.V. in trust for Volkswagen AG amounting to €2,424 million. These represent the values of employee Time Assets transferred to the Pension Trust and the contribution of the annual benefit expense to the pension fund.

Reversals of write-downs of long-term financial assets relate almost exclusively to the carrying amount of VW of South Africa (Pty.) Ltd.

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STATEMENT OF CHANGES IN FIXED ASSETS OF VOLKSWAGEN AG

	Gross carrying amounts				
	Cost Jan. 1, 2009	Additions	Transfers	Disposals	Cost Dec. 31, 2009
			€ million		
Intangible assets					
Concessions, industrial and similar rights and assets and licenses in such rights and assets	557	62	10	45	583
Payments on account	6	0	−5	–	2
	563	**62**	**5**	**45**	**585**
Tangible assets					
Land, land rights and buildings and buildings on third-party land	4,518	49	32	1	4,597
Technical equipment and machinery	9,760	393	170	298	10,025
Other equipment, operating and office equipment	13,247	684	82	241	13,771
Payments on account and assets under construction	374	188	−289	4	269
	27,899	**1,313**	**−5**	**543**	**28,663**
Long-term financial assets					
Shares in affiliated companies	22,668	6,967	–	1,724	27,911
Loans to affiliated companies	155	140	–	63	233
Other equity investments	3,401	0	–	1	3,399
Loans to other investees and investors	8	0	–	6	1
Long-term investments	4,907	706	–	1,225	4,389
Other loans	78	0	–	1	78
	31,217	**7,813**	**–**	**3,020**	**36,010**
Total fixed assets	**59,679**	**9,189**	**–**	**3,609**	**65,258**

Depreciation, amortization and write-downs							
Cumulative depreciation, amortization and write-downs Jan. 1, 2009	**Depreciation, amortization and write-downs in current year**	**Disposals**	**Transfers**	**Reversals of write-downs**	**Cumulative depreciation, amortization and write-downs Dec. 31, 2009**	**Carrying amounts Dec. 31, 2009**	**Carrying amounts Dec. 31, 2008**
345	84	42	0	–	386	197	212
–	–	–	–	–	–	2	6
345	**84**	**42**	**0**	**–**	**386**	**199**	**218**
3,491	98	1	0	–	3,588	1,010	1,027
8,849	406	285	0	–	8,970	1,055	911
11,667	744	238	0	–	12,173	1,598	1,580
–	–	–	–	–	–	269	374
24,007	**1,248**	**524**	**0**	**–**	**24,731**	**3,932**	**3,892**
1,203	290	31	–	63	1,399	26,512	21,465
0	–	–	–	–	0	232	155
70	–	0	–	–	69	3,330	3,331
2	–	0	–	0	1	0	6
35	–	–	–	–	35	4,353	4,872
0	0	0	–	0	0	77	78
1,310	**290**	**31**	**–**	**63**	**1,505**	**34,505**	**29,907**
25,662	**1,622**	**598**	**–**	**63**	**26,623**	**38,636**	**34,017**

(2) INVENTORIES

	Dec. 31, 2009	Dec. 31, 2008
	€ million	
Raw materials, consumables and supplies	597	586
Work in progress	651	772
Finished goods and merchandise	2,029	2,251
Payments on account	84	71
	3,361	**3,680**

(3) RECEIVABLES AND OTHER ASSETS

	Dec. 31, 2009	Dec. 31, 2008
	€ million	
Trade receivables	911	828
due after more than one year	(1)	(–)
Receivables from affiliated companies	7,118	10,918
thereof trade receivables	(1,258)	(1,297)
due after more than one year	(2,024)	(1,106)
Receivables from other investees and investors	204	346
thereof trade receivables	(168)	(63)
due after more than one year	(–)	(–)
Other assets	2,142	2,685
due after more than one year	(805)	(913)
	10,376	**14,777**

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

Other assets primarily include tax and cost reimbursements that are not yet due (€1,482 million and €188 million respectively) and rights from foreign currency option transactions entered into (€100 million).

(4) SECURITIES

	Dec. 31, 2009	Dec. 31, 2008
	€ million	
Other securities	80	450
	80	**450**

(5) CASH-IN-HAND AND BANK BALANCES

Of the bank balances, €895 million relates to balances at an affiliated company, of which €730 million has a term of more than one year.

(6) 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 an €0.06 higher dividend than ordinary shares, but do not carry voting rights.

Because of the capital increase implemented in fiscal year 2009 due to the exercise of conversion rights from the sixth, seventh and eighth tranches of the stock option plan, the subscribed capital increased by a total of €0.2 million to €1,025 million.

The subscribed capital is composed of 295,005,397 no-par value ordinary shares and 105,238,280 preferred shares.

The Annual General Meeting on May 3, 2006 resolved to create authorized capital of up to €90 million, expiring on May 2, 2011, to issue new no-par value ordinary bearer shares.

The Extraordinary General Meeting on December 3, 2009 resolved to create authorized capital of up to €345.6 million, expiring on December 2, 2014, to issue up to 135 million new no-par value preferred bearer shares. This resolution will only become effective when it is entered in the commercial register; this had not taken place as of the date on which the financial statements were prepared.

STOCK OPTION PLAN

The Board of Management, with the consent of the Supervisory Board, exercised the authorization given by the Annual General Meeting on April 16, 2002 to implement a stock option plan. Contingent capital of €7 million was created for this purpose. The contingent capital increase will only be implemented to the extent that the holders of convertible bonds issued on the basis of the authorization by the Annual General Meeting to establish a stock option plan exercise their conversion rights.

The stock option plan entitles the optionees – the Board of Management, Group senior executives and management, as well as employees of Volkswagen AG covered by collective pay agreements – to purchase options on shares of Volkswagen AG by subscribing for convertible bonds at a price of €2.56 each. Each bond is convertible into ten ordinary shares.

The stock options are not accounted for until the exercise date. The conversion price then received for the new shares is credited to subscribed capital or capital reserves.

The conversion prices and periods following expiration of the first five tranches are shown in the following table. The information on the sixth tranche is presented as data for fiscal year 2009, although this tranche has now also expired.

	6th tranche	7th tranche	8th tranche
		€	
Base conversion price	38.68	37.99	58.18
Conversion price			
as from July 10, 2006	42.55		
as from publication of interim report for Jan.-Sept. 2006	44.48		
as from July 9, 2007		41.79	
as from publication of interim report for Jan.-Sept. 2007	46.42	43.69	
as from July 8, 2008			64.00
as from publication of interim report for Jan.-Sept. 2008	48.35	45.59	66.91
as from publication of interim report for Jan.-Sept. 2009		47.49	69.82
as from publication of interim report for Jan.-Sept. 2010			72.73
Beginning of conversion period	July 10, 2006	July 9, 2007	July 8, 2008
End of conversion period	July 2, 2009	July 1, 2010	June 30, 2011

The total value at December 31, 2009 of the convertible bonds issued at €2.56 per convertible bond was €21,719.04 (= 8,484 bonds), conveying the right to purchase 84,840 ordinary shares. The liabilities from convertible bonds are recognized under other liabilities. In fiscal year 2009, five convertible bonds with a value of €12.80 were returned by employees who have since left the Company. 8,519 conversion rights from the sixth, seventh and eighth tranches with a nominal value of €21,808.64 have been exercised. 85,190 shares with a notional value of €218,086.40 were thus issued.

Changes in the rights to stock options granted (sixth to eighth tranches) are shown in the following table:

	Nominal value of convertible bonds	Number of conversion rights	Number of potential ordinary shares
	€	Rights	Shares
Balance at Jan. 1, 2009	**43,540.48**	**17,008**	**170,080**
Exercised in the fiscal year	21,808.64	8,519	85,190
Returned in the fiscal year	12.80	5	50
Balance at Dec. 31, 2009	**21,719.04**	**8,484**	**84,840**

(7) CAPITAL RESERVES

	Dec. 31, 2009	Dec. 31, 2008
	€ million	
	5,356	**5,351**

The capital reserves comprise the share premium of a total of €5,030 million from the capital increases, the share premium of €219 million from the issue of bonds with warrants, and an amount of €107 million appropriated on the basis of the capital reduction implemented in a previous fiscal year. The share premium from the capital increase resulting from the exercise of conversion rights from the stock option plan increased the capital reserves by €4 million in fiscal year 2009. No amounts were withdrawn from the capital reserves.

(8) REVENUE RESERVES

	Dec. 31, 2009	Dec. 31, 2008
	€ million	
Legal reserve	31	31
Other revenue reserves	4,761	4,561
	4,792	**4,592**

In accordance with section 58(2) of the AktG, a total of €200 million was appropriated from net income for the year to other revenue reserves.

(9) SPECIAL TAX-ALLOWABLE RESERVES

	Dec. 31, 2009	Dec. 31, 2008
	€ million	
Tax-free reserves	0	0
Accelerated tax depreciation	64	70
	65	**70**

The accelerated tax depreciation at Volkswagen AG relates to write-downs in accordance with section 3(2) of the Zonenrandförderungs-Gesetz (German Zonal Border Development Act), section 6b of the Einkommensteuergesetz (EStG – German Income Tax Act)/section 6.6 of the Einkommensteuerrichtlinien (EStR – German Income Tax Regulations), section 7d of the EStG and section 82d of the Einkommensteuer-Durchführungsverordnung (EStDV – German Income Tax Implementing Order).

There is a small amount of tax-free reserves in accordance with section 6b of the EStG.

(10) PROVISIONS

	Dec. 31, 2009	Dec. 31, 2008
	€ million	
Provisions for pensions and similar obligations	9,323	9,013
Provisions for taxes	4,241	4,087
Other provisions	9,672	10,270
	23,236	23,370
thereof: short-term (up to 1 year)	5,029	5,706
medium-term	7,765	7,770
long-term (over 5 years)	10,442	9,894
	23,236	**23,370**

Among other items, other provisions include provisions for warranties (€2.6 billion), personnel expenses (€2.4 billion mainly for long-service jubilees, partial retirement arrangements, obligations under Time Assets and other workforce costs), other selling expenses (€1.9 billion) and risks arising from the measurement of commodity and foreign currency hedges (€0.2 billion).

(11) LIABILITIES

	Due within 1 year	Total Dec. 31, 2009	Total Dec. 31, 2008	Due within 1 year
	€ million			
Type of liability				
Liabilities to banks	61	461	328	328
Payments received on account of orders	18	18	95	95
Trade payables	1,771	1,771	1,524	1,524
Liabilities to affiliated companies	15,190	22,952	17,480	15,679
Liabilities to other investees and investors	58	58	33	33
Other liabilities	430	714	2,035	1,754
thereof: taxes	(74)	(74)	(66)	(66)
social security	(7)	(7)	(7)	(7)
	17,528	**25,973**	**21,495**	**19,413**

€1,173 million (previous year: €933 million) of the liabilities to affiliated companies and €40 million (previous year: €14 million) of the liabilities to other investees and investors relate to trade payables. €21,210 million (previous year: €15,937 million) of the liabilities is interest-bearing. €7,693 million of liabilities to affiliated companies is due after more than five years. €57 million (previous year: €97 million) of other liabilities relates to liabilities due after more than five years. Standard retention of title applies to the liabilities from deliveries of goods contained in the amounts shown above.

Contingencies and commitments

Contingent liabilities

	Dec. 31, 2009	Dec. 31, 2008
	€ million	
Contingent liabilities from guarantees	34	200
Contingent liabilities from warranties	25,855	14,870
of which relating to affiliated companies	(6,238)	(21)
Granting of security for third-party liabilities	942	301
Total	**26,831**	**15,371**

Contingent liabilities from warranties relate primarily to guarantees given to creditors of subsidiaries for bonds issued by these subsidiaries and related swap transactions entered into.

Other financial commitments

Loan commitments to subsidiaries result in financial obligations of approximately €5.6 billion until no longer than 2014.

The financial obligations resulting from rental and leasing agreements amount to a total of €626 million (previous year: €624 million), of which €118 million is due in 2010. Agreements with a term of up to five years – with expenditures in 2010 amounting to €74 million (including €14 million to affiliated companies) – are expected to account for a total of €150 million (including €40 million to affiliated companies). For agreements with terms of up to 25 years, the financial obligations over the entire remaining contractual term amount to approximately €476 million, including €75 million to affiliated companies (€44 million in 2010, including €11 million to affiliated companies).

Around 38 hectares of land (carrying amount €3 million) are encumbered by heritable building rights.

In the course of the acquisition of a 100% interest in LeasePlan Corporation N.V., Amsterdam, and the subsequent sale of 50% of the shares to two co-investors, Volkswagen AG reached an agreement with the co-investors on put options entitling these investors to sell their shares to Volkswagen AG. On December 22, 2008, the co-investors announced that they would exercise their put options. In September 2009, Volkswagen agreed to purchase the shares from the co-investors for €1.4 billion in fiscal year 2010. Volkswagen plans to simultaneously transfer the purchased shares to a new co-investor, although this required the approval of the supervisory authorities at the reporting date. Approval was granted on January 12, 2010.

In the course of the formation of OOO VW Rus, a co-investor was granted a put option that entitles it to return its interest to the company (now OOO VW Group Rus) at cost plus an appropriate return after six years. The option had a fair value of €−12 million as of December 31, 2009. This amount was recognized in other provisions due to the potential exercise of the option.

Sales guarantees totaling €1.0 billion up to 2013 were entered into in the course of the sale of the gedas group; €0.3 billion of these relates to 2010.

A payment of €1.7 billion was agreed for the purchase of the 19.9% interest in Suzuki Motor Corporation.

Porsche and Volkswagen's common goal is to merge Porsche SE with Volkswagen AG in the course of 2011 provided that the legal requirements for the merger are met.

In the event that the merger of Porsche SE with Volkswagen AG does not take place, the Comprehensive Agreement stipulates that Porsche SE shall have a put option on the remaining indirect 58% interest in Porsche AG and that Volkswagen AG shall have a call option on this interest. In contrast to the provisions of the Comprehensive Agreement, in a first step Volks-wagen AG acquired 49.9% (instead of 42%) of Porsche AG against a cash contribution of €3.9 billion. The put and call options were reduced accordingly. The nominal value of the options amounts to €3,883 million in each case and the fair values are €−65 million and €48 million respectively. The fair value of the options is reported under receivables from or liabilities to affiliated companies.

The right of the shareholders of Porsche Gesellschaft m.b.H., Salzburg, to sell that company's operating trading business is agreed in the Comprehensive Agreement. The nominal value of this option amounts to €3,382 million. From Volkswagen AG's perspective, the option has a fair value of €0 million.

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.

Derivatives

	NOTIONAL AMOUNT		FAIR VALUE	
Type and volume	**Dec. 31, 2009**	**Dec. 31, 2008**	**Dec. 31, 2009**	**Dec. 31, 2008**
	€ million			
Interest rate swaps	0	1		
negative fair values			0	0
Cross-currency swaps	146	–		
negative fair values			−4	–
Currency futures contracts	18,698	21,986	1,092	1,500
thereof: currency purchases	3,478	3,164		
thereof: positive fair values			10	64
negative fair values			−74	−58
thereof: currency sales	15,219	18,822		
thereof: positive fair values			1,272	1,849
negative fair values			−116	−355
Currency option contracts	3,662	9,939		
positive fair values			186	1,008
Commodity futures contracts	1,288	1,128		
thereof: positive fair values			365	3
negative fair values			−6	−342

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 following term structures were used for the calculation:

	EUR	**USD**	**GBP**	**JPY**	**RUB**	**CHF**	**SEK**	**CZK**	**MXN**
					in %				
Interest rate for six months	0.994	0.430	0.839	0.480	7.460	0.338	0.698	1.820	4.840
Interest rate for one year	1.248	0.984	1.248	0.694	7.360	0.638	1.005	2.130	5.060
Interest rate for five years	2.805	2.929	3.390	0.696	7.950	1.710	2.850	2.990	7.239
Interest rate for ten years	3.598	3.918	4.088	1.408	8.200	2.500	3.583	3.520	7.965

Balance sheet items and carrying amounts

Derivatives are contained in the following balance sheet items at the amounts shown:

Type	Balance sheet item	CARRYING AMOUNT Dec. 31, 2009	Dec. 31, 2008
		€ million	
Option premiums	Other assets	100	253
Expected losses from open currency forwards	Other provisions	194	385
Expected losses from open commodity future contracts	Other provisions	6	342
Deferred interest from interest rate swaps and cross-currency swaps	Bank balances/Liabilities to banks	0	0

Long-term investments were recognized at a carrying amount of €4,353 million. Their fair value was €4,297 million. We have not recognized a write-down, as either the decline in the value of the funds that were observed was less than 10% on average in 2009 or the difference in the six months prior to the balance sheet date did not exceed 20%.

Income Statement Disclosures

(12) SALES

	2009	%	2008	%
	€ million			
by region				
Germany	22,274	46.5	22,335	39.4
Europe (excl. Germany)	18,626	38.9	25,911	45.6
North America	2,602	5.4	3,571	6.3
South America	382	0.8	485	0.9
Africa	882	1.8	1,055	1.9
Asia-Pacific	3,099	6.5	3,353	5.9
Total	**47,864**	**100.0**	**56,710**	**100.0**
by segment				
Vehicle sales	32,206	67.3	38,406	67.7
Genuine parts	4,021	8.4	3,989	7.0
Other sales	11,637	24.3	14,315	25.3
Total	**47,864**	**100.0**	**56,710**	**100.0**

Other sales relate primarily to intra-Group deliveries to our subsidiaries and to sales of components and parts to third parties.

(13) OTHER OPERATING INCOME

	2009	2008
	€ million	
Other operating income	4,435	5,238
thereof income from the reversal of special tax-allowable reserves	−6	−5

Other operating income relates primarily to exchange rate gains from our deliveries of goods and services (€1.6 billion), cost allocations (€1.5 billion) and income from the reversal of provisions (€0.9 billion).

(14) OTHER OPERATING EXPENSES

	2009	2008
	€ million	
Other operating expenses	2,717	3,775
thereof appropriations to special tax-allowable reserves	−0	−0

Other operating expenses primarily relate to exchange rate losses from our deliveries of goods and services, including the measurement of our foreign currency hedging transactions – in accordance with the strict imparity principle (under which expected or unrealized losses must be recognized, but the recognition of unrealized gains is prohibited) – (€1.4 billion) after elimination against the provisions recognized in the previous year, and expenses for subsidiaries that are allocated to these companies (€1.0 billion).

The insignificant amount of accelerated tax depreciation contained in appropriations to the special tax-allowable reserves relates to fixed assets.

(15) FINANCIAL RESULT

	2009	2008
	€ million	
Income and expenses from investments	4,931	4,562
Interest income and expense	−522	148
Other financial result	44	−22
	4,453	4,688

INCOME AND EXPENSES FROM INVESTMENTS

	2009	2008
	€ million	
Income from investments	1,717	1,665
thereof from affiliated companies	(1,452)	(1,145)
Income from profit and loss transfer agreements	3,303	2,923
Other investment income	131	146
Other investment expenses	122	81
Cost of loss absorption	98	91
	4,931	4,562

Income from investments primarily comprises income from Global Automotive C. V., VW Logistics GmbH &Co. OHG, our Chinese joint ventures, Scania AB, MAN AG and SEAT S.A. Income from profit and loss transfer agreements (primarily from AUDI AG, Financial Services AG, AutoVision GmbH, the VW Sachsen companies and VW Kraftwerk GmbH) also includes allocations of income-related taxes.

Other investment income relates primarily to income from the reversal of a write-down of the carrying amount of an investment in VW of South Africa, income from the reversal of a write-down in connection with a capital repayment by SEAT S.A. and income from the reversal of provisions.

Other investment expenses mainly comprise expenses from the transfer of investment income to an affiliated company.

Interest income and expense

	2009	2008
	€ million	
Income from other investments and long-term loans	120	346
thereof from affiliated companies	(10)	(18)
Other interest and similar income	294	590
thereof from affiliated companies	(146)	(236)
Interest and similar expenses	936	788
thereof to affiliated companies	(623)	(676)
	−522	**148**

Interest income and expense includes expenses from the factoring business (financing of non-interest-bearing trade receivables), primarily with our Group company Volkswagen Group Services S.A. This item also includes income and expenses from interest rate hedges.

Other financial result

	2009	2008
	€ million	
Loss/gain on sales of securities	44	−22
	44	**−22**

Other taxes

The other taxes allocated to the consuming functions amounted to €30 million (previous year: €35 million). They relate mainly to vehicle and land taxes.

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

1) The following persons notified us in accordance with section 21(1) of the WpHG that their share of the voting rights in Volkswagen Aktiengesellschaft in each case exceeded the threshold of 50% on January 5, 2009 and in each case amounted to 50.76% (149,696,680 voting rights) at this date. All of the above-mentioned 149,696,680 voting rights are attributable to each of the persons making the notification in accordance with section 22(1) sentence 1 no. 1 of the WpHG. The voting rights attributable to the persons making the notifications are held via subsidiaries within the meaning of section 22(3) of the WpHG, whose attributable share of the voting rights amounts to 3% or more and whose names are given in brackets:

Mag. Josef Ahorner, Austria
(Ferdinand Porsche Privatstiftung, Salzburg/Austria; Ferdinand Porsche Holding GmbH, Salzburg/Austria; Louise Daxer-Piëch GmbH, Salzburg/Austria; Louise Daxer-Piëch GmbH, Grünwald/Germany; Prof. Ferdinand Alexander Porsche GmbH, Salzburg/Austria; Ferdinand Alexander Porsche GmbH, Grünwald/Germany; Gerhard Anton Porsche GmbH, Salzburg/ Austria; Gerhard Porsche GmbH, Grünwald/Germany; Familien Porsche-Daxer-Piëch Beteiligung GmbH, Grünwald/Germany; Porsche Automobil Holding SE, Stuttgart/Germany),

Mag.Louise Kiesling, Austria
(Ferdinand Porsche Privatstiftung, Salzburg/Austria; Ferdinand Porsche Holding GmbH, Salzburg/Austria; Louise Daxer-Piëch GmbH, Salzburg/Austria; Louise Daxer-Piëch GmbH, Grünwald/Germany; Prof. Ferdinand Alexander Porsche GmbH, Salzburg/Austria; Ferdinand Alexander Porsche GmbH, Grünwald/Germany; Gerhard Anton Porsche GmbH, Salzburg/ Austria; Gerhard Porsche GmbH, Grünwald/Germany; Familien Porsche-Daxer-Piëch Beteiligung GmbH, Grünwald/Germany; Porsche Automobil Holding SE, Stuttgart/Germany),

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

Dr. Oliver Porsche, Austria
(Ferdinand Porsche Privatstiftung, Salzburg/Austria; Ferdinand Porsche Holding GmbH, Salzburg/Austria; Louise Daxer-Piëch GmbH, Salzburg/Austria; Louise Daxer-Piëch GmbH, Grünwald/Germany; Prof. Ferdinand Alexander Porsche GmbH, Salzburg/Austria; Ferdinand Alexander Porsche GmbH, Grünwald/Germany; Gerhard Anton Porsche GmbH, Salzburg/ Austria; Gerhard Porsche GmbH, Grünwald/Germany; Familien Porsche-Daxer-Piëch Beteiligung GmbH, Grünwald/Germany; Porsche Automobil Holding SE, Stuttgart/Germany),

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

Mark Philipp Porsche, Austria
(Ferdinand Porsche Privatstiftung, Salzburg/Austria; Ferdinand Porsche Holding GmbH, Salzburg/Austria; Louise Daxer-Piëch GmbH, Salzburg/Austria; Louise Daxer-Piëch GmbH, Grünwald/Germany; Prof. Ferdinand Alexander Porsche GmbH, Salzburg/Austria; Ferdinand Alexander Porsche GmbH, Grünwald/Germany; Gerhard Anton Porsche GmbH, Salzburg/ Austria; Gerhard Porsche GmbH, Grünwald/Germany; Familien Porsche-Daxer-Piëch Beteiligung GmbH, Grünwald/Germany; Porsche Automobil Holding SE, Stuttgart/Germany),

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

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

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

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

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

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

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

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

Louise Daxer-Piëch GmbH, Salzburg/Austria
(Louise Daxer-Piëch GmbH, Grünwald/Germany; Porsche Automobil Holding SE, Stuttgart/Germany; Familien Porsche-Daxer-Piëch Beteiligung GmbH, Grünwald/Germany),

Prof. Ferdinand Alexander Porsche GmbH, Salzburg/Austria
(Ferdinand Alexander Porsche GmbH, Grünwald/Germany; Familien Porsche-Daxer-Piëch Beteiligung GmbH, Grünwald/Germany; Porsche Automobil Holding SE, Stuttgart/Germany),

Gerhard Anton Porsche GmbH, Salzburg/Austria
(Gerhard Porsche GmbH, Grünwald/Germany; Familien Porsche-Daxer-Piëch Beteiligung GmbH, Grünwald/ Germany; Porsche Automobil Holding SE, Stuttgart/Germany),

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

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

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

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

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

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

Familien Porsche-Daxer-Piëch Beteiligung GmbH, Grünwald/Germany
(Porsche Automobil Holding SE, Stuttgart/Germany),

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

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

Dr. Hans Michel Piëch, Austria
(Porsche Automobil Holding SE, Stuttgart/Germany; Hans Michel Piëch GmbH, Grünwald/Germany; Dr. Hans Michel Piëch GmbH, Salzburg/Austria),

Dr. Hans Michel Piëch GmbH, Salzburg/Austria
(Porsche Automobil Holding SE, Stuttgart/Germany; Hans Michel Piëch GmbH, Grünwald/Germany),

Hans Michel Piëch GmbH, Grünwald/Germany
(Porsche Automobil Holding SE, Stuttgart/Germany),

Dipl.-Ing. Dr. h.c. Ferdinand Piëch, Austria
(Porsche Automobil Holding SE, Stuttgart/Germany; Ferdinand Piëch GmbH, Grünwald/Germany; Dipl.-Ing. Dr. h.c. Ferdinand Piëch GmbH, Salzburg/Austria; Ferdinand Karl Alpha Privatstiftung, Vienna/Austria),

Ferdinand Karl Alpha Privatstiftung, Vienna/Austria
(Porsche Automobil Holding SE, Stuttgart/Germany; Ferdinand Piëch GmbH, Grünwald/Germany; Dipl.-Ing. Dr. h.c. Ferdinand Piëch GmbH, Salzburg/Austria),

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

Ferdinand Piëch GmbH, Grünwald/Germany
(Porsche Automobil Holding SE, Stuttgart/Germany).

2) Porsche Holding Gesellschaft m.b.H., Salzburg/Austria, and Porsche GmbH, Salzburg/Austria, notified us in accordance with section 21(1) of the WpHG that their share of the voting rights in Volkswagen Aktiengesellschaft in each case exceeded the threshold of 50% on January 5, 2009 and in each case amounted to 53.13% (156,702,015 voting rights) at this date.

All the above-mentioned 156,702,015 voting rights are attributable to Porsche Holding Gesellschaft m.b.H. in accordance with section 22(1) sentence 1 no. 1 of the WpHG. The companies via which the voting rights are actually held and whose attributable share of the voting rights amounts to 3% or more are:

– Porsche GmbH, Salzburg/Austria;

– Porsche GmbH, Stuttgart/Germany;

– Porsche Automobil Holding SE, Stuttgart/Germany.

Of the above-mentioned 156,702,015 voting rights, 50.76% (149,696,753 voting rights) is attributable to Porsche GmbH, Salzburg/Austria, in accordance with section 22(1) sentence 1 no. 1 of the WpHG. The companies via which the voting rights are actually held and whose attributable share of the voting rights amounts to 3% or more are:

– Porsche GmbH, Stuttgart/Germany;

– Porsche Automobil Holding SE, Stuttgart/Germany.

Date of notification: January 12, 2009

Disclosure in accordance with section 26(1) of the Wertpapierhandelsgesetz
Porsche Automobil Holding SE, Stuttgart, Germany has notified us in accordance with section 21(1) of the WpHG that its share of the voting rights in Volkswagen Aktiengesellschaft, Wolfsburg, Germany, exceeded the threshold of 50% on January 5, 2009 and amounted to 50.76% (149,696,680 voting rights) at this date.

Date of notification: January 8, 2009

Qatar

Release according to § 26 section (1) of the German Securities Trading Law of an announcement according to § 21 section (1) of the German Securities Trading Law (Wertpapierhandelsgesetz)

(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 on 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 2 (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.

Release according to § 26 section (1) of the German Securities Trading Law of an announcement according to § 21 section (1) of the German Securities Trading Law (Wertpapierhandelsgesetz)

(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 Aktienge-sellschaft exceeded the thresholds of 3%, 5%, 10% and 15% on December 18, 2009 and amounted to 17.00% of the voting rights of Volkswagen Aktiengesellschaft (50,149,012 voting rights) as per this date.

State of Lower Saxony

The State of Lower Saxony notified us on January 15, 2010 that it held a total of 59,022,310 ordinary shares as of December 31, 2009. It held 440 VW ordinary shares directly and 59,021,870 ordinary shares indirectly via Hannoversche Beteiligungsgesellschaft mbH (HanBG), which is owned by the State of Lower Saxony.

RECONCILIATION OF NET INCOME TO NET RETAINED PROFITS

	2009	2008
	€ million	
Net income for the year	1,082	827
Retained profits brought forward	2	24
Appropriations to revenue reserves		
to other revenue reserves	−200	−70
Net retained profits	**884**	**781**

TOTAL EXPENSE FOR THE PERIOD

Cost of materials

	2009	2008
	€ million	
Cost of raw materials, consumables and supplies, and of purchased merchandise	35,906	44,289
Cost of purchased services	2,053	2,277
	37,959	**46,566**

Personnel expenses

	2009	2008
	€ million	
Wages and salaries	4,868	4,882
Social security and other pension costs	1,777	1,501
– thereof in respect of old age pensions	(905)	(640)
	6,645	**6,383**

OTHER DISCLOSURES

The tax expense is attributable to the result from ordinary activities.

Net income for the year improved as a result of tax measures in 2009 and in previous years. These relate primarily to the reversal of special reserves for accelerated tax depreciation. Without these measures, net income would have been approximately €4 million lower. In the following year, the planned reversal of special reserves will probably result in a positive effect on net income amounting to approximately €4 million. Expenses attributable to other fiscal years, primarily for warranties and other sales-related provisions, amounted to €140 million (previous year: €108 million). Prior-period income amounts to €687 million (previous year: €752 million). This relates in particular to income from the reversal of provisions recognized in previous years and contained in other operating income.

WRITE-DOWNS

	2009	2008
	€ million	
of long-term financial assets		
affiliated companies	290	–
other loans	0	–
long-term investments	**–**	**35**
	290	**35**

AVERAGE NUMBER OF EMPLOYEES OF VOLKSWAGEN AG DURING THE YEAR

	2009	2008
by group		
Performance-related wage-earners	44,669	44,929
Time-rate wage-earners	21,462	19,395
Salaried employees	28,961	27,807
	95,092	92,131
Vocational trainees	4,069	4,021
	99,161	**96,152**
by plant		
Wolfsburg	53,763	49,789
Hanover	12,778	12,937
Braunschweig	5,517	5,688
Kassel	13,501	13,686
Emden	7,616	7,825
Salzgitter	5,986	6,227
	99,161	**96,152**

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 on page 42 ff of this 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 are influenced by another related party of Volkswagen AG.

At the beginning of fiscal year 2009, the interest held by Porsche Automobil Holding SE, Stuttgart, in Volkswagen AG's ordinary shares exceeded the 50% threshold. From this date, Porsche Automobil Holding SE held a 50.76% majority of the voting rights.

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 Automobil Holding SE can no longer 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. The resolutions have not yet been entered in the commercial register. However, Porsche Automobil Holding SE also has the power to participate in the operating policy decisions of the Volkswagen Group. Prior to this, the Supervisory Board of Volkswagen approved the Comprehensive Agreement between Volkswagen AG, Porsche Automobil Holding SE, Porsche Holding Gesellschaft m.b. H., Salzburg, and Porsche GmbH, Salzburg, Porsche Zwischenholding GmbH, Stuttgart, the ordinary shareholders of Porsche Automobil Holding SE and the employee representatives of Volkswagen AG, Porsche Automobil Holding SE and Dr. Ing. h.c. F. Porsche AG, Stuttgart, to create an integrated automotive group led by Volkswagen.

In the course of the performance of these agreements, on December 7, 2009 Volkswagen acquired an equity interest of 49.9% in Porsche Zwischenholding GmbH, which is the parent and holds 100% of the shares of Dr. Ing. h.c. F. Porsche AG. On the basis of agreements under company law, Volkswagen shares the management of Porsche Zwischenholding GmbH with Porsche Automobil Holding SE. Porsche Automobil Holding SE indemnifies Volkswagen AG and Porsche Zwischenholding GmbH against obligations arising from certain legal disputes, from tax claims and from certain substantial losses that arose before the agreement between Porsche Automobil Holding SE and Volkswagen AG on the investment by Volkswagen AG in Dr. Ing. h.c. F. Porsche AG entered into as part of the implementation of the Comprehensive Agreement was signed. Porsche Automobil Holding SE has also granted guarantees to Volkswagen AG in respect of Porsche Zwischenholding GmbH and Dr. Ing. h. c. F. Porsche AG. In return, Volkswagen AG has indemnified Porsche Automobil Holding SE internally from claims by the Einlagensicherungsfonds (German deposit protection fund) after Porsche Automobil Holding SE submitted an indemnification agreement required by the Bundesverband Deutscher Banken (Association of German Banks) to the Einlagensicherungsfonds in August 2009. Volkswagen AG has undertaken to indemnify the Einlagensicherungsfonds from any losses caused by measures taken in favor of a bank in which Volkswagen AG holds a majority interest.

Furthermore, in the event that the merger of Porsche Automobil Holding SE with Volkswagen AG that is planned under the Comprehensive Agreement does not take place, Volkswagen AG and Porsche Automobil Holding SE have agreed mutually exercisable call and put options in respect of the remaining interest in Porsche Zwischenholding GmbH. The put option is exercisable from November 15, 2012 to January 14, 2013 inclusive and again from December 1, 2014 to January 31, 2015 inclusive; the call option may be exercised from March 1, 2013 to April 30, 2013 inclusive and again from August 1, 2014 to September 30, 2014 inclusive.

In addition, Volkswagen has granted a put option to Porsche Holding Gesellschaft m. b. H. a company owned by the Porsche and Piëch families, relating to the operating trading business of the company. In return, Volkswagen was granted rights of involvement in the management of the company during the term of the option.

According to a notification dated January 15, 2010, the State of Lower Saxony and Hannoversche Beteiligungsgesellschaft mbH, Hanover, held 20.01% of the voting rights of Volkswagen AG on December 31, 2009. 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.

The amounts of the supplies and services transacted between Volkswagen AG and related parties (consolidated and unconsolidated subsidiaries, joint ventures, associates, Porsche Automobile Holding SE, Stuttgart, Porsche Zwischenholding GmbH, Stuttgart, Porsche Holding Gesellschaft m.b.H., Salzburg/Austria and their affiliated companies as well as other related parties) are presented in the following tables:

RELATED PARTIES

	SUPPLIES AND SERVICES RENDERED 2009	SUPPLIES AND SERVICES RECEIVED 2008
	€ million	
Porsche Automobil Holding SE	0	392
Supervisory Board members	–	–
Group Board of Management	0	–
Consolidated subsidiaries	6,623	3,440
Unconsolidated subsidiaries	640	304
Joint ventures[1]	1,279	329
Associates	4	54
Pension plans	1	–
Other related parties	1	9
Porsche[2]	2,144	53
State of Lower Saxony and majority interests	10	0

1 Including Porsche Zwischenholding GmbH, Stuttgart, and its subsidiaries from December 7, 2009.

2 Includes in particular Porsche Holding Gesellschaft m. b. H., Salzburg/Austria, and its subsidiaries as well as Porsche Zwischenholding GmbH, Stuttgart, and its subsidiaries up to December 6, 2009.

	INCOME FROM PROFIT AND LOSS TRANSFER AGREEMENTS 2009	INTEREST INCOME 2009	INTEREST EXPENSE 2009	CREDIT LINES GRANTED 2009
	€ million			
Porsche Automobil Holding SE	–	–	–	–
Supervisory Board members	–	–	–	–
Group Board of Management	–	–	–	–
Consolidated subsidiaries	1,845	53	153	561
Unconsolidated subsidiaries	13	2	1	59
Joint ventures[1]	–	–	28	–
Associates	–	–	–	–
Pension plans	–	–	–	–
Other related parties	–	0	–	0
Porsche[2]	–	16	–	–
State of Lower Saxony and majority interests	–	–	–	–

1 Including Porsche Zwischenholding GmbH, Stuttgart, and its subsidiaries from December 7, 2009.

2 Includes in particular Porsche Holding Gesellschaft m. b. H., Salzburg/Austria, and its subsidiaries as well as Porsche Zwischenholding GmbH, Stuttgart, and its subsidiaries up to December 6, 2009.

Collateral worth €618 million was granted for consolidated subsidiaries.

Volkswagen AG paid Porsche Automobil Holding SE €3.9 billion for the acquisition of the shares of Porsche Zwischenholding GmbH.

The Company extended financing of €0.7 billion to Porsche; €0.2 billion of this amount was still outstanding at the reporting date.

In fiscal year 2009, Porsche Corporate Finance GmbH Zurich branch, Salzburg, Austria, subscribed for three commercial paper issues by Volkswagen International Finance N.V., Amsterdam, the Netherlands, with a total volume of €0.1 billion, which are guaranteed by Volkswagen AG.

Loans to joint ventures were repaid in the amount of €1.8 billion. Collateral amounting to €5,961 million was granted for these companies.

The Board of Management and Supervisory Board of the Volkswagen Group are related parties. The following benefits and remuneration were recorded for these persons:

€	2009	2008
Short-term benefits	22,588,862	22,508,592
Termination benefits	–	–
Post-employment benefits	3,025,899	3,237,434
Share-based payment	–	39,000
	25,614,761	**25,785,026**

There are outstanding balances for bonuses of the Board of Management members in the amount of €13,100,000 at the end of the fiscal year (previous year: €12,500,000). The post-employment benefits relate to additions to pension provisions for current members of the Board of Management. The expenses shown above do not correspond to the definition of remuneration of members of the Board of Management and the Supervisory Board in accordance with the German Corporate Governance Code.

REMUNERATION OF THE BOARD OF MANAGEMENT AND THE SUPERVISORY BOARD

€	2009	2008
Board of Management remuneration		
Non-performance-related remuneration	5,623,917	5,346,622
Performance-related remuneration	13,100,000	12,500,000
Stock options exercised or subscribed	–	27,535,750
Fair value of stock options held at reporting date	0	0
Supervisory Board remuneration		
Fixed remuneration components	365,550	273,000
Variable remuneration components	3,474,964	4,301,667
Loans to Supervisory Board members	15,833	17,500

The fixed remuneration of the Board of Management also includes differing levels of remuneration for the assumption of appointments at Group companies, as well as non-cash benefits, which consist in particular of the use of company cars and the grant of insurance cover. The additional annual variable amount paid to each member of the Board of Management contains annually recurring components that are tied to the business success of the Company. It is primarily oriented on the results achieved and the financial position of the Company.

On December 31, 2009, the pension provisions for members of the Board of Management amounted to €30,043,464 (previous year: €23,236,002). 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.

Retired members of the Board of Management and their surviving dependents received €8,252,535 (previous year: €8,155,043). Provisions for pensions for this group of people were recognized in the amount of €86,581,736 (previous year: €85,753,340). The members of the Board of Management are entitled to the retirement pension in the event of disability, and to payment of their normal remuneration for six months in the event of illness. Surviving dependents receive a widow's pension of 66⅔% and 20% orphan's pension per child – but no more than a maximum of 100% – based on the pension of the former member of the Board of Management.

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.

Members of the Board of Management and their Appointments

APPOINTMENTS: AS OF DECEMBER 31, 2009

PROF. DR. RER. NAT.
MARTIN WINTERKORN (62)
Chairman (since January 1, 2007),
Research and Development
July 1, 2000*
Chairman of the Executive Board of
Porsche Automobil Holding SE
November 25, 2009*
Appointments:
○ FC Bayern München AG, Munich
○ Salzgitter AG, Salzgitter
⊙ Porsche Ges.m.b.H., Salzburg
⊙ Porsche Holding GmbH, Salzburg

DR. RER. POL. H.C.
FRANCISCO JAVIER
GARCIA SANZ (52)
Procurement
July 1, 2001*

PROF. DR. RER. POL.
JOCHEM HEIZMANN (58)
Production
January 11, 2007*
Appointments:
○ Lufthansa Technik AG, Hamburg

CHRISTIAN KLINGLER (41)
Sales and Marketing
January 1, 2010*

DR. RER. POL.
HORST NEUMANN (60)
Human Resources and Organization
December 1, 2005*
Appointments:
○ Wolfsburg AG, Wolfsburg

HANS DIETER PÖTSCH (58)
Finance and Controlling
January 1, 2003*
Chief Financial Officer of
Porsche Automobil Holding SE
November 25, 2009*
Appointments:
○ Allianz Versicherungs-AG, Munich
○ Bizerba GmbH & Co. KG, Balingen
(until December 31, 2009)
⊙ Porsche Ges.m.b.H., Salzburg
⊙ Porsche Holding GmbH, Salzburg

RUPERT STADLER (46)
Chairman of the Board of Management of
AUDI AG
January 1, 2010*

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 date signifies the beginning or period of membership of the Board of Management.

Members of the Supervisory Board and their Appointments
APPOINTMENTS: AS OF DECEMBER 31, 2009

HON.-PROF. DR. TECHN. H.C.
DIPL.-ING. ETH
FERDINAND K. PIËCH (72)
Chairman
April 16, 2002*
Appointments:
○ AUDI AG, Ingolstadt
○ Dr. Ing. h.c. F. Porsche AG, Stuttgart
○ MAN SE, Munich (Chairman)
○ Porsche Automobil Holding SE, Stuttgart
⊙ Porsche Ges.m.b.H., Salzburg
⊙ Porsche Holding GmbH, Salzburg

JÜRGEN PETERS (65)
Deputy Chairman
November 1, 2003*
Appointments:
Salzgitter AG, Salzgitter (Deputy Chairman)

JÖRG BODE (39)
Minister of Economic Affairs, Labor and Transport for the Federal State of Lower Saxony
November 4, 2009*
Appointments:
○ Deutsche Messe AG, Hanover

DR. JUR. MICHAEL FRENZEL (62)
Chairman of the Board of Management of TUI AG
June 7, 2001*
Appointments:
○ AWD Holding AG, Hanover
○ AXA Konzern AG, Cologne
○ E.ON Energie AG, Munich
● Hapag-Lloyd AG, Hamburg (Chairman)
● Hapag-Lloyd Fluggesellchaft mbH, Hanover (Chairman)
● TUI Cruises GmbH, Hamburg
● TUI Deutschland GmbH, Hanover (Chairman)
⊙ Preussag North America, Inc., Atlanta (Chairman)
⊙ TUI China Travel Co. Ltd., Beijing
⊙ TUI Travel PLC, Crawley

BABETTE FRÖHLICH (44)
IG Metall,
Head of Strategic Planning
October 25, 2007*
Appointments:
○ MTU Aero Engines Holding AG, Munich

DR. JUR. HANS MICHAEL GAUL (67)
June 19, 1997*
Appointments:
○ Evonik Industries AG, Essen
○ EWE AG, Oldenburg
○ HSBC Trinkaus & Burkhardt AG, Düsseldorf
○ IVG Immobilien AG, Bonn
○ Siemens AG, Munich
○ VNG – Verbundnetz Gas AG, Leipzig

DR. ING. JÜRGEN GROSSMANN (57)
Chairman of the Board of Management of RWE AG;
Partner, Georgsmarienhütte Holding GmbH
May 3, 2006*
Appointments:
○ Amprion GmbH, Dortmund (Chairman)
○ BATIG Gesellschaft für Beteiligungen mbH, Hamburg
○ British American Tobacco (Germany) GmbH, Hamburg
○ British American Tobacco (Industrie) GmbH, Hamburg
○ Deutsche Bahn AG, Berlin
○ Surteco SE, Buttenwiesen-Pfaffenhofen (Chairman)
⊙ Hanover Acceptances Ltd., London

HOLGER P. HÄRTER (53)
May 3, 2006 – July 23, 2009*

WALTER HIRCHE (69)
April 8, 2003 – April 23, 2009*

PETER JACOBS (52)
Chairman of the Works Council at the Volkswagen AG Emden plant
April 19, 2007*
Appointments:
○ Volkswagen Belegschaftsgenossenschaft für Regenerative Energien am Standort Emden eG, Emden
⊙ Volkswagen Coaching GmbH, Wolfsburg

DR. JUR. KLAUS LIESEN (78)
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.

● Group appointments to statutory supervisory boards.

⊙ Comparable appointments in Germany and abroad.

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

HARTMUT MEINE (57)
Director of the Lower Saxony and Saxony-Anhalt Regional Office of IG Metall
December 30, 2008*
Appointments:
- ○ Continental AG, Hanover
- ○ KME Germany AG, Osnabrück

PETER MOSCH (38)
Chairman of the General Works Council of AUDI AG
January 18, 2006*
Appointments:
- ○ AUDI AG, Ingolstadt
- ○ Porsche Automobil Holding SE, Stuttgart

ROLAND OETKER (60)
Managing Partner of ROI Verwaltungsgesellschaft mbH;
Hon. President of Deutsche Schutzvereinigung für Wertpapierbesitz e.V.
June 19, 1997*
Appointments:
- ○ Deutsche Post AG, Bonn
- ⊙ Dr. August Oetker KG-Gruppe, Bielefeld (Deputy Chairman)
- ⊙ RAG Foundation, Essen

BERND OSTERLOH (53)
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
- ⊙ Auto 5000 GmbH, Wolfsburg
- ⊙ Projekt Region Braunschweig GmbH, Braunschweig
- ⊙ VfL Wolfsburg-Fußball GmbH, Wolfsburg
- ⊙ Volkswagen Coaching GmbH, Wolfsburg

DR. JUR. HANS MICHEL PIËCH (68)
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 Bank AG, Salzburg
- ⊙ Porsche Cars Great Britain Ltd., Reading
- ⊙ Porsche Cars North America Inc., Wilmington
- ⊙ Porsche Ges.m.b.H., Salzburg (Deputy Chairman)
- ⊙ Porsche Holding GmbH, Salzburg (Deputy Chairman)
- ⊙ Porsche Ibérica S.A., Madrid
- ⊙ Porsche Italia S.p.A., Padua
- ⊙ Schmittenhöhebahn AG, Zell am See
- ⊙ Volksoper Wien GmbH, Vienna

DR. JUR. FERDINAND OLIVER PORSCHE (48)
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
- ○ Voith AG, Heidenheim
- ⊙ Eterna S.A., Grenchen
- ⊙ PGA S.A., Paris
- ⊙ Porsche Lizenz- und Handelsgesellschaft mbH & Co. KG, Bietigheim-Bissingen

DR. RER. COMM. WOLFGANG PORSCHE (66)
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:
- ○ Dr. Ing. h.c. F. Porsche AG, Stuttgart (Chairman)
- ○ Porsche Automobil Holding SE, Stuttgart (Chairman)
- ⊙ Eterna S.A., Grenchen (Chairman)
- ⊙ Familie Porsche AG Beteiligungsgesellschaft, Salzburg (Chairman)
- ⊙ Porsche Bank AG, Salzburg
(Deputy Chairman)
- ⊙ Porsche Cars Great Britain Ltd., Reading
- ⊙ Porsche Cars North America Inc., Wilmington
- ⊙ Porsche Ges.m.b.H., Salzburg (Chairman)
- ⊙ Porsche Holding GmbH, Salzburg (Chairman)
- ⊙ Porsche Ibérica S.A., Madrid
- ⊙ Porsche Italia S.p.A., Padua

WOLFGANG RITMEIER (61)
Chairman of the Board of Management of Volkswagen Management Association (VMA)
April 19, 2007*
Appointments:
⊙ Volkswagen Pension Trust e.V., Wolfsburg

DR. MED. PHILIPP RÖSLER (36)
April 23, 2009 – October 28, 2009*

HEINRICH SÖFJER (58)
Member of the Works Council
Volkswagen Commercial Vehicles
August 3, 2007*

JÜRGEN STUMPF (55)
Chairman of the Works Council
at the Volkswagen AG Kassel plant
January 1, 2005*

BERND WEHLAUER (55)
Deputy Chairman of the General and Group Works Councils of Volkswagen AG
September 1, 2005*
Appointments:
○ Wolfsburg AG, Wolfsburg
⊙ Volkswagen Immobilien GmbH
⊙ Volkswagen Pension Trust e.V., Wolfsburg

DR. ING. WENDELIN WIEDEKING (57)
January 28, 2006 – July 23, 2009*

CHRISTIAN WULFF (50)
Minister-President of the Federal State of Lower Saxony
April 8, 2003*

COMMITTEES OF THE SUPERVISORY BOARD
As of December 31, 2009

Members of the Presidium
Hon.-Prof. Dr. techn. h.c. Dipl.-Ing. ETH Ferdinand K. Piëch (Chairman)
Jürgen Peters (Deputy Chairman)
Bernd Osterloh
Dr. Wolfgang Porsche
Bernd Wehlauer
Christian Wulff

Members of the Mediation Committee in accordance with section 27(3) of the Mitbestimmungsgesetz
(German Codetermination Act)
Dr. Ferdinand Oliver Porsche (Chairman)
Jürgen Peters (Deputy Chairman)
Bernd Osterloh
Christian Wulff

Members of the Audit Committee
Dr. Ferdinand Oliver Porsche (Chairman)
Bernd Wehlauer (Deputy Chairman)
Babette Fröhlich
Dr. jur. Hans Michael Gaul

Members of the Nominating Committee
Hon.-Prof. Dr. techn. h.c. Dipl.-Ing. ETH Ferdinand K. Piëch (Chairman)
Dr. Wolfgang Porsche
Christian Wulff

Members of the Shareholder Business Relationships Committee
Roland Oetker (Chairman)
Wolfgang Ritmeier (Deputy Chairman)
Dr. jur. Michael Frenzel
Bernd Wehlauer

Members of the Committee for Special Business Relationships
Hon.-Prof. Dr. techn. h.c. Dipl.-Ing. ETH Ferdinand K. Piëch (Chairman)
Jürgen Peters (Deputy Chairman)
Bernd Osterloh
Dr. Wolfgang Porsche
Bernd Wehlauer
Christian Wulff

○ Membership of statutory supervisory boards in Germany.

● Group appointments to statutory supervisory boards.

⊙ Comparable appointments in Germany and abroad.

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

List of Shareholdings in accordance with sections 285 and 313 of the HGB of Volkswagen AG and the Volkswagen Group as of December 31, 2009

Name and domicile of company	Currency	Exchange rate (€1 =) Dec. 31, 2009	VW AG's interest in capital in % Direct	Indirect	Total	Equity in thousands, local currency	Profit/loss in thousands, local currency	Footnote	Year
I. PARENT COMPANY									
VOLKSWAGEN AG, Wolfsburg	€								
A. Consolidated companies									
1. Germany									
AUDI AG, Ingolstadt	€		99.55	–	99.55	3,451,399	–	1)	2009
Audi Retail GmbH, Ingolstadt	€		–	100.00	100.00	67,800	–	1)	2009
Audi Vertriebsbetreuungsgesellschaft mbH, Ingolstadt	€		–	100.00	100.00	100	–	1)	2009
Audi Zentrum Berlin GmbH, Berlin	€		–	100.00	100.00	1,799	–	1)	2009
Audi Zentrum Hamburg GmbH, Hamburg	€		–	100.00	100.00	13,425	–	1)	2009
Audi Zentrum Hannover GmbH, Hanover	€		–	100.00	100.00	2,464	1,285		2009
Auto 5000 GmbH, Wolfsburg	€		–	100.00	100.00	10.000	–	1)	2009
Automobilmanufaktur Dresden GmbH, Dresden	€		100.00	–	100.00	80,090	–	1)	2009
Autostadt GmbH, Wolfsburg	€		100.00	–	100.00	50	–	1)	2009
AutoVision GmbH, Wolfsburg	€		100.00	–	100.00	41,130	–	1)	2009
B+V Grundstücks- und Verwertungs GmbH, Koblenz	€		–	100.00	100.00	66,720	6,778		2008
B+V Grundstücksverwertungs-GmbH & Co KG, Koblenz	€		–	100.00	100.00	13,560	886		2008
Bugatti Engineering GmbH, Wolfsburg	€		–	100.00	100.00	25	–	1)	2008
LOCATOR Grundstücks-Vermietungsgesellschaft mbH und Volkswagen AG in GbR, Eschborn	€		–	–	–	–	–		
quattro GmbH, Neckarsulm	€		–	100.00	100.00	100	–	1)	2009
Raffay Versicherungsdienst GmbH, Hamburg	€		–	100.00	100.00	153	–	1)	2008
Scania Danmark GmbH, Flensburg	€		–	100.00	100.00	212	−3		2008
Scania Deutschland GmbH, Koblenz	€		–	100.00	100.00	35,289	0		2008
Scania Deutschland Holding GmbH, Koblenz	€		–	100.00	100.00	65,281	25,970		2008
Scania Finance Deutschland GmbH, Koblenz	€		–	100.00	100.00	32,241	2,177		2007
Scania Flensborg GmbH, Flensburg	€		–	100.00	100.00	365	72		2008
Scania Vertrieb und Service GmbH, Kerpen	€		–	94.90	94.90	1,496	823		2008
Scania Vertrieb und Service GmbH, Koblenz	€		–	100.00	100.00	5,332	0		2008
Seat Deutschland GmbH, Mörfelden-Walldorf	€		–	100.00	100.00	28,710	8,444		2009
SITECH Sitztechnik GmbH, Wolfsburg	€		–	100.00	100.00	45,834	3,109		2009
SkodaAuto Deutschland GmbH, Weiterstadt	€		–	100.00	100.00	29,783	22,749		2009
Volim Volkswagen Immobilien Vermietgesellschaft für VW-/Audi-Händlerbetriebe mbH, Braunschweig	€		–	100.00	100.00	26	–	1)	2009
Volkswagen Automobile Berlin GmbH, Berlin	€		–	100.00	100.00	105	−3	13)	2008
Volkswagen Automobile Hamburg GmbH, Hamburg	€		–	100.00	100.00	35,394	−10,083	13)	2008
Volkswagen Bank GmbH, Braunschweig	€		–	100.00	100.00	3,579,125	–	1)	2009
Volkswagen Business Services GmbH, Braunschweig	€		–	100.00	100.00	26	–	1)	2009
VOLKSWAGEN FINANCIAL SERVICES AG, Braunschweig	€		100.00	–	100.00	3,351,495	–	1)	2009
Volkswagen Financial Services Beteiligungsgesellschaft mbH, Braunschweig	€		–	100.00	100.00	507,193	–	1)	2009
Volkswagen Gebrauchtfahrzeughandels und Service GmbH, Langenhagen	€		100.00	–	100.00	100	–	1)	2009
Volkswagen Gewerbegrund GmbH, Wolfsburg	€		100.00	–	100.00	86,012	–	1)	2009
Volkswagen Group Real Estate GmbH & Co. KG, Wolfsburg	€		–	100.00	100.00	154,330	5,780		2009
Volkswagen Immobilien Service GmbH, Wolfsburg	€		51.00	49.00	100.00	5,761	31		2009
Volkswagen Individual GmbH, Wolfsburg	€		–	100.00	100.00	7,900	–	1)	2009
Volkswagen Leasing GmbH, Braunschweig	€		–	100.00	100.00	219,123	–	1)	2009
Volkswagen Logistics GmbH & Co. OHG, Wolfsburg	€		81.00	19.00	100.00	511	201,875		2008
Volkswagen Logistics GmbH, Wolfsburg	€		100.00	–	100.00	645	102		2008
Volkswagen Original Teile Logistik Beteiligungs-GmbH, Baunata	€		47.20	3.80	51.00	29	0		2009
Volkswagen Original Teile Logistik GmbH & Co. KG, Baunata	€		49.08	3.87	52.95	47,000	72,547		2009
Volkswagen Reinsurance AG, Braunschweig	€		–	100.00	100.00	32,055	–	1)	2009
VOLKSWAGEN Retail GmbH, Wolfsburg	€		100.00	–	100.00	135,234	–	1)	2009
Volkswagen Sachsen GmbH, Zwickau	€		100.00	–	100.00	515,718	–	1)	2009
Volkswagen Sachsen Immobilienverwaltungs GmbH, Zwickau	€		100.00	–	100.00	76,695	–	1)	2009
Volkswagen Versicherungsvermittlung GmbH, Wolfsburg	€		–	100.00	100.00	36,969	12,821		2009
Volkswagen Zubehör GmbH, Dreieich	€		100.00	–	100.00	8,969	–	1)	2009
Volkswagen-Versicherungsdienst GmbH, Braunschweig	€		–	100.00	100.00	54,369	11,026		2009
VW Kraftwerk GmbH, Wolfsburg	€		100.00	–	100.00	99,214	–	1)	2009
VW Wohnungs GmbH & Co. KG, Wolfsburg	€		–	100.00	100.00	83,865	15,499		2009
2. International									
Aconcagua Vehiculos Comerciales S.A., Mendoza	ARS	5.4681	–	100.00	100.00	9,591	4,586		2008
Aktiebolaget Tönseth & Co, Södertälje	SEK	10.2520	–	100.00	100.00	8,015	151		2008
Astur Wagen, S.A., Gijón	€		–	100.00	100.00	3,370	−171		2008
Audi Australia Pty Limited, Botany	AUD	1.6008	–	100.00	100.00	77,946	5,991		2009
Audi Brasil Distribuidora de Veículos Ltda., São Paulo	BRL	2.5113	–	100.00	100.00	30,880	18,822		2009
AUDI BRUSSELS S.A./N.V., Brussels	€		99.99	0.01	100.00	235,800	8,911		2009

Name and domicile of company	Currency	Exchange rate (€1 =) Dec. 31, 2009	VW AG's interest in capital in % Direct	Indirect	Total	Equity in thousands, local currency	Profit/loss in thousands, local currency	Footnote	Year
Audi Canada Inc., Ajax, Ontario	CAD	1.5128	–	100.00	100.00	11,862	13,303		2008
AUDI HUNGARIA MOTOR Kft., Györ	€		–	100.00	100.00	4,621,423	291,203		2009
Audi Japan K.K., Tokyo	JPY	133.1600	–	100.00	100.00	6,013,276	15,324		2009
Audi of America, LLC, Herndon, Virginia	USD	1.4406	–	100.00	100.00	48,218	35,250		2008
Audi Volkswagen Korea Ltd., Seoul	KRW	1,666.9700	–	100.00	100.00	18,351,407	581,126		2009
Audi Volkswagen Middle East FZE, Dubai	USD	1.4406	–	100.00	100.00	34,312	8,468		2009
AUTO€OPA-AUTOMÓVEIS LDA., Palmela	€		–	100.00	100.00	370,855	14,288		2009
Automobili Lamborghini Holding S.p.A., Sant' Agata Bolognese	€		–	100.00	100.00	768,320	−38,338		2009
Automobili Lamborghini S.p.A., Sant' Agata Bolognese	€		–	100.00	100.00	343,975	−31,802		2009
Automotores del Atlantico S.A., Mar de Plata	ARS	5.4681	–	100.00	100.00	13,160	3,572		2008
Automotores Pesados S.A., Tucuman	ARS	5.4681	–	99.38	99.38	22,477	6,546		2008
Banco Volkswagen S.A., São Paulo	BRL	2.5113	–	100.00	100.00	1,161,305	241,168		2008
Barna Wagen, S.A., Barcelona	€		–	100.00	100.00	–	−1,563		2008
Beers N.V., The Hague	€		–	100.00	100.00	149,581	26,718		2008
Bentley Motor Cars Export Ltd., Crewe	GBP	0.8881	–	100.00	100.00	–	–	5)	2008
Bentley Motor Cars International S.A., Lausanne	CHF	1.4836	–	100.00	100.00	4,733	126	2)	2008
Bentley Motors Canada Ltd./Ltee., Montreal	CAD	1.5128	–	100.00	100.00	1,578	475		2007
Bentley Motors Ltd., Crewe	GBP	0.8881	100.00	–	100.00	–	−92,200		2008
Bentley Motors, Inc., Boston	USD	1.4406	–	100.00	100.00	–	–	11)	2008
Bugatti Automobiles S.A.S., Molsheim	€		–	100.00	100.00	20,578	351		2009
Bugatti International S.A., Luxembourg	€		100.00	–	100.00	3,163	914		2008
Castellana Wagen, S.A., Madrid	€		–	100.00	100.00	4,939	−1,265		2008
Cataluña Wagen, S.A., Barcelona	€		–	100.00	100.00	4,623	−858		2008
Centro Técnico de SEAT, S.A., Martorell	€		–	100.00	100.00	133,285	887		2009
Codema Coml Import LTDA, Guarulhos	BRL	2.5113	–	99.99	99.99	95,798	12,150		2008
Conimco NV, Drongen	€		–	99.90	99.90	3,183	420		2008
Consórcio Nacional Volkswagen – Administradora de Consórcio Ltda., São Paulo	BRL	2.5113	–	100.00	100.00	114,905	37,458		2008
Crewe Genuine Ltd., Crewe	GBP	0.8881	–	100.00	100.00	–	–	5)	2008
Din Bil Fastigheter Malmö AB, Malmö	SEK	10.2520	–	100.00	100.00	689	48		2008
Din Bil Helsingborg AB, Helsingborg	SEK	10.2520	–	100.00	100.00	13,314	65		2008
Din Bil Stockholm Norr AB, Kista	SEK	10.2520	–	100.00	100.00	–	–	5)	2008
Din Bil Stockholm Söder AB, Stockholm	SEK	10.2520	–	100.00	100.00	–	–	5)	2008
Din Bil Sverige AB, Stockholm	SEK	10.2520	–	100.00	100.00	292,545	26,208		2009
Donbas-Scan-Service LLC, Makeevka	UAH	11.5450	–	99.00	99.00	19,470	2,461		2008
Dynamate AB, Södertälje	SEK	10.2520	–	100.00	100.00	35,011	78,921		2008
DynaMate Industrial Services AB, Södertälje	SEK	10.2520	–	100.00	100.00	–	–	5)	2009
DynaMate IntraLog AB, Södertälje	SEK	10.2520	–	100.00	100.00	6,100	2,941		2008
€opeisk Biluthyrning AB, Stockholm	SEK	10.2520	–	100.00	100.00	27,037	–	8)	2008
Fastighets AB Katalysatorn, Södertälje	SEK	10.2520	–	100.00	100.00	307	−9		2008
Fastighetsaktiebolaget Flygmotorn, Malmö	SEK	10.2520	–	100.00	100.00	18,815	1,707		2008
Fastighetsaktiebolaget Hjulnavet, Stockholm	SEK	10.2520	–	100.00	100.00	73,922	416		2008
Fastighetsaktiebolaget Motorblocket, Södertälje	SEK	10.2520	–	100.00	100.00	–	–	6)	2009
Fastighetsaktiebolaget Vindbron, Gothenburg	SEK	10.2520	–	100.00	100.00	33,459	−3		2008
Ferruform AB, Luleå	SEK	10.2520	–	100.00	100.00	279,851	−2,835		2008
GB&M Garage et Carrosserie SA, Geneva	CHF	1.4836	–	100.00	100.00	4,379	10		2008
Gearbox del Prat, S.A., El Prat de Llobregat	€		–	100.00	100.00	115,267	7,585		2009
Global Automotive C.V., Amsterdam	€		99.99	0.01	100.00	4,141,762	1,150,055		2009
Global Automotive Finance C.V., Amsterdam	€		–	100.00	100.00	507,010	−150		2009
Global VW Automotive B.V., Amsterdam	€		100.00	–	100.00	92,547	12,491		2009
Griffin Automotive Ltd, Road Town	TWD	46.0550	–	100.00	100.00	20,912	−6,033		2008
Groupe VOLKSWAGEN France s.a., Villers-Cotterêts	€		100.00	–	100.00	416,457	61,148		2009
Hedenlunda Fastighet AB, Flen	SEK	10.2520	–	100.00	100.00	5,597	38		2008
Import Volkswagen Group s.r.o., Prague	CZK	26.4730	–	100.00	100.00	559,360	138,713		2009
Italscania SPA, Trento	€		–	100.00	100.00	53,489	21,361		2008
James Young Ltd., Crewe	GBP	0.8881	–	100.00	100.00	–	–	5)	2008
Kiev-Scan LLC, Kiev	UAH	11.5450	–	100.00	100.00	–	–	6)	2009
Lamborghini ArtiMarca S.p.A., Sant' Agata Bolognese	€		–	100.00	100.00	16,121	2,146		2009
Lark Air Ltd., George Town, Cayman Islands	USD	1.4406	–	100.00	100.00	–	–	6)	2008
Lauken International S.A., Montevideo	UYU	28.1460	–	100.00	100.00	–	–	6)	2009
Lauken S.A., Montevideo	UYU	28.1460	–	100.00	100.00	–	–	5)	2009
Leioa Wagen, S.A., Lejona (Vizcaya)	€		–	100.00	100.00	3,453	311		2008
Levante Wagen, S.A., Valencia	€		–	100.00	100.00	4,157	405		2009
Lion Air Services, Inc., George Town	USD	1.4406	–	100.00	100.00	–	–	11)	2008
LLC Scania Bus Leasing, Moscow	RUB	43.1540	–	100.00	100.00	5,169	−10,585		2008
Málaga Wagen, S.A., Málaga	€		–	100.00	100.00	1,197	−1,276		2009
MML S.p.A., Sant' Agata Bolognese	€		–	100.00	100.00	2,358	−3,990		2009
Motorcam S.A., Buenos Aires	ARS	5.4681	–	100.00	100.00	30,586	8,453		2008
Norsk Scania AS, Oslo	NOK	8.3000	–	100.00	100.00	214,136	186,444		2008
OOO Petroscan, St. Petersburg	RUB	43.1540	–	100.00	100.00	−13,976	21,251		2008
OOO Scania Service, Golitsino	RUB	43.1540	–	100.00	100.00	689,850	240,353		2008
OOO Volkswagen Group Rus, Kaluga	RUB	43.1540	28.06	65.72	93.78	–	–	3) 14)	2009
Oy Maakunnan Auto Ab, Seinäjoki	€		–	100.00	100.00	623	−6		2008
Oy Scan-Auto Ab, Helsinki	€		–	100.00	100.00	36,603	22,988		2008

Name and domicile of company	Currency	Exchange rate (€1 =) Dec. 31, 2009	VW AG's interest in capital in % Direct	Indirect	Total	Equity in thousands, local currency	Profit/loss in thousands, local currency	Footnote	Year
Power Vehicle Co. Ltd., Bangkok	THB	47.9860	–	100.00	100.00	578	0		2008
Proarga, S.L., Pontevedra	€		–	100.00	100.00	493	66		2008
PSE Sverige AB, Södertälje	SEK	10.2520	–	100.00	100.00	681	–	8)	2008
Raven Air Ltd., George Town, Cayman Islands	USD	1.4406	–	100.00	100.00	–	–	6)	2008
Reliable Vehicles Ltd, London	GBP	0.8881	–	100.00	100.00	–	–	5)	2009
S.A.S. Scania Holding France, Angers	€		–	100.00	100.00	58,839	15,556		2008
Scagalicia, S.L., Pontevedra	€		–	100.00	100.00	2,731	273		2008
Scan Siam Service Co. Ltd, Bangkok	THB	47.9860	–	73.98	73.98	2,935	1,177		2008
Scanexpo International S.A., Montevideo	UYU	28.1460	–	100.00	100.00	–	–	6)	2009
Scanexpo S.A., Montevideo	UYU	28.1460	–	100.00	100.00	–	–	5)	2009
Scania (Hong Kong) Limited, Hong Kong	HKD	11.1709	–	100.00	100.00	–	–	6)	2009
Scania (Malyasia) SDN BHD, Kuala Lumpur	MYR	4.9326	–	100.00	100.00	30,062	7,280		2008
Scania AB, Södertälje	SEK	10.2520	49.29	–	49.29	12,198,000	2,897,000		2008
Scania Administradora de Consórcios Ltda, Cotia	BRL	2.5113	–	99.99	99.99	79,438	−2,428		2008
Scania Argentina S.A., Buenos Aires	ARS	5.4681	–	100.00	100.00	214,822	24,929		2008
Scania Asset Management AB, Södertälje	SEK	10.2520	–	100.00	100.00	10,529,412	0		2008
Scania Australia Pty Ltd, Melbourne	AUD	1.6008	–	100.00	100.00	27,816	2,827		2008
Scania Banco Brazil, Sao Paulo	BRL	2.5113	–	100.00	100.00	–	–		2009
Scania Beers B.V., The Hague	€		–	100.00	100.00	61,224	18,588		2008
Scania Beers Rayon II B.V., The Hague	€		–	100.00	100.00	0	0		2008
Scania Belgium SA-NV, Breda	€		–	100.00	100.00	75,749	−3,147		2008
Scania Biler A/S, Kolding	DKK	7.4418	–	100.00	100.00	94,212	10,209		2008
Scania Bosnia Hertzegovina d.o.o., Sarajevo	BAM	1.9558	–	100.00	100.00	3,047	54		2008
Scania Botswana (Pty) Ltd, Gaborone	BWP	9.5913	–	99.90	99.90	3,007	9,097		2008
Scania Bulgaria EOOD, Sofia	BGN	1.9558	–	100.00	100.00	11,919	4,723		2008
Scania Bus Belgium N.V.-S.A., Diegem	€		–	100.00	100.00	27,459	448		2008
Scania Bus Financing AB, Stockholm	SEK	10.2520	–	100.00	100.00	1,030,767	−12		2008
Scania Central Asia LLP, Almaty	KZT	213.8250	–	100.00	100.00	65,200	−92,633		2008
Scania Chile S.A., Santiago	CLP	730.2900	–	100.00	100.00	7,221,904	453,468		2008
Scania Comercial, S.A. de C.V., Queretaro	MXN	18.9223	–	100.00	100.00	−161074.00	−272		2008
Scania Commercial Vehicles Renting S.L., Madrid	€		–	100.00	100.00	5,005	374		2008
Scania Commerciale SPA, Trento	€		–	100.00	100.00	5,921	988		2008
Scania Credit AB, Södertälje	€		–	100.00	100.00	4,430	6,112		2008
Scania Credit Hrvatska d.o.o., Rakitje, Hrvatska	HRK	7.3000	–	100.00	100.00	1,000	146		2008
Scania Credit Romania IFN SA, Ciorogarla	RON	4.2363	–	100.00	100.00	14,386	4,342		2008
Scania Credit Ukraine Ltd, Kiev	UAH	11.5450	–	100.00	100.00	8,861	4,897		2008
Scania CV AB, Södertälje	SEK	10.2520	–	100.00	100.00	10,409,000	7,416,000		2008
Scania Czech Republic s.r.o., Prague	CZK	26.4730	–	100.00	100.00	510,278	177,799		2008
Scania Danmark A/S, Herlev	DKK	7.4418	–	100.00	100.00	174,330	46,972		2008
Scania de Mexico S.A. de CV, Queretaro	MXN	18.9223	–	100.00	100.00	372,331	100,191		2008
Scania de Venezuela S.A., Valencia	VEB	3,071.5500	–	100.00	100.00	6,886	1,118		2008
Scania del Peru S.A., Lima	PEN	4.1064	–	100.00	100.00	50,623	13,472		2008
Scania Delivery Center AB, Södertälje	SEK	10.2520	–	100.00	100.00	–	–	5)	2009
Scania East Adriatic Region d.o.o., Ljubljana	€		–	100.00	100.00	1,073	604		2008
Scania Eesti AS, Tallinn	EEK	15.6466	–	100.00	100.00	72,971	13,887		2008
Scania €ope Holding B.V., Zwolle	€		–	100.00	100.00	90,034	19,921		2007
Scania Finance Belgium N.V-S.A., Neder-Over-Heembeek	€		–	99.90	99.90	13,954	1,660		2008
Scania Finance Bulgaria EOOD, Sofia	BGN	1.9558	–	100.00	100.00	1,739	1,276		2008
Scania Finance Chile S.A., Santiago	CLP	730.2900	–	100.00	100.00	−98,843	−567,368		2008
Scania Finance Czech Republic Spol. s.r.o., Prague	CZK	26.4730	–	100.00	100.00	528,881	−244,959		2008
Scania Finance France S.A.S., Angers	€		–	100.00	100.00	17,743	194		2008
Scania Finance Great Britain Ltd, Farringdon Place	GBP	0.8881	–	100.00	100.00	34,752	1,461		2008
Scania Finance Hispania EFC S.A., Madrid	€		–	100.00	100.00	19,073	−3,362		2008
Scania Finance Holding AB, Södertälje	SEK	10.2520	–	100.00	100.00	21,528	−23,876		2008
Scania Finance Holding Great Britain Ltd, London	GBP	0.8881	–	100.00	100.00	3,769	0		2008
Scania Finance Italy S.p.A, Trento	€		–	100.00	100.00	29,248	1,050		2008
Scania Finance Korea Ltd, Kyoung Sang Nam-Do	KRW	1,666.9700	–	100.00	100.00	33,484,559	2,203,338		2008
Scania Finance Luxembourg S.A., Münsbach	€		–	100.00	100.00	2,699	−143		2008
Scania Finance Magyarország zrt., Biatorbágy	HUF	270.4200	–	99.00	99.00	467,527	−222,561		2008
Scania Finance Nederland B.V., The Hague	€		–	100.00	100.00	37,407	6,803		2008
Scania Finance Polska Sp.z.o.o., Nadarzyn	PLN	4.1045	–	100.00	100.00	87,281	1,905		2008
Scania Finance Pty Ltd, Melbourne	AUD	1.6008	–	100.00	100.00	2	28		2008
Scania Finance Schweiz AG, Kloten	CHF	1.4836	–	100.00	100.00	2,420	−1,119		2008
Scania Finance Slovak Republic, Bratislava	€		–	100.00	100.00	508,000	−129,118		2008
Scania Finance Southern Africa (Pty) Ltd, Aerton Gauteng	ZAR	10.6660	–	100.00	100.00	133,554	35,861		2008
Scania Finans AB, Södertälje	SEK	10.2520	–	100.00	100.00	284,511	75,028		2008
Scania France S.A.S., Angers	€		–	100.00	100.00	50,043	16,150		2008
Scania Great Britain Ltd, Milton Keynes	GBP	0.8881	–	100.00	100.00	56,314	46,392		2008
Scania Group Treasury B.V., The Hague	SEK	10.2520	–	100.00	100.00	1,217	−72		2008
Scania Group Treasury Belgium N.V., Neder-over-Heembeek	€		–	100.00	100.00	–	–	6)	2009
Scania Hispania Holding S.L., Madrid	€		–	100.00	100.00	4,648	19,296		2008
Scania Hispania S.A., Madrid	€		–	100.00	100.00	18,788	10,039		2008
Scania Holding Inc, Wilmington	USD	1.4406	–	100.00	100.00	11,104	−535		2008

Name and domicile of company	Currency	Exchange rate (€1 =) Dec. 31, 2009	VW AG's interest in capital in % Direct	Indirect	Total	Equity in thousands, local currency	Profit/loss in thousands, local currency	Footnote	Year
Scania Hrvatska d.o.o., Zagreb	HRK	7.3000	–	100.00	100.00	15,997	−2,673		2008
Scania Hungaria KFT, Biatorbágy	HUF	270.4200	–	100.00	100.00	1,627,738	2,809		2008
Scania Infomate Zwolle, Zwolle	€		–	100.00	100.00	1,944	−108		2008
Scania Insurance Belgium BVBA, Brussels	€		–	100.00	100.00	–	–	6)	2009
Scania Insurance Nederland B.V., The Hague	€		–	100.00	100.00	562	104		2008
Scania Investimentos Imobiliários S.A., Santa Iria de Azóla	€		–	100.00	100.00	–	–	6)	2009
Scania IT AB, Södertälje	SEK	10.2520	–	100.00	100.00	53,381	1,729		2008
Scania IT Angers S.A.S, Angers	€		–	100.00	100.00	1,109	163		2008
Scania Japan Limited, Tokyo	JPY	133.1600	–	100.00	100.00	–	–	6)	2009
Scania Korea Ltd, Seoul	KRW	1,666.9700	–	100.00	100.00	24,375,323	512,635		2008
Scania Latin America Ltda, São Bernardo do Campo	BRL	2.5113	–	100.00	100.00	688,408	499,624		2008
Scania Latvia SIA, Riga	LVL	0.7093	–	100.00	100.00	4,605	1,327		2008
Scania Leasing d.o.o., Ljubljana	€		–	100.00	100.00	–	–	6)	2009
Scania Leasing OOO, Moscow	RUB	43.1540	–	100.00	100.00	−148,086	−319,468		2008
Scania Leasing Österreich Ges.m.b.H, Brunn am Gebirge	€		–	100.00	100.00	18,035	1,735		2007
Scania Lízing KFT, Biatorbágy	HUF	270.4200	–	100.00	100.00	−111211.00	−360,048		2008
Scania Locations S.A.S., Angers	€		–	100.00	100.00	10,917	1,511		2008
Scania Luxembourg S.A., Münsbach	€		–	99.90	99.90	3,471	1,044		2008
Scania Malaga S.L., Malaga	€		–	100.00	100.00	–	–	6)	2009
Scania Maroc S.A., Casablanca	MAD	11.3319	–	100.00	100.00	20,116	15,207		2008
Scania Multi Services S.A.S., Angers	€		–	100.00	100.00	–	–	5)	2009
Scania Nederland Holding B.V., Zwolle	€		–	100.00	100.00	–	–	5)	2009
Scania Networks B.V., The Hague	€		–	100.00	100.00	2,914	612		2008
Scania Omni AB, Södertälje	SEK	10.2520	–	100.00	100.00	3,522	−155,583		2008
Scania Österreich GmbH, Brunn am Gebirge	€		–	100.00	100.00	15,329	4,973		2008
Scania Österreich Holding GmbH, Brunn am Gebirge	€		–	100.00	100.00	–	–	5)	2009
Scania Overseas AB, Södertälje	SEK	10.2520	–	100.00	100.00	44,325	−95		2008
Scania Parts Logistics AB, Södertälje	SEK	10.2520	–	100.00	100.00	120	4,666		2008
Scania Peter OOO, St. Petersburg	RUB	43.1540	–	100.00	100.00	242,286	191,339		2008
Scania Plan S.A., Buenos Aires	ARS	5.4681		96.66	96.66	3,944	336		2008
Scania Polska S.A., Warsaw	PLN	4.1045	–	100.00	100.00	102,944	15,710		2008
Scania Portugal S.A., Santa Iria de Azóia	€		–	100.00	100.00	5,000	443		2008
Scania Production Angers S.A.S., Angers	€		–	100.00	100.00	28,789	1,290		2008
Scania Production Meppel B.V., Meppel	€		–	100.00	100.00	10,308	990		2008
Scania Production Slupsk S.A., Slupsk	PLN	4.1045	–	100.00	100.00	34,641	7,808		2008
Scania Production Zwolle B.V., Zwolle	€		–	100.00	100.00	46,632	5,719		2008
Scania Real Estate AB, Södertälje	SEK	10.2520	–	100.00	100.00	86,125	−3,788		2008
Scania Real Estate s.r.o., Bratislava	€		–	100.00	100.00	–	–	6)	2009
Scania Real Estate Services AB, Södertälje	SEK	10.2520	–	100.00	100.00	120	0		2008
Scania Rent Romania SRL, Ciorogarla	RON	4.2363	–	100.00	100.00	–	–	6)	2009
Scania Romania SRL, Ciorogarla	RON	4.2363	–	100.00	100.00	22,871	6,652		2008
Scania Russia, Moscow	RUB	43.1540	–	100.00	100.00	2,067,923	393,634		2008
Scania Sales & Services AB, Södertälje	SEK	10.2520	–	100.00	100.00	738,605	487,161		2008
Scania Sales (China) Co Ltd, Beijing	CNY	9.8350	–	100.00	100.00	43,130	−3,617		2008
Scania Schweiz AG, Kloten	CHF	1.4836	–	100.00	100.00	12,967	9,500		2008
Scania Services S.A., Buenos Aires	ARS	5.4681	–	100.00	100.00	6,917	691		2008
Scania Servicios, S.A. de C.V., Queretaro	MXN	18.9223	–	100.00	100.00	11,253	2,682		2008
Scania Siam Co Ltd, Bangkok	THB	47.9860	–	99.90	99.90	194,623	34,741		2008
Scania Siam Leasing Co. Ltd., Bangkok	THB	47.9860	–	100.00	100.00	68,553	13,339		2008
Scania Singapore Pte Ltd, Singapore	SGD	2.0194	–	100.00	100.00	5,252	1,589		2008
Scania Slovakia s.r.o., Bratislava	€		–	100.00	100.00	12,571	2,527		2008
Scania Slovenija d.o.o., Ljubljana	€		–	100.00	100.00	4,259	78		2008
Scania South Africa Pty Ltd, Sandton	ZAR	10.6660	–	100.00	100.00	356,124	139,968		2008
Scania Srbia d.o.o., Belgrad	RSD	96.1133	–	100.00	100.00	114,491	44,409		2008
Scania Sverige AB, Södertälje	SEK	10.2520	–	100.00	100.00	108,457	115,963		2008
Scania Tanzania Ltd, Dar Es Salaam	TZS	1,888.9000	–	100.00	100.00	9,194,717	2,121,790		2008
Scania Thailand Co Ltd, Bangkok	THB	47.9860	–	99.99	99.99	47,556	12,435		2008
Scania Trade Development AB, Södertälje	SEK	10.2520	–	100.00	100.00	271,400	−35,720		2008
Scania Treasury AB, Södertälje	SEK	10.2520	–	100.00	100.00	6,663,166	147,002		2008
Scania Treasury Belgium NV, Neder-Over-Heembeek	SEK	10.2520	–	100.00	100.00	25,544,920	1,107,492		2008
Scania Treasury Netherland B.V., The Hague	SEK	10.2520	–	100.00	100.00	4,196	−36		2008
Scania Truck & Busses AB, Södertälje	SEK	10.2520	–	100.00	100.00	–	–	5)	2009
Scania Truck Financing AB, Södertälje	SEK	10.2520	–	100.00	100.00	292,230	9,503		2008
Scania Tüketici Finansmani A.S., Istanbul	TRY	2.1547	–	100.00	100.00	15,604	−1,574		2008
Scania Ukraine LLC, Kiev	UAH	11.5450	–	99.00	99.00	−53242.00	−82,285		2008
Scania USA Inc, San Antonio, TX	USD	1.4406	–	100.00	100.00	3,151	−1,111		2008
Scanlink Ltd, Milton Keynes	GBP	0.8881	–	100.00	100.00	–	–	5)	2009
SCANRENT – Alguer de Viaturas sem Condutor, S.A, Lisbon	€		–	100.00	100.00	124	−36		2008
Scaramancha S.L., Zarragosa	€		–	100.00	100.00	–	–	6)	2009
SEAT Motor España S.A., Barcelona	€		–	100.00	100.00	10,221	−3,758		2009
SEAT Portugal Unipessoal, Lda., Lisbon	€		–	100.00	100.00	1,121	13		2009
SEAT, S.A., Martorell	€		100.00	–	100.00	837,864	−186,517		2009
SERVILEASE, S.A., Madrid	€		–	100.00	100.00	11,894	1,097		2008

Name and domicile of company	Currency	Exchange rate (€1 =) Dec. 31, 2009	VW AG's interest in capital in % Direct	Indirect	Total	Equity in thousands, local currency	Profit/loss in thousands, local currency	Footnote	Year
Seville Wagen, S.A., Seville	€		–	100.00	100.00	6,703	1,613		2008
SITECH Sp.z o.o., Polkowice	PLN	4.1045	–	100.00	100.00	438,365	39,334		2009
SKODA AUTO a.s., Mladá Boleslav	CZK	26.4730	–	100.00	100.00	71,721,183	11,267,418	12)	2008
SKODA AUTO India Private Limited, Aurangabad	INR	67.0400	–	100.00	100.00	2,352,371	−703,028		2009
SKODA AUTO POLSKA S.A., Poznan	PLN	4.1045	–	51.00	51.00	48,505	16,610		2009
SKODA AUTO Slovensko, s.r.o., Bratislava	€		–	100.00	100.00	13,942	1,645		2009
SkoFIN s.r.o., Prague	CZK	26.4730	–	100.00	100.00	4,153,366	527,716		2009
Södertälje Bil Invest AB, Södertälje	SEK	10.2520	–	100.00	100.00	203,793	29,744		2008
Stockholms Industriassistans AB, Stockholm	SEK	10.2520	–	100.00	100.00	10,741	5,483		2008
Suvesa Super Veics Pesados LTDA, Canoas	BRL	2.5113	–	99.99	99.99	44,378	6,723		2008
Svenska Mektek AB, Enköping	SEK	10.2520	–	100.00	100.00	2,298	1,661		2008
Thommen Nutzfahrzeuge AG, Rümlingen	CHF	1.4836	–	100.00	100.00	3,489	427		2008
Transportlaboratorium AB, Södertälje	SEK	10.2520	–	100.00	100.00	–	–	6)	2009
Truck Namibia (Pty) Ltd, Windhoek	NAD	10.6081	–	100.00	100.00	14,297	9,345		2008
UAB Scania Lietuva, Vilnius	LTL	3.4528	–	100.00	100.00	24,291	10,225		2008
Vabis Försäkrings AB, Södertälje	SEK	10.2520	–	100.00	100.00	132,091	7,823		2008
Valladolid Wagen, S.A., Valladolid	€		–	100.00	100.00	2,641	486		2008
Vallehermoso Wagen, S.A., Madrid	€		–	100.00	100.00	2,956	−491		2008
VCI Loan Services, LLC, Salt Lake City, Utah	USD	1.4406	–	100.00	100.00	–	–	11)	2008
Volkswagen (China) Investment Company Ltd., Beijing	CNY	9.8350	100.00	–	100.00	4,664,029	1,164,541		2008
Volkswagen Argentina S.A., Buenos Aires	ARS	5.4681	–	100.00	100.00	668,303	224,737		2009
Volkswagen Auto Lease Entity, LLC, Wilmington, Delaware	USD	1.4406	–	100.00	100.00	–	–	11)	2008
VOLKSWAGEN AUTO LEASE LOAN UNDERWRITTEN FUNDING, LLC, Wilmington, Delaware	USD	1.4406	–	100.00	100.00	–	–	11)	2008
VOLKSWAGEN AUTO LOAN VEHICLE, LLC, Wilmington, Delaware	USD	1.4406	–	100.00	100.00	–	–	11)	2008
VOLKSWAGEN AUTO SECURITIZATION TRANSACTION, L.L.C., Wilmington, Delaware	USD	1.4406	–	100.00	100.00	–	–	5) 11)	2008
VOLKSWAGEN AUTOMOTIVE FINANCE, LLC, Wilmington, Delaware	USD	1.4406	–	100.00	100.00	–	–	11)	2008
VOLKSWAGEN BANK SA INSTITUCION DE BANCA MULTIPLE, Puebla	MXN	18.9223	–	100.00	100.00	504,590	−35,962		2009
Volkswagen Credit Compania Financiera S.A., Buenos Aires	ARS	5.4681	–	100.00	100.00	33,573	3,249		2008
Volkswagen de México, S.A. de C.V., Puebla/Pue	MXN	18.9223	100.00	–	100.00	22,275,800	2,764,500		2008
VOLKSWAGEN DEALER FINANCE, LLC, Wilmington, Delaware	USD	1.4406	–	100.00	100.00	–	–	11)	2008
Volkswagen do Brasil Indústria de Veículos Automotores Ltda., São Bernardo do Campo	BRL	2.5113	–	100.00	100.00	2,968,807	1,245,155		2008
Volkswagen Enhanced Auto Loan, LLC., Wilmington, Delaware	USD	1.4406	–	100.00	100.00	–	–	11)	2008
VOLKSWAGEN FINANCE BELGIUM S.A., Brussels	€		–	100.00	100.00	9,099	2,452		2009
Volkswagen Finance Cooperation B.V., Amsterdam	€		–	100.00	100.00	–	−111		2009
Volkswagen Finance Overseas B.V., Amsterdam	€		–	100.00	100.00	507,020	−117		2009
VOLKSWAGEN FINANCE, S.A. – ESTABLECIMIENTO FINANCIERO DE CREDITO- , Madrid	€		–	100.00	100.00	290,612	16,976		2008
Volkswagen Financial Services (UK) (June) Ltd., Milton Keynes	GBP	0.8881	–	100.00	100.00	–	–	5)	2009
Volkswagen Financial Services (UK) (March) Ltd., Milton Keynes	GBP	0.8881	–	100.00	100.00	–	–	5)	2009
Volkswagen Financial Services (UK) (September) Ltd., Milton Keynes	GBP	0.8881	–	100.00	100.00	–	–	5)	2009
Volkswagen Financial Services (UK) Ltd., Milton Keynes	GBP	0.8881	–	100.00	100.00	173,057	42,578		2009
VOLKSWAGEN FINANCIAL SERVICES AUSTRALIA PTY LIMITED, Botany	AUD	1.6008	–	100.00	100.00	26,272	2,357		2008
VOLKSWAGEN FINANCIAL SERVICES JAPAN LTD., Tokyo	JPY	133.1600	–	100.00	100.00	5,909,022	857,895		2009
Volkswagen Financial Services N.V, Amsterdam	€		–	100.00	100.00	24,876	2,564		2009
Volkswagen Finans Sverige AB, Södertälje	SEK	10.2520	–	100.00	100.00	150,785	2,936		2009
Volkswagen Global Finance Holding B.V., Amsterdam	€		–	100.00	100.00	33	14		2009
VOLKSWAGEN GROUP AUSTRALIA PTY LTD., Botany	AUD	1.6008	–	100.00	100.00	52,007	1,326		2009
Volkswagen Group Canada, Inc., Ajax, Ontario	CAD	1.5128	100.00	–	100.00	219,163	42,072	12)	2008
VOLKSWAGEN GROUP FIRENZE S.P.A., Florence	€		–	100.00	100.00	3,626	−1,171		2009
VOLKSWAGEN GROUP ITALIA S.P.A., Verona	€		–	100.00	100.00	310,859	19,526		2009
VOLKSWAGEN Group Japan K.K., Toyohashi	JPY	133.1600	–	100.00	100.00	25,510,012	790,314		2009
Volkswagen Group of America Chattanooga Operations, LLC., Herndon	USD	1.4406	–	100.00	100.00	–	–	6)	2008
Volkswagen Group of America, Inc., Herndon, Virginia	USD	1.4406	100.00	–	100.00	617,022	32,868	10) 12)	2008
Volkswagen Group Sales India P.L., Mumba	INR	67.0400	91.00	9.00	100.00	3,194,429	−1,789,423	3)	2009
Volkswagen Group Services S.A., Brussels	€		100.00	–	100.00	4,597,982	86,663		2009
Volkswagen Group Sverige Aktiebolag, Södertälje	SEK	10.2520	–	100.00	100.00	564,729	144,241		2008
VOLKSWAGEN Group United Kingdom Ltd., Milton Keynes	GBP	0.8881	100.00	–	100.00	767,500	44,200		2008
VOLKSWAGEN HOLDING FINANCIÈRE S.A., Villers-Cotterêts	€		–	100.00	100.00	186,530	3,098		2009
Volkswagen Import Company Ltd., Tianjir	CNY	9.8350	–	100.00	100.00	88,973	14,157		2008
VOLKSWAGEN INDEPENDENT BORROWING ENTITY, LLC, Wilmington, Delaware	USD	1.4406	–	100.00	100.00	–	–	11)	2008

Name and domicile of company	Currency	Exchange rate (€1 =) Dec. 31, 2009	VW AG's interest in capital in % Direct	Indirect	Total	Equity in thousands, local currency	Profit/loss in thousands, local currency	Footnote	Year
Volkswagen India Private Ltd., Pune	INR	67.0400	91.00	9.00	100.00	10,679,815	−7,610	3)	2008
Volkswagen International Finance N.V., Amsterdam	€		–	100.00	100.00	4,442,917	1,075,462		2009
Volkswagen International Payment Services N.V., Amsterdam	€		–	100.00	100.00	788,843	22,809		2009
Volkswagen IT Service Sverige AB, Södertälje	SEK	10.2520	–	100.00	100.00	–	–	5) 8)	2008
VOLKSWAGEN LEASING SA DE CV, Puebla	MXN	18.9223	–	100.00	100.00	982,128	456,063		2009
Volkswagen Motor Polska Sp.z o.o., Polkowice	PLN	4.1045	–	100.00	100.00	589,765	74,435		2008
Volkswagen Navarra, S.A., Polígono de Landaben, s/n, Arazuri (Navarra)	€		–	100.00	100.00	608,593	13,222		2009
Volkswagen of South Africa (Pty.) Ltd., Uitenhage	ZAR	10.6660	100.00	–	100.00	5,551,135	124,692		2009
VOLKSWAGEN OPERATING LEASE TRANSACTION, LLC, Wilmington, Delaware	USD	1.4406	–	100.00	100.00	–	–	11)	2008
Volkswagen Participações Ltda., São Paulo	BRL	2.5113	–	100.00	100.00	1,201,925	60,510		2008
Volkswagen Parts Logistics Sverige AB, Södertälje	SEK	10.2520	–	100.00	100.00			5) 8)	2008
Volkswagen Poznan Sp.z o.o., Poznan	PLN	4.1045	–	100.00	100.00	2,357,612	250,213		2009
Volkswagen Public Auto Loan Securitization, LLC, Wilmington, Delaware	USD	1.4406	–	100.00	100.00	–	–	11)	2008
Volkswagen S.A. de Ahorro Para Fines Determinados, Buenos Aires	ARS	5.4681	–	100.00	100.00	30,355	12,113		2008
Volkswagen Serviços Ltda., São Paulo	BRL	2.5113	–	100.00	100.00	32,915	18,004		2008
VOLKSWAGEN SLOVAKIA, a.s., Bratislava	€		–	100.00	100.00	1,791,317	56,727		2009
VOLKSWAGEN Tokyo K.K., Tokyo	JPY	133.1600	–	100.00	100.00	1,169,447	210,136		2009
Volkswagen-Audi España, S.A., El Prat de Llobregat	€		–	100.00	100.00	214,130	30,913		2009
Volkswagen-Versicherungsdienst Gesellschaft m.b.H., Vienna	€		–	100.00	100.00	6,440	3,500		2009
VW Credit Canada, Inc., St. Laurent, Quebec	CAD	1.5128		100.0	100.0	–	–	11)	2008
VWCredit Leasing Ltd., Wilmington, Delaware	USD	1.4406	–	100.00	100.00	–	–	11)	2008
VW Credit, Inc., Auburn Hills, MI	USD	1.4406	–	100.00	100.00	–	–	11)	2008
Wagens Retail, S.L., Barcelona	€	–	–	100.00	100.00	–	–	6)	2009
B. Unconsolidated companies									
1. Germany									
4Collection GmbH, Braunschweig	€		–	100.00	100.00	25	–	1)	2009
Audi Akademie GmbH, Ingolstadt	€		–	100.00	100.00	2,280	–	1)	2009
Audi Electronics Venture GmbH, Gaimersheim	€		–	100.00	100.00	15,703	–	1)	2009
AUDI Immobilien GmbH & Co. KG, Ingolstad	€		–	100.00	100.00	7	39		2009
AUDI Immobilien Verwaltung GmbH, Ingolstad[t]	€		–	100.00	100.00	55	7		2009
Audi Qualifizierungsgesellschaft mbH, Ingolstadt	€		–	100.00	100.00	25	–	1)	2009
Audi Stiftung für Umwelt GmbH, Ingolstadt	€		–	100.00	100.00	5,013	13	4) 6)	2009
Audi Zentrum Frankfurt GmbH, Frankfurt am Main	€		–	100.00	100.00	8,000	–	1)	2009
Audi Zentrum Leipzig GmbH, Leipzig	€		–	100.00	100.00	9,500	–	1)	2009
Audi Zentrum Stuttgart GmbH, Stuttgart	€		–	100.00	100.00	6,678	–	1)	2009
Auto Union GmbH, Ingolstadt	€		–	100.00	100.00	354	–	1)	2009
Automotive Safety Technologies GmbH, Gaimersheim	€		–	75.50	75.50	1,513	12		2009
AVG Automobilvertriebsgesellschaft mbH, Hanover	€		–	100.00	100.00	–	–		2008
AZU Autoteile und -zubehör Vertriebs GmbH, Dreieich	€		–	100.00	100.00	57	0		2008
Brandenburgische Automobil GmbH, Potsdam	€		–	100.00	100.00	2,704	−21		2008
Carmeq GmbH, Berlin	€		–	100.00	100.00	3,100	–	1)	2008
CC WellCom GmbH, Potsdam	€		–	100.00	100.00	1,244	–	1)	2009
Fahr- und Sicherheitstraining FuS GmbH, Ingolstadt	€		–	27.45	27.45	53	888		2009
Groupe Volkswagen France Grundstücksgesellschaft mbH, Wolfsburg	€		–	100.00	100.00	25	0		2008
Karosserie- und Lackierzentrum Potsdam GmbH & Co. KG, Potsdam	€		–	100.00	100.00	765	224		2008
Karosserie- und Lackierzentrum Potsdam Verwaltungs-GmbH, Potsdam	€		–	100.00	100.00	49	5		2008
Kunden Club GmbH des Volkswagen-Konzerns, Wolfsburg	€		100.00	–	100.00	144	–	1)	2008
MMI Marketing Management Institut GmbH, Braunschweig	€		100.00	–	100.00	512	–	1)	2008
NSU GmbH, Neckarsulm	€		–	100.00	100.00	326	–	1)	2009
SEAT Deutschland Niederlassung GmbH, Frankfurt	€		–	100.00	100.00	244	−66		2009
stop+go Systemzentrale GmbH, Unna	€		–	100.00	100.00	3,500	–	1)	2008
Vehicle Trading International (VTI) GmbH, Braunschweig	€		–	100.00	100.00	2,763	−678		2008
VfL Wolfsburg-Fußball GmbH, Wolfsburg	€		100.00	–	100.00	2,438	556	3)	2008
Volkswagen Automobile Berlin-Tegel GmbH & Co. KG, Berlin	€		–	100.00	100.00	4,448	−128		2008
Volkswagen Automobile Berlin-Zehlendorf GmbH, Berlin	€		–	100.00	100.00	1,749	103		2008
Volkswagen Automobile Chemnitz GmbH, Chemnitz	€		–	100.00	100.00	6,439	232	13)	2008
Volkswagen Automobile Frankfurt GmbH, Frankfurt a.M.	€		–	100.00	100.00	4,557	−29,306		2008
VOLKSWAGEN Automobile Leipzig GmbH, Leipzig	€		–	100.00	100.00	12,902	−273	13)	2008
Volkswagen Automobile Ostfriesland GmbH, Aurich	€		–	100.00	100.00	1,733	−2,278	13)	2008
Volkswagen Automobile Rhein-Neckar GmbH, Mannheim	€		–	100.00	100.00	7,382	−5,098	13)	2008
Volkswagen Automobile Stuttgart GmbH, Stuttgart	€		–	100.00	100.00	46	8	13)	2008
Volkswagen Coaching GmbH, Wolfsburg	€		100.00	–	100.00	5,369	–	1)	2009

Name and domicile of company	Currency	Exchange rate (€1 =) Dec. 31, 2009	VW AG's interest in capital in % Direct	Indirect	Total	Equity in thousands, local currency	Profit/loss in thousands, local currency	Footnote	Year
Volkswagen Design Center Potsdam GmbH, Potsdam	€		–	100.00	100.00	2,521	–	1)	2009
Volkswagen Insurance Brokers GmbH, Braunschweig	€		–	100.00	100.00	1,076	−622		2008
Volkswagen Klassik GmbH, Wolfsburg	€		–	100.00	100.00	25	–	1) 5)	2008
Volkswagen Motorsport GmbH, Hanover	€		–	100.00	100.00	2,034	–	1)	2008
Volkswagen Motorsport Verwaltungs GmbH, Hanover	€		–	100.00	100.00	1,092	2		2008
Volkswagen Osnabrück GmbH, Braunschweig	€		100.00	–	100.00	–	–	5)	2009
Volkswagen Procurement Services GmbH, Wolfsburg	€		–	100.00	100.00	100	–	1)	2008
Volkswagen Qualifizierungsgesellschaft mbH, Wolfsburg	€		–	100.00	100.00	503	–	1)	2009
Volkswagen Retail Dienstleistungsgesellschaft mbH & Co. Betriebs-KG, Berlin	€		–	100.00	100.00	233	0		2008
Volkswagen Retail Dienstleistungsgesellschaft mbH, Berlin	€		–	100.00	100.00	27	−1		2008
Volkswagen Vertriebsbetreuungsgesellschaft mbH, Chemnitz	€		100.00	–	100.00	1,182	266		2008
Volkswagen Zentrum Bochum GmbH, Bochum	€		–	100.00	100.00	–	–	5) 13)	2008
Volkswagen Zentrum Bochum Verwaltungsgesellschaft mbH, Bochum	€		–	100.00	100.00	7,025	0	13)	2008
Volkswagen-Bildungsinstitut GmbH, Zwickau	€		–	100.00	100.00	256	–	1)	2009
VWL Funding 2008-1 GmbH, Braunschweig	€		–	100.00	100.00	25	–	5)	2009
Weser-Ems Vertriebsgesellschaft mbH, Bremen	€		81.25	–	81.25	5,908	1,894		2008
ZENDA Dienstleistungen GmbH, Würzburg	€		–	100.00	100.00	593	103		2008
2. International									
1998 Ltd., Springfield, Virginia	USD	1.4406	–	100.00	100.00	–	−485		2008
Amer Assurantien B.V., Amersfoort	€		–	100.00	100.00	–	–	11)	2008
Apolo Administradora de Bens S/S Ltda., São Bernardo do Campo, SP	BRL	2.5113	–	100.00	100.00	–	–		2008
ASSIVALO PRESTAÇÃO DE SERVIÇOS AUXILIARES DO SETOR DE SEGUROS LTDA., São Paulo	BRL	2.5113	–	70.00	70.00	1,537	89		2008
Audi (China) Enterprise Management Co. Ltd., Beijing	CNY	9.8350	–	100.00	100.00	51,956	1,956	6)	2009
Audi Akademie Hungaria Kft., Györ	HUF	270.4200	–	100.00	100.00	45,251	−51,835		2008
AUDI AUSTRALIA RETAIL OPERATIONS PTY LTD, Botany	AUD	1.6008	–	100.00	100.00	1,395	89		2009
Audi Japan Sales K.K., Tokyo	JPY	133.1600	–	100.00	100.00	–	−718,144		2009
Audi Real Estate, S.L., El Prat de Llobregat	€		–	100.00	100.00	14,427	58		2008
AUDI SINGAPORE PTE. LTD., Singapore	SGD	3.3400	–	100.00	100.00	5,400	–		2008
AUDI TAIWAN CO. LTD., Taipei	TWD	46.0550	–	100.00	100.00	93,338	7,410		2008
Audi Tooling Barcelona, S.L., Barcelona	€		–	100.00	100.00	2,455	462		2008
Automobiles Villers Services S.A.S., Villers-Cotterêts	€		–	100.00	100.00	67	29		2008
Automobili Lamborghini America, LLC, Wilmington, Delaware	USD	1.4406	–	100.00	100.00	60	7		2009
Automotive Components International RUS OOO, Kaluga	RUB	43.1540	–	100.00	100.00	–	–	5)	2008
Autovisão Brasil Desenvolvimento de Negócios Ltda., São Bernardo do Campo	BRL	2.5113	–	100.00	100.00	181	8		2008
AutoVision Magyarország Kft., Györ	HUF	270.4200	–	100.00	100.00	–	–	6)	2008
AutoVision People, Empresa de trabalho temporário, unipessoal, Lda., Palmela	€		–	100.00	100.00	61	111		2008
AutoVision S.A., Brussels	€		–	100.00	100.00	2,237	2,169		2008
AUTOVISION SLOVAKIA, s.r.o., Bratislava	€		–	100.00	100.00	–	–	6)	2008
A-Vision – Prestação de Serviços á Indústria Automóvel, unipessoal, Lda., Palmela	€		–	100.00	100.00	1,356	846		2008
Bentley Insurance Services Ltd., Crewe	GBP	0.8881	–	100.00	100.00	221	−3		2008
Bentley Motor Cars, Inc., New York	USD	1.4406	–	100.00	100.00	–	–	5)	2008
Bentley Motor Export Services Ltd., Crewe	GBP	0.8881	–	100.00	100.00	–	–	5)	2008
Cariviera S.A.S., Nice	€		–	100.00	100.00	636	−377		2008
Centre Automobile De La Riviera Car S.A.S., Nice	€		–	100.00	100.00	–	−445		2008
Centro Usato Sangallo S.r.l., Florence	€		–	100.00	100.00	50	12		2009
DFM Verzekeringen B.V., Diemen	€		–	100.00	100.00	–	–	11)	2008
H. J. Mulliner & Co. Ltd., Crewe	GBP	0.8881	–	100.00	100.00	–	–	5)	2008
Hamlin Services LLC, Wilmington, Delaware	USD	1.4406	–	100.00	100.00	–	–	5)	2008
INIS International Insurance Service s.r.o., Mladá Boleslav	CZK	26.4730	–	100.00	100.00	28,124	22,552		2008
Instituto para Formación y Desarollo Volkswagen, S.C., Puebla/Pue	MXN	18.9223	–	100.0	100.0	999	−14,218		2008
InterRent Biluthyrning AB, Södertälje	SEK	10.2520	–	100.00	100.00	–	–	5)	2008
Limited Liability Company Volkswagen Financial Services RUS, Moscow	RUB	43.1540	–	100.00	100.00	320,110	110		2008
MULTIMARCAS CORRETORA DE SEGUROS S/S LTDA., São Paulo	BRL	2.5113	–	99.98	99.98	14	−1	10)	2008
NIRA Dynamics AB, Linköping	€		–	90.69	90.69	3,279	331		2009
Park Ward & Co. Ltd., Crewe	GBP	0.8881	–	100.00	100.00	–	–	5)	2008
Park Ward Motors Inc., Wilmington, Delaware	USD	1.4406	–	100.00	100.00	–	–	5)	2008
Picardie Auto Services S.A.S., Villers-Cotterêts	€	–	–	100.00	100.00	220	−98		2008
PUTT ESTATES (PROPRIETARY) LIMITED, Upington	ZAR	10.6660	–	100.00	100.00	1,546	600	3)	2009
Riviera Technic S.A.S., Mougins	€		–	100.00	100.00	1,182	−50		2008
SASR Siebenundzwanzigste Beteiligungsverwaltung GmbH, Vienna	€		100.00	–	100.00	–	–	7)	2009

Name and domicile of company	Currency	Exchange rate (€1 =) Dec. 31, 2009	VW AG's interest in capital in % Direct	Indirect	Total	Equity in thousands, local currency	Profit/loss in thousands, local currency	Footnote	Year
SEAT Center Arrabida Lda., Setúbal	€		–	100.00	100.00	284	−304		2009
Seat Saint-Martin S.A.S., Paris	€		–	100.00	100.00	386	−340		2009
SEAT Sport S.A., Martorell	€		–	100.00	100.00	3,961	8		2009
SOCIÉTÉ IMMOBILIÈRE AUDI SARL, Paris	€		–	100.00	100.00	17,744	−86		2009
V.V.S. Assurad€en B.V., Diemen	€		–	100.00	100.00	–	–	11)	2008
VAREC Ltd., Tokyo	JPY	133.1600	–	100.00	100.00	105,936	24,280		2008
Villers Services Center S.A.S., Paris	€		–	100.00	100.00	–	−1,100		2008
Volksprop (Halfway House) (Pty.) Ltd., Uitenhage	ZAR	10.6660	–	100.00	100.00	–	−51		2008
VOLKSWAGEN Automatik Transmission (Dalian) Co., Ltd., Dalian	CNY	9.8350	–	100.00	100.00	531,478	−48,336	12)	2008
VOLKSWAGEN CORRETORA DE SEGUROS LTDA., Sao Paulo	BRL	2.5113	–	100.00	100.00	–	557		2008
Volkswagen Finance (China) Co., Ltd., Beijing	CNY	9.8350	–	100.00	100.00	915,233	38,795		2008
Volkswagen Finance Private LTD., Mumbai	INR	67.0400	–	100.00	100.00	–	–	6)	2009
VOLKSWAGEN FINANCIAL SERVICES SINGAPORE LTD., Singapore	SGD	2.0194	–	100.00	100.00	633	35		2008
Volkswagen Financial Services Taiwan Ltd., Taipei	TWD	46.0550	–	100.00	100.00	193,747	27,188		2008
Volkswagen Group Finanz OOO, Moscow	RUB	43.1540	–	100.00	100.00	167,344	−51,490		2008
Volkswagen Group Insurance and Risk Management Services Ltd., Milton Keynes	GBP	0.8881	–	100.00	100.00	–	–	5)	2008
Volkswagen Group Ireland Ltd., Dublin	€		–	100.00	100.00	–	–	6)	2008
Volkswagen Group Latin America, Inc., Miami, Florida	USD	1.4406	–	100.00	100.00	–	−1,076		2008
Volkswagen Group Malaysia Sdn. Bhd., Kuala Lumpur	MYR	4.9326	100.00	–	100.00	21,811	92		2008
VOLKSWAGEN GROUP MILANO S.R.L., Milan	€		–	100.00	100.00	545	−164		2008
Volkswagen Group Pension Scheme Trustee Ltd., Milton Keynes	GBP	0.8881	–	100.00	100.00	–	–	5)	2008
Volkswagen Group Singapore Pty. Ltd., Singapore	SGD	2.0194	100.00	–	100.00	10,114	−1,135		2007
Volkswagen Grundbesitz GmbH, Maria Wörth	€		–	100.00	100.00	35	–	6)	2009
Volkswagen Hong Kong Ltd., Hong Kong	HKD	11.1709	–	89.40	89.40	–	–	7)	2008
Volkswagen Insurance Company Ltd., Dublin	€		–	100.00	100.00	26,544	920		2008
VOLKSWAGEN INSURANCE SERVICE LTD., Milton Keynes	GBP	0.8881	–	100.00	100.00	1,130	1,013		2008
VOLKSWAGEN INSURANCE SERVICES, CORREDURIA DE SEGUROS, S.L., Barcelona	€		–	100.00	100.00	3,693	3,302		2008
Volkswagen Investments Ltd. Partnership, George Town	USD	1.4406	99.90	0.10	100.00	–	–	2) 5)	2008
Volkswagen Investments Ltd., Dublin	€		100.00	–	100.00	–	–	2) 5)	2008
Volkswagen Logistics Prestação de Serviços de Logística e Transporte Ltda., Saõ Bernardo do Campo	BRL	2.5113	–	100.00	100.00	8,008	4,557		2008
VOLKSWAGEN SARAJEVO, d.o.o, Vogosca	BAM	1.9558	58.00	–	58.00	38,923	251		2008
Volkswagen Servicios de Administración de Personal, S.A. de C.V., Puebla	MXN	18.9223	–	100.00	100.00	10,985	10,851		2008
VOLKSWAGEN SERVICIOS SA DE CV, Puebla	MXN	18.9223	–	100.0	100.0	–	2,188		2008
Volkswagen Versicherungsdienst AG, Wallisellen	CHF	1.4836	–	100.00	100.00	2,350	717		2008
VVS Verzekerings-Service N.V., Amsterdam	€		–	60.00	60.00	1,718	1,491		2008
VWT Participações Ltda. – Participações em Outras Sociedades e Prestação de Serviços em Geral, São Bernardo do Campo	BRL	2.5113	–	100.00	100.00	4,866	2,724		2008
III. JOINT VENTURES									
A. Equity-accounted investments									
1. Germany									
IAV GmbH Ingeni€gesellschaft Auto und Verkehr, Berlin	€		50.00	–	50.00	61,160	10,892		2008
Porsche Zwischenholding GmbH, Stuttgart	€		49.90	–	49.90	–	–	5) 7)	2009
2. International									
DFM Autofinanciering B.V., Amersfoort	€		–	100.00	100.00	–	–	11)	2008
DFM N.V., Amersfoort	€		–	100.00	100.00	–	–	11)	2008
DutchLease B.V., Rotterdam	€		–	100.00	100.00	–	–	11)	2008
FAW-Volkswagen Automotive Company, Ltd., Changchun	CNY	9.8350	20.00	20.00	40.00	20,886,045	10,634,064	12)	2009
Global Mobility Holding B.V., Amsterdam	€		–	50.00	50.00	2,090,456	−278	12)	2008
Lease+ B.V., Amersfoort	€		–	100.00	100.00	–	–	11)	2008
Lease+Balans B.V., Amersfoort	€		–	100.00	100.00	–	–	11)	2008
LeasePlan Corporation N.V., Amsterdam	€		–	–	9)	1,384,072	202,463	12)	2008
Midland Beheer B.V., Amersfoort	€		–	100.00	100.00	–	–	11)	2008
Shanghai Volkswagen Powertrain Company Ltd., Shanghai	CNY	9.8350	–	60.00	60.00	1,073,770	396,679		2009
Shanghai-Volkswagen Automotive Company Ltd., Shanghai	CNY	9.8350	40.00	10.00	40.00	20,231,311	4,938,606		2009
vdf Faktoring Hizmetleri A.S., Istanbul	TRY		–	100.00	100.00	–	–	6)	2009
vdf Servis Holding A.Ş., Istanbul	TRY	2.1547	–	51.00	51.00	–	−143		2008
vdf SIGORTAARACILIK HIZMETLERI A.ª., Istanbul	TRY	2.1547	–	99.99	99.99	2,029	665		2008
VOLKSWAGEN BANK POLSKA S.A., Warsaw	PLN	4.1045	–	60.00	60.00	217,302	37,169	12)	2008
VOLKSWAGEN DOĞUŞ TÜKETICI FINANSMANI ANONOM ŞIRKETI Maslak-Istanbul	TRY	2.1547	–	51.00	51.00	26,417	−27,969		2008
VOLKSWAGEN FAW Engine (Dalian) Co., Ltd., Dalian	CNY	9.8350	–	60.00	60.00	759,725	−6		2008
Volkswagen FAW Platform Company Ltd., Changchun	CNY	9.8350	–	60.00	60.00	481,916	16,440		2008

Name and domicile of company	Currency	Exchange rate (€1 =) Dec. 31, 2009	VW AG's interest in capital in % Direct	Indirect	Total	Equity in thousands, local currency	Profit/loss in thousands, local currency	Footnote	Year
VOLKSWAGEN Finančné služby Slovensko s.r.o., Bratislava	SKK	30.1260	–	58.00	58.00	946,373	130,518	12)	2008
Volkswagen Leasing B.V., Amersfoort	€		–	100.00	100.00	–	–	11)	2008
Volkswagen Leasing Polska Sp. z o.o., Warsaw	PLN	4.1045	–	60.00	60.00	7,124	1,164	12)	2008
Volkswagen Pon Financial Services B.V., Amersfoort	€		–	60.00	60.00	191,954	23,531	10)	2008
VOLKSWAGEN SERWIS UBEZPIECZENIOWY SP. Z O.O., Warsaw	PLN	4.1045	–	100.00	100.00	18,504	18,454	12)	2008
VOLKSWAGEN Transmission (Shanghai) Company Ltd., Shanghai	CNY	9.8350	–	60.00	60.00	378,325	35,576		2008
B. Companies accounted for at cost									
1. Germany									
August Horch Museum Zwickau GmbH, Zwickau	€		–	50.00	50.00	754	66		2008
AUTOMEILE Ausstellungsgesellschaft m.b.H., Hamburg	€		–	50.00	50.00	29	–	5)	2008
e.solutions GmbH, Gaimersheim	€		–	49.00	49.00	892	366	4) 6)	2009
Ingolstadt	€		–	50.00	50.00	1,745	−676		2008
Elektronische Fahrwerksysteme GmbH, Gamersheim	€		–	49.00	49.00	–	–	6)	2009
Objekt Audi Zentrum Berlin-Charlottenburg Verwaltungsgesellschaft mbH, Berlin	€		–	50.00	50.00	61	2		2009
Objektgesellschaft Audi Zentrum Berlin-Charlottenburg GmbH & Co. KG, Berlin	€		–	50.00	50.00	5,719	355		2009
PMDTechnologies GmbH, Siegen	€		–	50.00	50.00	6,663	87		2009
VOLKSWAGEN VARTA Microbattery Forschungsgesellschaft mbH & Co. KG, Ellwangen	€		–	50.00	50.00	–	–	6)	2009
VOLKSWAGEN VARTA Microbattery Verwaltungsgesellschaft mbH, Ellwangen	€		–	50.00	50.00	–	–	6)	2009
Wolfsburg AG, Wolfsburg	€		50.00	–	50.00	19,569	8,404		2008
2. International									
Central Eléctrica Anhangüera Ltda., São Paulo	BRL	2.5113	–	40.00	40.00	–	–	7)	2008
Módulos Automotivos do Brasil Ltda., São José dos Pinhais, PR	BRL	2.5113	–	100.00	100.00	6,875	−11,024		2008
SAIC-VOLKSWAGEN Sales Company Ltd., Shanghai	CNY	9.8350	–	40.00	40.00	483,918	41,738		2008
SITECH Dongchang Automotive Seating Technology, Ltd., Shanghai	CNY	9.8350	–	60.00	60.00	80,634	12,406		2008
Sturups Bilservice AB, Malmö	SEK	10.2520	–	50.00	50.00	276,941	5,378		2008
Trio Bilservice AB, Västerås	SEK	10.2520	–	33.33	33.33	132,294	52		2008
Volkswagen Beijing Center Company Ltd., Beijing	CNY	9.8350	–	70.00	70.00	38,861	465		2008
VOLKSWAGEN Finančné služby Maklérska s.r.o., Bratislava	SKK	30.1260	–	58.00	58.00	60,595	60,375		2008
Volkswagen Møller BilFinans AS, Oslo	NOK		–	51.00	51.00	–		6)	2009
IV. ASSOCIATES									
A. Equity-accounted associates									
1. Germany									
Autoport Emden GmbH, Emden	€		–	33.33	33.33	62	11		2008
Autoport Emden GmbH, Emden	€		28.67	–	28.67	2,419,789	667,046		2008
2. International									
Bits Data i Södertälje AB, Södertälje	SEK	10.2520	–	33.00	33.00	17,105	2,814		2008
Cummins-Scania high pressure injection L.L.C., Columbus	USD	1.4406	–	30.00	30.00	7,333	92		2008
Cummins-Scania XPI Manufacturing L.L.C., Columbus	USD	1.4406	–	50.00	50.00	90,463	1,276		2008
H.R. Owen Plc., London	GBP	0.8881	–	27.91	27.91	–		7)	2008
Oppland Tungbilservice AS, Fagernes	NOK	8.3000	–	50.00	50.00	3,151	1,718		2008
Scamadrid S.A., Madrid	€		–	49.00	49.00	5,072	264		2008
ScaValencia, S.A., Valencia	€		–	26.00	26.00	9,020	1,001		2008
Tynset Diesel AS, Tynset	NOK	8.3000	–	50.00	50.00	3,961	973		2008
B. Associates accounted for at cost									
1. Germany									
Abgaszentrum der Automobilindustrie (GbR), Weissach	€		–	–	–	–	–		
ALC – Auto-Lackier-Center GmbH, Chemnitz	€		–	20.00	20.00	611	133		2008
EXTESSY AG, Wolfsburg	€		–	22.95	22.95	81	−306		2007
Fahrzeugteile Service-Zentrum Mellendorf GmbH, Wedemark (Mellendorf)	€		26.00	23.70	49.70	3,063	−116		2008
GIF Gewerbe- und Industriepark Bad Friedrichshall GmbH, Bad Friedrichshall	€		–	30.00	30.00	2,195	326		2008
GVZ Entwicklungsgesellschaft Wolfsburg mbH, Wolfsburg	€		–	30.80	30.80	1,411	314		2008
Hönigsberg & Düvel Datentechnik GmbH, Wolfsburg	€		–	87.10	87.10	4,947	4,399		2008
Living Solids GmbH, Magdeburg	€		–	24.90	24.90	0	209		2008
PDB – Partnership for Dummy Technology and Biomechanics GbR, Ingolstadt	€		–	–	–	–	–		
POLYSIL GmbH, Wolfsburg	€		–	24.92	24.92	–	–	7)	2008
Theater der Stadt Wolfsburg GmbH, Wolfsburg	€		25.40	–	25.40	124	0	3)	2008

Name and domicile of company	Currency	Exchange rate (€1 =) Dec. 31, 2009	VW AG's interest in capital in % Direct	Indirect	Total	Equity in thousands, local currency	Profit/loss in thousands, local currency	Footnote	Year
2. International									
e4t electronics for transportation s.r.o., Prague	CZK	26.4730	–	49.00	49.00	37,883	10,222		2008
Servicios Especiales de Ventas Automotrices, S.A. de C.V., México, D.F	MXN	18.9223	–	25.00	25.00	51,602	4,672		2008
SKO-ENERGO s.r.o., Mladá Boleslav	CZK	26.4730	–	46.00	46.00	56,638	2,211		2008
Smart Material Corp., Sarasota, Florida	USD	1.4406	–	24.90	24.90	1,001	−36		2008
TAS Tvornica Automobila Sarajevo d.o.o, Vogosca	BAM	1.9558	50.00	–	50.00	–	–	5)	2008
TTTech Computertechnik AG, Vienna	€		–	24.99	24.99	21,639	−2,055		2008
Volkswagen of Nigeria Ltd., Lagos	NGN	215.2350	40.00	–	40.00	–	–	5)	2008
V. OTHER EQUITY INVESTMENTS									
1. Germany									
Flughafen Braunschweig-Wolfsburg GmbH, Braunschweig	€		35.57	–	35.57	3,756	2,256		2008
GKH Gemeinschaftskraftwerk Hannover GmbH, Hanover	€		–	15.30	15.30	10,226	–	1)	2008
NEULAND Wohnungsgesellschaft mbH, Wolfsburg	€		–	20.00	20.00	79,676	5,547		2008
Niedersächsische Gesellschaft zur Endablagerung von Sonderabfall mbH, Hanover	€		10.00	–	10.00	9,534	913		2008
2. International									
SKO-ENERGO-FIN s.r.o., Mladá Boleslav	CZK	26.4730	–	10.00	10.00	853,067	241,680		2008

1) Profit and loss transfer agreement
2) In liquidation
3) Different fiscal year
4) Short fiscal year
5) Currently not trading
6) Newly established company
7) Newly acquired company
8) Other profit and loss transfer agreement
9) Global Mobility Holding B.V., Amsterdam holds a 100% interest in LeasePlan Corporation N.V., Amsterdam
10) Consolidated financial statements
11) Figures are contained in the consolidated financial statements of the parent company
12) Figures in accordance with IFRSs
13) Profit and loss transfer agreement from 2009
14) Merger

VOLKSWAGEN AG is the general partner of the following companies:

1. Abgaszentrum der Automobilindustrie (GbR), Weissach
2. LOCATOR Grundstücks-Vermietungsgesellschaft mbH und Volkswagen AG in GbR, Eschborn
3. PDB – Partnership for Dummy Technology and Biomechanics GbR, Ingolstadt
4. Volkswagen AG Preussen Elektra AG OHG, Wolfsburg
5. Volkswagen Logistics GmbH & Co. OHG, Wolfsburg

Loans totaling €15,833 (redemption in 2009: €1,667) have been granted to members of the Supervisory Board. The loans generally bear interest at 4%; the agreed term is up to 15 years.

Wolfsburg, March 16, 2010

Volkswagen Aktiengesellschaft

The Board of Management

Martin Winterkorn	Francisco Javier Garcia Sanz	Jochem Heizmann
Christian Klingler	Horst Neumann	Hans Dieter Pötsch
Rupert Stadler		

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 principal opportunities and risks associated with the expected development of the Company.

Wolfsburg, March 16, 2010

Volkswagen Aktiengesellschaft

The Board of Management

Martin Winterkorn	Francisco Javier Garcia Sanz	Jochem Heizmann
Christian Klingler	Horst Neumann	Hans Dieter Pötsch
Rupert Stadler		

The following auditor's report (*Bestätigungsvermerk*) has been issued in accordance with § 322 German Commercial Code (*Handelsgesetzbuch*) on the financial statements and the management report (*Lagebericht*) of Volkswagen AG as of and for the fiscal year ended December 31, 2009. The management report is neither included nor incorporated by reference in this Prospectus. This report was originally prepared in German language. 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 supplemented with contingencies and commitments and related party disclosures, 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, 2009. As required by Article 10 (4) EnWG ("Energiewirtschaftsgesetz", "German Energy Industry Law"), the audit also included the company's observance of obligations for the unbundling of internal accounting pursuant to Article 10 (3) EnWG. The maintenance of the books and records and the preparation of the annual financial statements and the combined management report in accordance with German commercial law as well as the observance of the obligations pursuant to Article 10 (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 internal accounting pursuant to Article 10 (3) EnWG based on our audit.

We conducted our audit of the annual financial statements in accordance with § (Article) 317 HGB ("Handelsgesetzbuch": "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 respects, the obligations pursuant to Article 10 (3) EnWG have been observed. Knowledge of the business activities and the economic and legal environment of the Company and expectations as to possible misstatements 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 in the internal accounting pursuant to Article 10 (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 Company'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 in the internal accounting pursuant to Article 10 (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 has not led to any reservations.

In our opinion based on the findings of our audit, the annual financial statements comply with the legal requirements 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 and as a whole provides a suitable view of the Company's position and suitably presents the opportunities and risks of future development.

The audit of the observance of obligations for the unbundling of internal accounting pursuant to Article 10 (3) EnWG has not led to any reservations.

Hanover, March 16, 2010/February 17, 2010

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Harald Kayser	ppa. Martin Schröder
Wirtschaftsprüfer	Wirtschaftsprüfer

22. RECENT DEVELOPMENTS AND OUTLOOK

Against the background of economic developments in 2009, the Company expects positive economic growth in most countries in 2010. Such growth will be moderate in industrialized countries, but stronger in the emerging economies of Asia (particularly in China and India) as well as Argentina and Brazil. However, the Company is of the opinion that various factors could hinder the development of such an economic trend (see also "*Risk Factors – Market-related risks – The sales volume of Volkswagen's products and services is dependent upon overall economic developments*").

The Company expects a difficult year in 2010 for the automotive industry in general, with only a slight increase in global demand for new vehicles compared to the previous year. The Company believes that the effects of the global financial and economic crisis, increasing prices for commodities and more stringent emissions standards will limit the demand for cars. Demand is expected to be relatively low, particularly in countries where government vehicle purchase incentive programs have already expired or will expire during the course of 2010 (such as in Germany and the USA; in relation to government vehicle purchase incentive programs, see also the section "*Market Overview and Competition – Automotive Division – Global markets for passenger cars and light commercial vehicles – General market environment*"). The sale incentive measures led to increased demand in 2009 and therefore to higher unit sales than would have occurred without these measures. As a result, the reference values for 2009 are relatively high compared to the current year. In addition, many customers purchased a vehicle earlier than initially planned due to government vehicle purchase incentive programs, which will lead to an elimination of demand of these customers at the originally planned time in the future (so-called pull forward effect). Consequently, it is expected that in 2010 there will be considerable volatility in demand and, in some markets, a considerable decline in demand. These trends were muted at the beginning of the year because vehicles which had already been ordered under the government vehicle purchase incentive programs still had to be produced and delivered. Such aftereffects at the beginning of the current year may distort the picture of the true current demand (see also "*Risk Factors – Market-related risks - Volkswagen faces strong competition in all markets, which may be exacerbated and lead to a significant drop in unit sales or price deterioration.*"). These effects have been noticeable in Germany. In contrast to the relevant period in the previous year, the number of passenger cars of all car manufacturers which were registered only decreased by approximately 4.3% (also due to the aftereffects of the scrapping premium) and by approximately 29.8% in February 2010 (source: Kraftfahrt-Bundesamt (Federal Office for Motor Vehicles)).

For 2010, the Company expects considerably weaker demand for the automotive industry in Western Europe as a whole, in particular for Germany, due to the pull forward effect among other things. In Central and Eastern Europe, the Company forecasts a decline in demand, in North America a slight recovery and in South America (in particular, in Brazil) a moderate increase in demand. In Asia-Pacific (in particular, in China and India) the Company sees potential for growth.

Due to its geographically strongly differentiated presence, which extends to growth markets such as China and India, the Company believes that Volkswagen has the potential to compensate for forecasted declines in demand in specific markets in 2010, in particular in Western Europe, and surpass the overall number of deliveries for fiscal year 2009. Volkswagen intends to launch a total of almost 70 new vehicle models in 2010, as well as successors and upgrades, including the Volkswagen models Passat, Sharan, Touareg and Jetta, the Audi models A1, A7 and A8 and the SEAT Ibiza Sportstourer. In connection with Volkwagen's goal to mass produce hybrid and electric cars and to market high volume models with hybrid drives from 2012 and with electric drives from 2013, it will launch Volkswagen Touareg, as the first series hybrid car, in the market in 2010 and it is expected that the Audi Q5 Hybrid will be launched at the turn of the year 2010/2011.

In 2010, Volkswagen is striving to expand its market share in respect of global vehicle deliveries. Volkswagen has already achieved this goal in respect of passenger cars and light commercial vehicles for the period from January to February 2010.

Volkswagen increased its global deliveries of passenger cars and light commercial vehicles in the period from January to February 2010 (inclusive) by +26.7% as compared to the relevant period of the previous year. Divided by regional markets, the results are as follows: Western Europe: +21.5% (in particular, Germany: +8.3%), Central and Eastern Europe: −12.8% (in particular, Russia: −27.9%), North America: +20.3% (in particular, the USA: 36.3%), South America: +2.1% (in particular, Brazil: −4.2%), Asia-Pacific: +66.3% (in particular, China: +67.9% and India: +133.3%). Among others, the following brands were successful: the Volkswagen Passenger Cars brand (+29.2), Audi (+28.7%), Skoda (+33.1%) und SEAT (+18.9%) as well as the Volkswagen Commercial Vehicles brand (+8.3%, excluding trucks and busses). In January and February of the previous year, unit sales were strongly affected by the general financial and economic crisis, without benefitting from the positive effects of government vehicle purchase incentive programs, which only became noticeable later in 2009 and which continued in the beginning of 2010.

General economic developments in the markets of relevance for Volkswagen continue to be determined by a large number of uncertainties. There is therefore no guarantee that the increases in deliveries of passenger cars and light commercial vehicles from Volkswagen for the months January and February of the current year will continue at the same rate for the rest of 2010.

Furthermore, Volkswagen also intends to expand its customer and dealer financing, leasing, direct banking and insurance businesses, as well as fleet management in order to promote sales and customer loyalty in the course of its general business development in fiscal year 2010.

The Company believes that it is very well-positioned among its competitors for these ongoing challenges because of its wide range of models and its global geographic diversification. It therefore expects that in 2010, the number of vehicle deliveries worldwide, sales revenue and the operating profit of Volkswagen will exceed the comparable reference values from 2009. The Company expects that the results in 2010 will also be affected by volatility in interest and currency exchange rates.

Since February 2010, approximately 200,000 Volkswagen Passenger Cars brand vehicles have been recalled in South and Central America – essentially in Mexico and Brazil – for examination of potentially insufficient lubrication of the rear wheel bearings.

The extension of the Collective Wage Agreement for the Future (*Zukunftstarifvertag*) was agreed in mid-February. The Collective Wage Agreement applies to approximately 100,000 Volkswagen employees in German plants and employees of Volkswagen Financial Services AG and its subsidiaries in Germany and extends their agreement relating to job security until 2014. The number of annual traineeships for 1,400 young people at these locations and the obligation to hire vocational trainees based on performance are also safeguarded under the Collective Wage Agreement.

In the context of its strategic partnership with Suzuki, Volkswagen has purchased the shares of approximately 19.89% of Suzuki's share capital for a purchase price of EUR 1.7 billion (see also "*Description of the Business Activities of the Volkswagen Group – Material agreements – Agreements in connection with the equity interest in Suzuki*"). Suzuki and Volkswagen have mutually opened project offices and experts are currently assessing joint projects.

23. GLOSSARY

ACEA . . . . Acronym for the European Automobil Manufacturers Association (French: Association des Constructeurs Européens d'Automobiles).

Adaptive Cruise Control (ACC) . . . . . Enhanced cruise control system incorporating a distance control function that uses radar sensors. ACC additionally identifies potential accident risks and primes the braking system as a precaution.

ASEAN . . . . Acronym for Association of Southeast Asian Nations. An international organization of Southeast Asian states established on August 8, 1967 with political, economic and cultural objectives.

asset-backed securities (ABS) . . . . . . Securitization of receivables in order to transform illiquid assets into liquid, tradable securities.

autonomous driving . . . . The term "autonomous driving" describes the interaction of different optical and visual electronic components in the vehicle allowing it to reach a predetermined destination without the need for further human intervention (autonomously).

BlueMotion . . . . BlueMotion is a term for Volkswagen models in a class of vehicles that are characterized by low fuel consumption. This low fuel consumption is achieved in particular by the interaction of the engine, the engine management system, the transmission, the aerodynamics and the tires, thanks to the combination of efficient drivetrain technology, technical equipment features and targeted aerodynamic measures, among other factors.

BRIC/BRIC countries . . . . Acronym that refers to the four emerging growth markets of Brazil, Russia, India and China.

buy-back agreements with take-back guarantee . . . . Agreements which are usually entered into with car rental companies in respect of the sale of vehicles which provide that the manufacturer will repurchase such vehicles after a predetermined period for a predetermined price.

captive . . . . Financial services providers of the car manufacturers.

cannibalization . . . . The risk that the expansion of existing brands, and the possible development or acquisition of further brands that are aimed at a customer group that is already targeted by existing Volkswagen brands, could lead to a reciprocal weakening of the brands (so-called cannibalization).

car sharing . . . . The term car sharing originally referred to car pooling and now means the organized, shared use of one or more vehicles.

Car-to-X communication . . . . Car-to-X communication at Volkswagen means a communication system that enables a large number of applications, such as advance information for the driver on tailbacks and possible holdups, enhanced navigation, or information downloads that are edited to suit the driver, by means of direct communication between vehicles or between vehicles and a permanently installed infrastructure. Among other things, this communication system features characteristics that allow vehicles equipped with this system to spontaneously build an ad hoc network, to address vehicles via their geographical location, or to achieve a certain level of security against unintentional or deliberate interference.

cash flow . . . . Cash flow calculations; an economic parameter which can be used to assess the financial soundness of a company.

CEN . . . . Acronym for the European Committee for Standardization (French: Comité Européen de Normalisation).

CENELEC . . . . Acronym for the European Committee for Electrotechnical Standardization (French: Comité Européen de Normalisation Électrotechnique).

compliance . . . . Observance of statutory provisions, internal company policies and ethical principles.

corporate governance . . . . International term for responsible corporate management and supervision driven by long-term value added.

DIN . . . . Acronym for the Deutsche Institut für Normung e. V. (German Institute for Standardization).

downsizing . . . . This means in particular a general trend (which has been developing over the last few years) in respect of demand in Western European markets towards combustion (diesel and petrol) engines which have a smaller engine capacity, while at least maintaining performance, and use less fuel and emit fewer harmful emissions.

DSG gearbox . . . . DSG gearboxes consist of two independent gearboxes. The dual clutch couples the two gearboxes via two drive shafts depending on the current gear. The dual clutch allows gear changes with uninterrupted power. The gearbox is controlled by a "mechatronics" module in which the electronic transmission control unit, various sensors and the hydraulic control unit form a compact unit. The DSG dual clutch gearbox gives drivers a choice of two driving programs: normal and sport. In sport mode, the DSG shifts up later and shifts down earlier, if required. The gears can also be changed manually. Manual gear changes are even sportier if the Tiptronic paddles on the multifunctional steering wheel are used. However, clutch activation is always fully automatic.

emerging market . . . . An emerging market is a country which, measured on indicators of economical development, is at the beginning of or in an advanced process of industrialization.

emissions standard . . . . An emission standard, such as the European emission standards, defines the acceptable limits for motor vehicles, e.g. carbon monoxide, nitrogen oxide or particles and classifies vehicles in emission categories which are given specific code numbers (for example Euro 0 or Euro 1).

equity method . . . . Evaluation method for interests in companies, the business policies of which can be heavily influenced (associated companies) and the *pro rata* share of the net income or loss of such company for the year is reflected in the carrying amount of the interests. The distribution of dividends reduces the carrying amount by the *pro rata* amount.

EU 15 . . . . Reference to the 15 Member States of the European Union: Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxemburg, Netherlands, Portugal, Spain, Sweden and United Kingdom.

factoring . . . . Purchase of receivables from deliveries and payments by credit institutions or special financing institutions. Factoring is a financing method through which companies can obtain liquidity.

fair value . . . . Amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing and independent parties in an arm's length transaction (also current market value).

hybrid drive . . . . Drive combining two different types of engine and energy storage system (usually an internal combustion engine and an electric motor).

ISO . . . . Acronym for the International Organization for Standardization.

IT . . . . Abbreviation for the information technology which is used in, for example, computer networks or databases.

just-in-sequence production . . . . In a just-in-sequence process, suppliers deliver the necessary components or modules in good time and in the correct quantity and ensure that the required components or modules are delivered as agreed in the correct sequence.

leasing . . . . Renting or letting of movable or immovable assets by a financing institution, which is called "leasing company", or by the manufacturer of the relevant asset. Leasing is a special form of financing. A purchase in connection with self, external or mixed financing is replaced by rent or lease.

liquidity . . . . Availability of liquid funds of a company.

modular component concept . . . . . . Strategy of Volkswagen to achieve synergies in respect of the manufacturing process of vehicles of different brands through the modular arrangement of components.

modular longitudinal platform (MLB) . . . . The use of a modular strategy in vehicle platforms in which the drivetrain is mounted longitudinally to the direction of travel.

modular transverse platform. . . . . . . An extension of the modular strategy to vehicles whose architecture permits a transverse arrangement of the engine components.

MPV . . . . Acronym for multi-purpose vehicle, large and multi-purpose saloon car.

"**must-match" genuine parts** . . . . . . Genuine parts, which have to be identical with the original part, such as wings or screens. "Must-match" genuine parts are defined as "a component part used for the purpose of the repair of a complex product so as to restore its original appearance" (COM (2004) 582 final, p. 3).

option . . . . In respect of an option there is the possibility, but not the obligation, to purchase (*call-option*) or to sell (*put-option*) a specific amount of an underlying asset (for example shares or bonds) at a predetermined purchase price.

penetration rate. . . . . *Pro rata* share of the total number of vehicles delivered by Volkswagen that are financed by the Financial Services Division.

product class . . . . See vehicle classes.

pull-forward effect. . . . . Customers may have purchased a vehicle in connection with government programs although they had originally planned to make this purchase at a later date. This will lead to a future loss in demand from these customers at the originally planned date (so-called pull-forward effect).

rating . . . . Systematic evaluation of companies in terms of their credit quality. Ratings are expressed by means of rating classes, which are defined differently by the individual rating agencies.

SuperLIGHT-Car . . . . A key element in the development of super lightweight construction is the multi-material design, in which each individual vehicle bodywork element is constructed using carefully-chosen materials that meet the required specifications as well as having the lowest possible weight. SuperLIGHT-Car is a joint European project to develop a multi-material design for a compact-class vehicle for serial production.

SUV . . . . Acronym for sports utility vehicle, i.e. a sporty and off-road multi-purpose vehicle.

Tiptronic . . . . Automatic transmissions with Tiptronic, which are available with five or six speeds, have all the advantages and technical features of automatic gearboxes. Tiptronic enables gears to be selected manually by moving the automatic selector lever into a second shift gate (Tiptronic shift gate). Pushing the gear lever forward changes up, and pulling the gear lever back changes down. The paddles on the steering wheel may also be used to change gear.

TDI . . . . Acronym for "Turbocharged Diesel Injection" or "Turbocharged Direct Injection"; brand of Volkswagen for diesel engines with direct injection and turbocharging.

TSI . . . . Acronym for "Twincharged Stratified Injection" or "Turbocharged Stratified Injection"; brand of Volkswagen for petrol engines with direct injection and turbocharging.

value drivers . . . . Factors and measures that determine the earnings and value of a company. The efficiency of a company's value drivers can be measured by means of financial and non-financial performance indicators.

VDA . . . . Abbreviation for the Verband der Automobilindustrie (German Association of the Automotive Industry).

vehicle class. Passenger cars and light commercial vehicles are classified into vehicle classes (or product classes): luxury, premium, upper mid-range, mid-range, compact, subcompact and mini class. The criteria defining the individual product classes are vehicle type, vehicle length and entry price.

vehicle type . . . . Volkswagen divides its vehicles into ten vehicle types: hatchback, notchback, station wagon/estate, MPV (multi-purpose vehicle), SUV (sports utility vehicle), coupé, convertible, roadster, SLW (city delivery van) and pick-up.

volatility. . . . . Fluctuation of the price of a marketable security or currency. Often this form of standard deviation is calculated based on the price history or implied from the price determination formula. The higher the volatility, the riskier is holding the investment.

24. SIGNATURE PAGE

Wolfsburg, Frankfurt am Main, London and Düsseldorf, in March 2010

Volkswagen Aktiengesellschaft

by Martin Winterkorn

by Hans Dieter Pötsch

Citigroup Global Markets Limited

by Andreas Bernstorff

Deutsche Bank AG

by Josef Ritter

by Matthias Höhne

HSBC Trinkaus & Burkhardt AG

by Cord Kunze

by Bernd Wiedemuth

J.P. Morgan Securities Ltd.

by Klaus H. Hessberger

by Christoph W. Heuer

Merrill Lynch International

by Andreas Matthäus

Frankfurt am Main, London, Munich, Paris and Stuttgart, in March 2010

BNP PARIBAS

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COMMERZBANK Aktiengesellschaft

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Credit Suisse Securities (Europe) Limited

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