

VOLKSWAGEN

AKTIENGESELLSCHAFT



Interim Report

January - March

2014

Key Figures

VOLKSWAGEN GROUP

Volume Data ¹	Q1		%
	2014	2013	
Deliveries to customers ('000 units)	2,442	2,314	+ 5.6
of which: in Germany	289	268	+ 7.8
abroad	2,154	2,046	+ 5.3
Vehicle sales ('000 units)	2,562	2,375	+ 7.9
of which: in Germany	305	294	+ 3.7
abroad	2,257	2,081	+ 8.5
Production ('000 units)	2,565	2,388	+ 7.4
of which: in Germany	660	607	+ 8.8
abroad	1,905	1,780	+ 7.0
Employees ('000 on March 31, 2014/Dec. 31, 2013)	574.9	572.8	+ 0.4
of which: in Germany	259.2	260.4	-0.5
abroad	315.7	312.4	+ 1.1

Financial Data (IFRSs), € million	Q1		%
	2014	2013	
Sales revenue	47,831	46,565	+ 2.7
Operating profit	2,855	2,344	+ 21.8
as a percentage of sales revenue	6.0	5.0	
Profit before tax	3,357	2,688	+ 24.9
as a percentage of sales revenue	7.0	5.8	
Profit after tax	2,468	1,946	+ 26.8
Profit attributable to Volkswagen AG shareholders	2,395	2,026	+ 18.2
Cash flows from operating activities	1,498	2,549	-41.2
Cash flows from investing activities attributable to operating activities	2,924	2,429	+ 20.4
Automotive Division ²			
EBITDA ³	5,243	4,525	+ 15.9
Cash flows from operating activities	2,251	3,528	-36.2
Cash flows from investing activities attributable to operating activities ⁴	2,302	3,942	-41.6
of which: investments in property, plant and equipment	1,625	1,672	-2.8
as a percentage of sales revenue	3.9	4.1	
capitalized development costs ⁵	1,191	678	+ 75.6
as a percentage of sales revenue	2.8	1.6	
Net cash flow	-52	-414	-87.6
Net liquidity at March 31	17,714	10,649	+ 66.3

1 Volume data including the unconsolidated Chinese joint ventures. These companies are accounted for using the equity method. All figures shown are rounded, so minor discrepancies may arise from addition of these amounts. 2013 deliveries updated to reflect subsequent statistical trends.

2 Including allocation of consolidation adjustments between the Automotive and Financial Services divisions.

3 Operating profit plus net depreciation/amortization and impairment losses/reversals of impairment losses on property, plant and equipment, capitalized development costs, leasing and rental assets, goodwill and financial assets as reported in the cash flow statement.

4 Excluding acquisition and disposal of equity investments: Q1 €2,702 million (€2,208 million).

5 See table on page 33.

Key Facts

- › Volkswagen Group's deliveries to customers increase by 5.6% year-on-year to 2.4 million vehicles; growth in China and Europe
- › Group sales revenue up 2.7% on the prior-year figure at €47.8 billion; negative impact of exchange rate effects
- › Operating profit of €2.9 billion in an ongoing difficult market environment is €0.5 billion higher than in the previous year, which was impacted by contingency reserves
- › Earnings before tax improve by €0.7 billion to €3.4 billion; equity-accounted profit of the Chinese joint ventures develops positively
- › Cash flows from operating activities in the Automotive Division total €2.3 billion (€3.5 billion); ratio of investments in property, plant and equipment (capex) to sales revenue is 3.9% (4.1%)
- › Net liquidity in the Automotive Division at €17.7 billion; capital increase at Financial Services Division reduces liquidity, successful placement of hybrid note strengthens Automotive Division's capital base
- › Enthusiastic reception for Group models:
 - Volkswagen Passenger Cars celebrates world premiere of the Golf GTE with a plug-in hybrid drive at the Geneva Motor Show; T-Roc study offers glimpse of possible new SUV series
 - Audi presents the third generation of the Audi TT design icon
 - ŠKODA unveils the next evolutionary stage for its models with the VisionC show car
 - SEAT celebrates the launch of the top-of-the-range model in the Leon family – the sporty Leon CUPRA
 - Porsche expands its 911 series with the new 911 Targa
 - Lamborghini premieres the Huracán super sports car, the successor to the Gallardo
 - Scania G 410 with Euro 6 technology wins the "Green Truck 2014" award

Key Events

MOTOR SHOWS AND EVENTS

The Volkswagen Group presented a wide range of new models and technologies at motor shows and events in the first quarter of 2014.

North American International Auto Show in Detroit

The Volkswagen Passenger Cars brand debuted the Beetle Dune in Detroit. This close-to-production study features yellow-orange metallic paintwork, a rugged off-road look, a higher chassis and large 19-inch wheels. In addition, the e-Golf and the new Golf R were shown in the USA for the first time.

Audi captured the attention of auto show visitors with its show car, the Audi allroad shooting brake. The design and innovative control concept of this three-door crossover model with high functionality for sporty pursuits gives a preview of the forthcoming third generation of the Audi TT and possible variants of the model.

Bentley premiered the Continental GT V8 S in North America. This powerful version of the luxurious Grand Tourer features a 4.0 l V8 engine with 389 kW (528 PS) and twin turbocharging, and accelerates from 0 to 100 km/h in 4.5 seconds.

Porsche debuted the new 911 Targa, presenting the newest generation of this classic car, which features a state-of-the-art roof system. Like the legendary original Targa, the model has a wide bar in place of a B pillar. At the press of a button, the roof panel disappears completely automatically and spectacularly behind the back seats.

International Motor Show in Geneva

Volkswagen launched its "Future Tracks" program at the international Geneva Motor Show, with which the Group intends to provide answers to the major challenges faced by the automotive industry. As the industry is on the threshold of a fundamental shift, around 125 years after the automobile was invented, Volkswagen is optimally positioned to reinvent its thinking and explore new areas together with its pool of experts.

A highlight at the Volkswagen Passenger Cars brand stand was the world premiere of the Golf GTE. Its plug-in hybrid drive is the fifth type of drive in the Golf series, alongside petrol, diesel, natural gas and electric motor. This range is possible thanks to the Modular Transverse Toolkit on which the bestseller is based. The Golf GTE features a 110 kW (150 PS) TSI engine and a 75 kW (102 PS) electric motor to create a plug-in hybrid drive with a combined maximum output of 150 kW (204 PS). In purely electric mode, the GTE can travel up to 50 km, while in hybrid mode it can cover a distance of 939 km. It can accelerate from 0 to 100 km/h in just 7.6 seconds. The Golf GTE is thus a zero-emission, long-distance and sports car all in one. The Volkswagen Passenger Cars brand offered a glimpse of a possible SUV series beneath the Tiguan with the world premiere of the T-Roc study in Geneva. This three-door vehicle

based on the Modular Transverse Toolkit features a progressive design, functional interior and innovative infotainment solutions. Thanks to the two removable roof panels, which can be stowed in the boot with just a few movements, it also exudes the summery lightness of a convertible. The T-Roc's 135 kW (184 PS) all-wheel drive can be operated in street, off-road or snow modes. The brand rounded off its showing with the debut of the revamped Scirocco as well as the unveiling of the new Polo models TSI BlueMotion, TDI BlueMotion, BlueGT and CrossPolo.

The Audi brand presented the third generation of the Audi TT for the first time in Geneva. The profile of the design icon was systematically enhanced: the roof line was tightened, the wheelbase lengthened and the overhangs shortened, making the new TT even sportier and more dynamic than its predecessor. But the newest generation also scores points in terms of efficiency: the vehicle weight, which has been reduced by 50 kg, helps set new standards in the sports car class with CO₂ emissions of 110 g/km. The unveiling of the new TT was flanked by the particularly sporty versions TTS and TT quattro sport concept. The Audi brand underscored the sporty theme in Geneva by presenting the S3 Cabriolet, S1 Sportback and RS 5 DTM models.

At ŠKODA's stand, the focus was on the VisionC show car. The emotionally designed, five-door coupé heralds the next step in the evolution of the brand's design and also shows the possibility of innovative body concepts. ŠKODA VisionC captivates with expressive and dynamic design language, state-of-the-art technology, low emissions, low weight and optimized aerodynamics. Additional highlights included the debut of the Octavia Scout – a crossover model with a rugged off-road design and impressive handling on tough roads – and the Octavia G-TEC, the first Octavia with a natural gas drive as standard, CO₂ emissions of just 97 g/km and a range of up to 1,330 km.

The SEAT brand drew the attention of visitors with the new Leon CUPRA. The model was presented in Geneva as an impressive racing car and as a sporty street design. The latter variant is the top-of-the-range model in the Leon family and, with 206 kW (280 PS), is the most powerful and fastest vehicle ever produced by the Spanish brand. The Leon CUPRA combines exciting design, cutting-edge technology and fascinating dynamics with efficiency and perfect suitability for daily use. For the first time, it is available as a five-door and as a three-door sports coupé with two engines: 195 kW (265 PS) and 206 kW (280 PS).

Bentley showed the new Continental GT Speed and the Flying Spur V8 in Geneva. The Continental GT Speed marries a luxurious saloon with a breathtakingly dynamic super sports car. Powered by 467 kW (635 PS) 6.0 l W12 engine technology with twin turbocharging, it is the luxury brand's fastest ever series-produced vehicle – the coupé's top speed is 331 km/h. The Flying Spur V8 also

combines luxury with impressive performance. Its 373 kW (507 PS) 4.0 l V8 engine takes the car from 0 to 100 km/h in 5.2 seconds. Together with the already very successful Flying Spur W12, the V8 engine version is intended to help win new customers and continue the brand's success.

Porsche's showing in Geneva revolved around motorsports. The brand presented the Porsche 919 Hybrid, an innovative racing car that will be participating in the top category of the FIA World Endurance Championship (WEC) in 2014 and hence also in the legendary Le Mans 24 Hours race. On the one hand, the 919 Hybrid uses the hybrid system on the front axle – already familiar from the 918 Spyder – in which brake energy is converted into electrical energy which is then available for use in an electric motor. On the other, the vehicle for the first time employs an innovative system for using thermal exhaust energy to power a generator. Other Porsche highlights were the 911 RSR, which will also be racing in the WEC, the new 911 Targa and the Macan S Diesel.

The highlight of the Lamborghini stand was the world premiere of the Huracán. The Italian brand is ringing in a new era with this completely newly developed exclusive super sports car: the Huracán is the successor to Lamborghini's most successful model – the Gallardo, sold over 14,000 times. The sharp-edged design of the Huracán, whose chassis is made of carbon and aluminum elements, focuses on a continuous line from the front to the rear of the vehicle. The 449 kW (610 PS) V10 engine catapults the Huracán from 0 to 100 km/h in only 3.2 seconds. Its top speed is over 325 km/h.

Luxury brand Bugatti presented the fourth vehicle from the "Les Legendes de Bugatti" edition in Geneva – the Bugatti Veyron Grand Sport Vitesse "Rembrandt Bugatti". It is dedicated to one of the most significant sculptors of the early twentieth century and the brother of the company's founder, Ettore Bugatti. The body of the vehicle, which is limited to a run of three, is largely made of "bronze" visible carbon, as a tribute to the artist's works.

At Volkswagen Commercial Vehicles' stand, the Multivan All-track study was the focal point. This off-road style all-rounder features a rugged yet elegant exterior, generous and variable interior space, and 4MOTION all-wheel drive.

CeBIT in Hanover

The Volkswagen Group was represented at CeBIT in Hanover, the world's most important IT trade fair, by its brands Volkswagen Passenger Cars, Audi, Porsche, Volkswagen Commercial Vehicles, MAN and Volkswagen Financial Services. Its stand focused on e-mobility, connectivity and piloted driving.

In addition to the XL1 plug-in hybrid and the e-up! – the brand's first fully electric series vehicle – the Volkswagen Passenger Cars brand showcased the second generation of the Modular Infotainment Toolkit. On the basis of this toolkit, customers will be able to

enjoy even greater connectivity between their vehicle and smart-phone in the future, as the contents and functions of applications can be displayed and controlled directly via the vehicle's infotainment system. The brand also demonstrated the current status of developments in the area of touch-free, gesture-based management of infotainment functions in a cockpit simulator.

Piloted driving was the focus of the Audi brand's stand. The "James 2025" simulation model gave visitors an impressive insight into what driving of the future could look like. Once motion starts, the vehicle takes over the driver's tasks in full, with a virtual cockpit replacing the equivalent instruments. The driver only takes control of the vehicle again shortly before reaching the destination.

Porsche demonstrated its expertise in alternative drives in Hanover with the Panamera S E-Hybrid, the first plug-in hybrid in the luxury class. Connectivity between vehicle and driver is also a reality in the E-Hybrid: the driver can use their smartphone to display information about the charge status and range, set up the charging timer, or remotely control the air conditioning.

Volkswagen Commercial Vehicles' eT! research vehicle illustrated for visitors the level of technology achievable for electric vehicles in the commercial area. As a delivery or courier vehicle in urban areas, the "come to me" and "follow me" functions can be used among other things: at the press of a button, the vehicle comes to the driver autonomously or follows the driver as they are walking.

Also at CeBIT, MAN showed how the MAN TeleMatics application can be used in the cabs of semitrailer tractors via a mobile device. For example, the driver and dispatcher can use the application to communicate directly by e-mail. MAN TeleMatics is also an efficient tool for business owners to lower the fuel consumption of their fleet, as vehicle-related information such as consumption, idle time, speed and tachometer can be called up and analyzed.

Volkswagen Financial Services rounded off the Group's showing with its portfolio covering fleet management, through mobility packages, to green energy offerings.

AWARDS

The Volkswagen Group's brands received a large number of prizes and awards in the first three months of 2014.

In January 2014, the Audi brand was awarded the title of "Executive Car of the Year" for the A3 saloon and "Open-Top of the Year" for the A3 Cabriolet by British magazine "What Car?". The jury praised the good value proposition, the excellent performance and the spaciousness of the saloon, and the driving pleasure and comfortable interior of the Cabriolet.

With eight first places, the Volkswagen Group was the most successful company in the reader poll on "the best cars of 2014" conducted by specialist journal "auto motor und sport" at the end of January 2014. As the series winner, the Golf again came out top of the compact class this year. In the small cars category, the Ibiza

made by our Spanish brand SEAT took first place in the imports ranking, while the Alhambra topped the list of imported vans. ŠKODA also occupied first place in two categories of the imports ranking: the Octavia beat the competition in the compact class, while the Superb was the winner in the mid-range class. Porsche's new 911 was named the best sports car; the 911 Cabriolet won in the convertible category. The Volkswagen Group's success was topped off by Volkswagen Commercial Vehicles' Multivan, which again took the title of "best van".

Audi picked up a total of eight awards, again making it the most successful brand in the "Best Cars 2014" as voted by readers of the Chinese edition of "auto motor und sport". The A6 L took first place in the upper mid-range and domestic upper mid-range categories, while the Q5 was voted the best domestic SUV and off-road vehicle. Audi topped the brand ratings in terms of reliability, environmental friendliness, customer service, value for money and resale value.

In February 2014, the ŠKODA Octavia was named the "Most Rational Car 2014" in the saloon category, and the SEAT Leon ST in the estate/van class. The readers of two consumer magazines rated the models for their economy, environmental compatibility and good value proposition. Their technical innovations and safety systems were also praised.

Also in February 2014, the Sharan from the Volkswagen Passenger Cars brand, the Audi A7, the Octavia and the Citigo by the ŠKODA brand, as well as the SEAT Alhambra, were awarded the title "Value Champions 2014" in their respective classes. The models impressed specialist journal "Auto Bild" and market research company Schwacke with the lowest forecast loss in value in the next four years.

Audi won ten first places in the vote on "the best brands in all classes" held by "Auto Bild" in February 2014. In the "quality" category, the brand outstripped the competition in the small car, compact car, mid-range class, premium class, luxury class, convertibles up to €50,000, compact SUV and large SUV segments. Audi received two additional prizes for its high resale value and its successes in motorsports.

In February 2014, for the second time in a row Verkehrs Club der Schweiz (VCS) named the eco up! and, with the same number of points, the ŠKODA Citigo G-TEC and SEAT Mii Ecofuel models produced by fellow Group companies as the winners of the automotive environmental list. Two more Volkswagen Group models were next on the list – the Audi A3 g-tron and the Golf TGI. In addition to fuel consumption and greenhouse gas emissions, the competition also assesses noise levels.

In the 2014 DEKRA Used Car Report, the ŠKODA Roomster won in the small van class in February with the fewest faults of all vehicles examined. The versatile Roomster impressed DEKRA as the best used car in its segment with distance of up to both 50,000 km and 100,000 km.

The Golf estate won gold in the "iF product design award 2014" at the end of February 2014. The award for product design is one of the most important design prizes in the world. Above all, the specialist jury praised the extremely clean and original design, which is unmistakable and significant for the brand.

The "Green Truck 2014" award from specialist journals "VerkehrsRundschau" and "Trucker" went to the Scania G 410 with Euro 6 technology in March 2014. As the best performer in terms of consumption and emissions, the G 410 headed the environmental ranking by a large margin.

Audi, Bentley and Volkswagen Financial Services AG were each voted "best employer" in different surveys. In January 2014, Audi was named the overall and industry winner in the survey conducted by news magazine "FOCUS" and job and career networking site "Xing", in which 19,000 employees from 22 industries participated. The Top Employers Institute again recognized Bentley as the top employer in the United Kingdom in March 2014. Key factors in its success were in particular the working conditions, the fostering of young talent and the continuous effort to improve processes. Also in March, Volkswagen Financial Services took first place for the second time in the well-known employer competition "Great Place to Work" in the category of companies with over 5,000 employees. The award was based on a comprehensive survey of employees on key workplace topics such as recognition, career development and health promotion.

ANNIVERSARIES

Volkswagen de Mexico marked the celebration of its 50th anniversary in January 2014. In this context, production of the Golf commenced at the Mexican location in Puebla. Additional models in the Golf family will also be produced there in the future for the North America region.

Volkswagen do Brasil also celebrated 15 years of the Curitiba plant in January 2014. Since opening in 1999, just under 2.3 million vehicles have left the production plant. At present, around 3,300 employees produce different derivatives of the Fox at this site. Investments of €170 million are being made to prepare the Curitiba plant for the Modular Transverse Toolkit and production of the new Golf as a next step.

During the Techno Classica – the world fair for vintage, classic and prestige cars – the Volkswagen Group celebrated the 40th anniversary of its bestseller, the Golf. It is the Volkswagen model with the highest production figures to date and also the most successful European automobile of all time. The first Golf rolled off the production line at the Wolfsburg plant on March 29, 1974, since then over 30 million models have been delivered. For Volkswagen, the Golf was always the model that democratized key automotive technologies and trends. Today, it is available as the e-Golf with purely electric drive, with efficient diesel or petrol engines, or as the

221 kW (300 PS) Golf R, to name just a few variants. What is now the seventh generation of the Golf is currently produced at the Wolfsburg, Zwickau, Foshan (China) and Puebla (Mexico) locations.

In March 2014, the ŠKODA brand's main production facility in Mladá Boleslav reached the 11 million mark for vehicles produced. More than half of all ŠKODA models manufactured until now left the production plant there. The location was comprehensively modernized and expanded in the past three years; vehicles from the Octavia, Fabia and Rapid series are currently built in Mladá Boleslav.

E-MOBILITY WEEKS IN BERLIN

Volkswagen energized Berlin for around two weeks in March 2014: numerous events were held at the former Berlin-Tempelhof airport as part of “electrified! – the e-mobility weeks by Volkswagen”. Taking a total of 6,000 test drives on the airport’s runway, visitors were won over by the suitability for everyday use of the purely electric e-up! and e-Golf models as well as additional models of the Volkswagen Passenger Cars brand with alternative drives. Under the title “electrified! The Club Nights”, numerous concerts featuring leading figures in electronic music attracted around 20,000 music fans. The Volkswagen Group’s Annual Media and Investor Conference, which was held in the capital during the e-mobility weeks, was attended by 250 financial journalists from 20 countries and 80 analysts and investors. In addition, around 1,100 Volkswagen dealers in Germany used the e-mobility weeks as a platform for a congress. A total of 35,000 people visited the e-mobility weeks.

FORWARD-LOOKING CHANGES IN THE PRODUCTION NETWORK

In March 2014, the Volkswagen Group announced that it would be reorganizing significant elements of its international plant capacity utilization.

The next generation of the Crafter van will be built in Poland starting in 2016. Volkswagen is constructing a new plant for this in Wrzesnia, approximately 50 km east of the Poznan location, that is planned to start operating in the second half of 2016. At least 2,300 new jobs will be created by the new plant. The location will comprise body shell production, a paint shop and final assembly.

At the commercial vehicles location in Hanover, additional volumes of the Tiguan will be assembled based on the Modular Transverse Toolkit from 2016 to take pressure off the Wolfsburg plant. The Porsche Panamera’s body-in-white – produced and painted at the Hanover plant until now – will be manufactured at Porsche’s Leipzig location, which will thus produce the model in its entirety, starting in 2016. The Cayenne will be produced in full at Volkswagen’s Bratislava plant in the future. To date, the model has only been painted and preassembled at the Slovakian location.

The reorganization of the existing plant capacity utilization demonstrates the high level of production flexibility that the Volks-

wagen Group achieves by gradually shifting existing and new factories to a modular basis.

FESTIVE OPENING OF MACAN PRODUCTION FACILITY AT PORSCHE’S LEIPZIG PLANT

The new Macan SUV is the Porsche brand’s fifth series. Porsche expanded its factory in Leipzig to produce the model: among other things, a dedicated body shell production facility and a state-of-the-art paint shop were constructed in the space of just two years with an investment volume of €500 million. The particularly environmentally friendly plant finally celebrated its opening in February 2014. There are now 1,500 new jobs at the location. The Macan is the third model to come off the production line; the Cayenne and the Panamera were previously assembled at this location.

VOLKSWAGEN SEEKS TO ACQUIRE ALL SHARES OF SCANIA

Volkswagen AG made a voluntary tender offer to Scania shareholders to purchase all Scania A and B shares not previously held by Volkswagen either directly or indirectly. The offer for the 298,910,903 shares amounts to SEK 200 per share. The offer period began on March 17, 2014 and ran until April 25, 2014. With a total value of approximately €6.7 billion, the offer is subject among other things to the condition that Volkswagen will become the holder of more than 90% of all Scania shares through the transaction. After exceeding this threshold, Volkswagen will initiate a squeeze-out and have the Scania shares delisted.

Volkswagen has had a direct and indirect interest in Scania AB since 2000 and currently holds a total of 89.2% of the voting rights and 62.6% of the capital. With this offer, Volkswagen is pursuing its goal of creating the planned integrated commercial vehicles group and eliminating existing obstacles. It is designed to enable the common strategy for the commercial vehicles business to be applied more comprehensively, to implement key joint projects more rapidly, and to leverage additional growth opportunities and long-term synergies.

Volkswagen Shares

Prices on the international equity markets experienced volatility in the first quarter of 2014. The DAX moved sideways amid price swings at the beginning of the year. In mid-January, the index approached the 10,000-point threshold at times, lifted by the World Bank's increased growth forecast for the economy as a whole. Expectations that the Fed would pursue a more restrictive monetary policy and concerns about a weak phase in the Chinese economy depressed prices at the end of January. In addition, fears that emerging economies' exchange rates would fall further and doubts about the global economic recovery clouded investor sentiment. In February, positive economic data and corporate news from the eurozone temporarily supported share prices amid an environment dominated by rising tensions between Russia and Ukraine. The downward trend that began at the beginning of March was reversed by a price rally around the middle of the month: alongside slight signs that the situation in Ukraine was easing, capital market participants reacted positively to stable consumer sentiment.

The DAX closed at 9,556 points on March 31, 2014, roughly on a level with the end of 2013. The EURO STOXX Automobiles & Parts stood at 496 points, up 7.9% compared with the 2013 closing price.

Volkswagen AG's preferred and ordinary share prices were unable to escape the stock market volatility in the reporting period. After following the sideways movement in the first weeks, they declined in line with the overall market. At the beginning of February, the positive sales figures of the individual Group brands

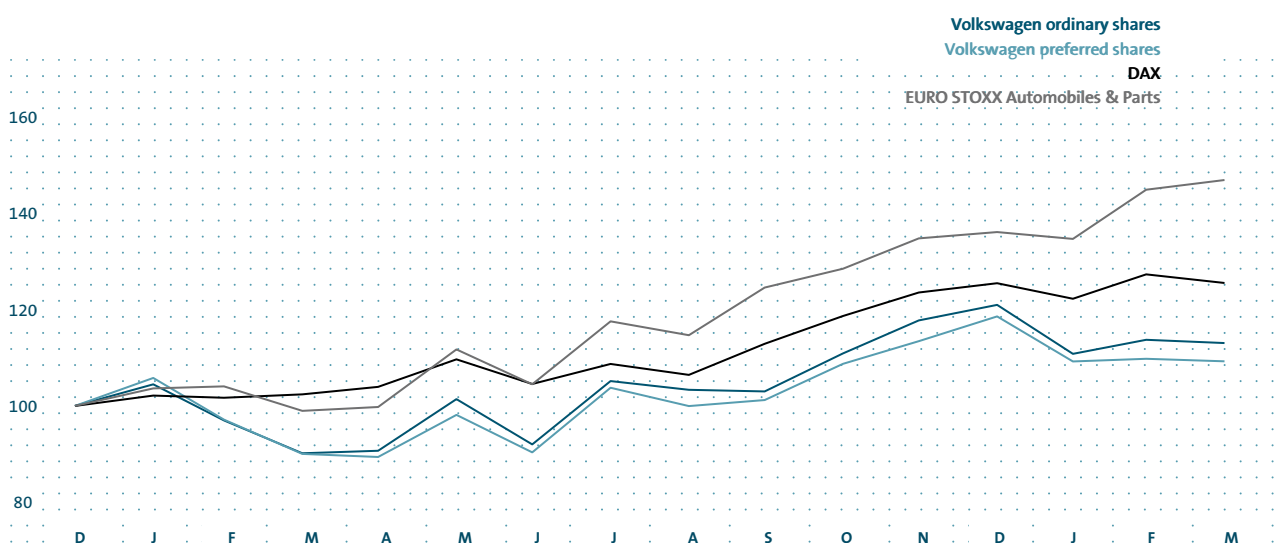
led to price rises. However, Volkswagen share prices retreated again until mid-March in a declining market environment: the outlook for fiscal year 2014, which only partly met the high expectations of many investors and was announced when the annual financial statements were published, as well as the announcement of the planned acquisition of all shares of Scania and a possible associated capital increase, unsettled market participants. At the end of March, both classes of shares again gained ground with the market as a whole.

Volkswagen's preferred shares reached their highest daily closing price in the period from January to March 2014 (€203.35) on January 17, 2014. They hit their lowest closing price of €177.75 on March 14, 2014. On the last trading day of the reporting period, the preferred shares closed at €188.10, down 7.9% on the end of 2013. Volkswagen AG's ordinary shares also reached their high for the first quarter of 2014 on January 17, 2014 (€197.35). The shares recorded their low of €172.10 on March 24, 2014. The ordinary shares closed at €184.00 on March 31, 2014, 6.6% lower than at the last closing price of 2013.

Information and explanations on earnings per share can be found in the notes to the consolidated interim financial statements. Additional Volkswagen share data, plus corporate news, reports and presentations can be downloaded from our website at www.volkswagenag.com/ir.

SHARE PRICE DEVELOPMENT FROM DECEMBER 2012 TO MARCH 2014

Index based on month-end prices: December 31, 2012 = 100



Business Development

GENERAL ECONOMIC DEVELOPMENT

The slight revival of the global economy continued in the year to date, although it has been felt differently across the individual regions. The economic situation in the industrialized nations improved despite the continued presence of structural obstacles. At the same time, the robust economic growth in a number of emerging economies slowed due to currency fluctuations and structural deficits.

The economic recovery in Western Europe continued in the reporting period. The northern European countries returned to a moderate growth path, while the recession came to an end in most of the crisis-hit southern European countries.

The German economy reinforced its upward trend in the first quarter of 2014, benefiting in particular from the continued positive consumer sentiment and the stable situation on the labor market.

Central and Eastern Europe recorded moderately positive economic growth in the first three months of 2014, although sentiment deteriorated due to political tensions. The Russian and Ukrainian economies were particularly impacted by the crisis in Crimea.

South Africa's economic situation continued to be impacted by structural deficits and social tensions in the reporting period. GDP growth only rose slightly faster than the low prior-year period levels.

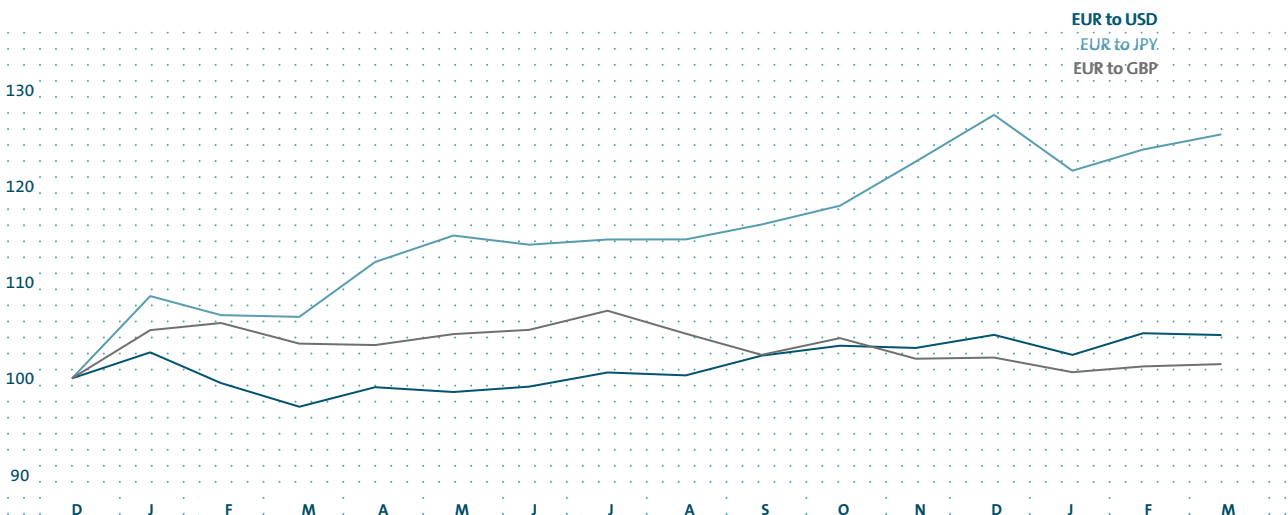
Despite the difficult weather-induced conditions at the beginning of the year, the US economy continued its recovery in the first quarter of 2014. The easing unemployment rate and positive consumer sentiment boosted the economy. Economic development in Mexico was positive, but remained muted compared with previous years.

In the first three months of 2014, Brazil saw growth in line with the low prior-year level. Social tensions and very high inflation are still impacting the situation in Argentina.

The Chinese economy continued to record robust growth with slightly declining momentum. India's economy was curbed by considerable price increases, cautious investment spending due to regulatory and financial uncertainties, and a large number of structural deficits. Growth in Japan continued to stabilize on the back of fiscal and monetary policy measures taken to revive the economy.

EXCHANGE RATE MOVEMENTS FROM DECEMBER 2012 TO MARCH 2014

Index based on month-end prices: December 31, 2012=100



TRENDS IN THE PASSENGER CAR MARKETS

Global demand for passenger cars continued to rise in the first quarter of 2014. However, market trends were mixed at a regional level: while the number of new registrations in the Asia-Pacific region, Western Europe and North America, and Central Europe increased year-on-year, South America and Eastern Europe recorded lower market volumes. The weak currencies of key emerging economies pushed prices up and thus put pressure on demand.

In Western Europe, the stabilization in the passenger car markets that had begun in the second half of 2013 led to an increase in sales in the reporting period. Overall, the markets are still at a low level, however. While France and Italy recorded moderate growth, Spain's continuation of its government purchase incentives and the further increase in consumer confidence in the United Kingdom produced double-digit growth rates.

More new cars were also registered in Germany in the first three months of 2014 than in the relevant prior-year period. Higher growth rates among private customers indicated that the positive consumer sentiment has now also reached the automotive market.

The overall markets for passenger cars in Central and Eastern Europe were mixed in the reporting period. There were slight declines in Russia due to the extended recycling fee for vehicles and a sharp drop in Ukraine due to the crisis in Crimea, compared with predominantly double-digit growth in the Central European EU states.

In South Africa, demand for new passenger cars was down on the prior-year period's high level as a result of subdued economic development and increased borrowing costs.

In North America, the market grew only slightly in the period from January to March 2014. The decline in demand on the US market, a result of the extreme weather conditions at the start of the year, was more than offset in March. The automotive markets in Canada and Mexico also recorded slight increases.

The number of new passenger car registrations in South America in the first quarter of 2014 was significantly below the prior-year figure. In Brazil, the price hikes due to the ABS and airbag safety technologies, which have been mandatory since the beginning of the year, as well as the partial reversal of the tax cut on industrial products, put pressure on demand. Argentina recorded a slump that was mainly attributable to the tax increase on higher-value passenger cars that came into effect as of January 1, 2014 as well as to increased costs of vehicle ownership.

The Asia-Pacific region recorded the highest absolute market growth in the reporting period. The Chinese market generated another double-digit percentage increase in a stable macroeconomic environment. Foreign brands in particular benefited from this trend. Vehicles in the SUV segment were particularly popular. By contrast, demand for passenger cars in India remained down year-on-year in the reporting period despite a cut in excise taxes – for vehicles, among other things – in mid-February 2014. This was

due in particular to the continued weak economy and rising fuel prices. In Japan, the passenger car market saw a strong increase in the first three months of 2014. A VAT increase that was announced on April 1, 2014 led to purchases being pulled forward there.

TRENDS IN THE MARKETS FOR COMMERCIAL VEHICLES

Global demand for light commercial vehicles increased modestly in the first quarter of 2014 compared with the prior-year period.

Western Europe's economic stabilization also had a significant impact on sales figures for light commercial vehicles. Between January and March 2014, the Western European vehicle market gradually picked up speed, rising slightly year-on-year. In countries such as Italy or Spain, which continue to be impacted by the debt crisis, the markets actually recorded considerable growth. By contrast, demand was flat in France.

Demand was uneven for light commercial vehicles in the Central and Eastern European markets during the reporting period. A large number of markets, including Hungary, Slovenia and the Czech Republic, saw strong recoveries year-on-year, recording double-digit growth. However, sales in Russia fell considerably due to the political tensions and their economic impact.

The North American market rose in the first three months of 2014.

Ongoing difficult economic conditions depressed the number of new registrations for light commercial vehicles in South America's core markets. Only the Brazilian market exceeded the 2013 figure. This is primarily attributable to rising demand for new SUVs, which are reported as light commercial vehicles in this region. Although SUVs also buoyed the Argentinian market, the tax increase on higher-value vehicles at the beginning of the year triggered a significant decline in demand for light commercial vehicles.

Vehicle sales in China, the dominant market for light commercial vehicles in the Asia-Pacific region, rose slightly in the reporting period. By contrast, the Indian market was hard hit by weak economic development and high fuel prices, with a double-digit decline year-on-year. In Japan, the expansionary economic policy boosted the commercial vehicle market. Sales were mixed in the ASEAN region. While a number of small markets saw strong growth, demand in Thailand among other places declined after government incentive programs expired.

In the period from January to March 2014, global demand for mid-sized and heavy trucks with a gross weight of more than six tonnes was up slightly on the previous year.

Thanks to the improved economic environment, registrations in Western Europe in the first quarter of 2014 appreciably exceeded prior-levels. Sales rose significantly year-on-year in Germany, Western Europe's largest market.

Demand in Central and Eastern Europe reached the level of the same period in 2013. Significant growth, in particular in the Eastern EU countries, compensated for the decline in demand in

Russia, which was due among other things to the recycling fee being extended to locally produced vehicles at the start of 2014. In addition, a large number of investments were not made as a result of the tense political situation in Russia.

In North America, demand in the first three months of 2014 exceeded the prior-year figure. This rise was due, among other reasons, to increased industrial output, extensive construction activities and the high demand for replacement vehicles in the heavy truck segment.

The number of vehicles sold in South America was significantly below the 2013 figure between January and March 2014. Vehicle sales were down considerably year-on-year in the Brazilian truck market. On the back of double-digit growth in 2013, which was driven by both favorable financing conditions and high demand for transportation, a deteriorating macroeconomic environment and more restrictive financing conditions led to declining demand at the start of 2014.

New registrations in the Asia-Pacific region – excluding the Chinese market – fell short of the prior-year level. This was primarily attributable to the Indian market, where the investment climate was overshadowed by the weak domestic economy and high financing costs. Demand in China, the world's largest truck market, was up significantly year-on-year in the first three months of 2014. Higher investments in infrastructure lifted demand for trucks.

New bus registrations declined slightly worldwide in January to March 2014 compared with the prior-year figure.

TRENDS IN THE MARKETS FOR POWER ENGINEERING

The markets for power engineering are subject to differing regional and economic factors. Consequently, their business growth trends are generally independent of each other.

The market situation for large merchant ships – such as container and freight ships – continued to be tense due to overcapacity. Despite this, the mood improved slightly in the reporting period amid expectations of an upturn. Demand for four-stroke engines for merchant and special ships remained stable in the first quarter of 2014. Overall, the market for marine engines saw a slightly positive trend compared with the same period of the previous year.

In particular in developing countries and emerging markets, the need for energy generation facilities remained high, with a strong trend towards greater flexibility and decentralized availability. The global trend towards using gas as a fuel continued. Order placements were delayed for larger projects in particular, due to exchange rate fluctuations and difficult financing conditions for customers. Compared with the first quarter of 2013, the market for power generation as a whole was stable.

The turbomachinery market is mainly dominated by contracts awarded in connection with global investment projects in oil and chemical facilities. Project volumes remained high in the oil and gas industry; however, competitive pressure rose as a result of the unfavorable trend affecting the US dollar and the yen in particular. Demand for turbomachinery in the processing industry was also unchanged at a low level between January and March 2014, increasing the existing strong competitive pressure still further due to currency-related factors. The overall market for turbomachinery declined slightly compared with the same period of the previous year.

DEMAND FOR FINANCIAL SERVICES

Global demand for automotive-related financial services benefited from continuing strong demand in the period from January to March 2014. The positive overall performance in Germany and the signs of recovery in Western and Central Europe revived business with financial services products.

Demand for financial services in North America was stable as a whole.

The Latin and South American automotive markets were dominated by pressure on demand; however, sales volumes for financial services stabilized at the prior-year level.

The volume of vehicles sold in the Asia-Pacific region, and in China in particular, was higher than in the previous year – in some areas significantly so.

In the truck and bus business, sales in South America and Asia-Pacific (excluding China) came under pressure, while financial services volumes in North America and China exceeded the prior-year levels.

VOLKSWAGEN GROUP DELIVERIES

At 2,442,275 vehicles, the Volkswagen Group's deliveries to customers in the first quarter of 2014 were up by 128,589 vehicles or 5.6% on the prior-year. The delivery figures were higher in all three months of 2014 than in the same months of the previous year. Separate details of deliveries of passenger cars and commercial vehicles are provided in the following.

VOLKSWAGEN GROUP DELIVERIES FROM JANUARY 1 TO MARCH 31*

	2014	2013	%
Passenger cars	2,276,178	2,142,530	+ 6.2
Commercial vehicles	166,097	171,156	-3.0
Total	2,442,275	2,313,686	+ 5.6

* Deliveries for 2013 have been updated to reflect subsequent statistical trends.

PASSENGER CAR DELIVERIES WORLDWIDE

The Volkswagen Group sold 2,276,178 passenger cars worldwide in the reporting period, exceeding the record level from the prior-year period by 6.2%. Since the market as a whole only grew by 5.2% in the same period, we were able to extend our market position and gain additional market share. The Volkswagen Passenger Cars (+3.9%), Audi (+11.7%), ŠKODA (+12.1%) and Porsche (+4.5%) brands recorded new highs in the first quarter of the year. Demand for Volkswagen Group passenger cars increased again in the Asia-Pacific region, and we generated encouraging growth rates in Europe as well.

The table on the next page provides an overview of passenger car deliveries to customers by market in the reporting period.

Sales trends in the individual markets are as follows.

Deliveries in Europe/Other markets

In the first three months of this year, we delivered 732,484 units in Western Europe's growing passenger car market, surpassing the 2013 figure by 8.1%. Our delivery figures were up year-on-year in all major markets in this region. The Polo, Golf estate, Tiguan, Audi A3, Audi Q3, ŠKODA Octavia and SEAT Leon models were in particularly high demand. The Group's share of the passenger car market in Western Europe was 24.0% (24.0%).

In Germany, deliveries to customers were up 8.2% on the previous year in the reporting period; the market as a whole grew by 5.6% in the same period. The Golf, Golf estate, Touran, Tiguan, Audi A3, ŠKODA Rapid, ŠKODA Octavia and SEAT Leon models recorded the highest growth rates. Six Volkswagen Group vehicles led the Kraftfahrtbundesamt (KBA – German Federal Motor Trans-

port Authority) registration statistics in their respective segments: the up!, Polo, Golf, Passat, Touran and Tiguan. Once again, the Golf was the most popular passenger car in Germany in terms of registrations in the first three months of 2014.

Overall, we sold 12.3% more vehicles in the Central and Eastern European markets in the first quarter of this year than in the same period of 2013. Our deliveries to customers in Poland and the Czech Republic saw a strong rise, while sales declined in Russia as a result of the political tensions. The Polo notchback, Golf, Tiguan, Audi Q3 and Audi Q5 models and the ŠKODA Fabia, Rapid and Octavia models were very popular. The Group increased its share of the market to 17.1% (15.6%).

The Volkswagen Group delivered 4.4% fewer vehicles to customers in the South African market than in the first quarter of 2013, although it outperformed the market as a whole. Demand for the Golf and the Audi A3 was up on the previous year, however.

Deliveries in North America

In the first three months of 2014, the Volkswagen Group's deliveries to customers in North America decreased by 4.4% year-on-year, while its market share was 4.5% (4.8%). The Jetta was again the Group's bestselling model in North America.

In the USA, our sales were 6.5% lower than in the previous year. The market as a whole grew by 1.5%, with this increase taking place mainly in the pickups area of the light commercial vehicles segment and in the heavy SUV segment, while most other segments stagnated. Demand for the Beetle Cabriolet, Jetta, Audi A6 and Audi Q7 models developed positively. The Porsche 911 Coupé and Cayenne models were also in strong demand.

In the reporting period, deliveries to customers in the Canadian market declined by 8.4% year-on-year. The Tiguan, Passat, Audi A4 and Audi Q5 models recorded increased sales figures.

In Mexico, we handed over 4.2% more vehicles to customers in the first three months of the year than in the same period of 2013. The highest increases were recorded by the Polo, Audi A3 and SEAT Toledo models.

Deliveries in South America

In the reporting period, we delivered 22.4% fewer vehicles year-on-year to customers in the South American markets, which are highly competitive and dominated by increasingly difficult conditions. The Volkswagen Group's share of the passenger car market decreased overall to 14.9% (18.0%).

Our sales in Brazil were down 18.1% on the previous year. However, demand for the Golf, Audi A3 and Audi Q3 models developed positively. The Gol is still the bestselling model in Brazil.

Deliveries to the Group's customers in the Argentinian passenger car market were 39.9% lower year-on-year in the first quarter of 2014. The Gol saw the highest demand of all Group models.

Deliveries in the Asia-Pacific region

In the Asia-Pacific region, our passenger car sales were 13.7% higher in the period from January to March 2014 than in the first quarter of 2013. As the market as a whole grew by 10.0% in the same period, the Group's market share in this region improved to 12.5% (12.1%).

The Chinese market remained the growth driver in the Asia-Pacific region. We delivered 14.5% more vehicles year-on-year to customers in China in the reporting period. The Jetta, Lavalda, Magotan, Santana, Tiguan and Audi Q3 models recorded the

highest growth rates compared with the previous year. The Porsche Panamera was also very popular.

In Japan, we sold 26.0% more vehicles in the first three months of this year, while the market as a whole grew by 20.9%. The Polo, Golf, Audi A3 and Audi A4 models were particularly popular.

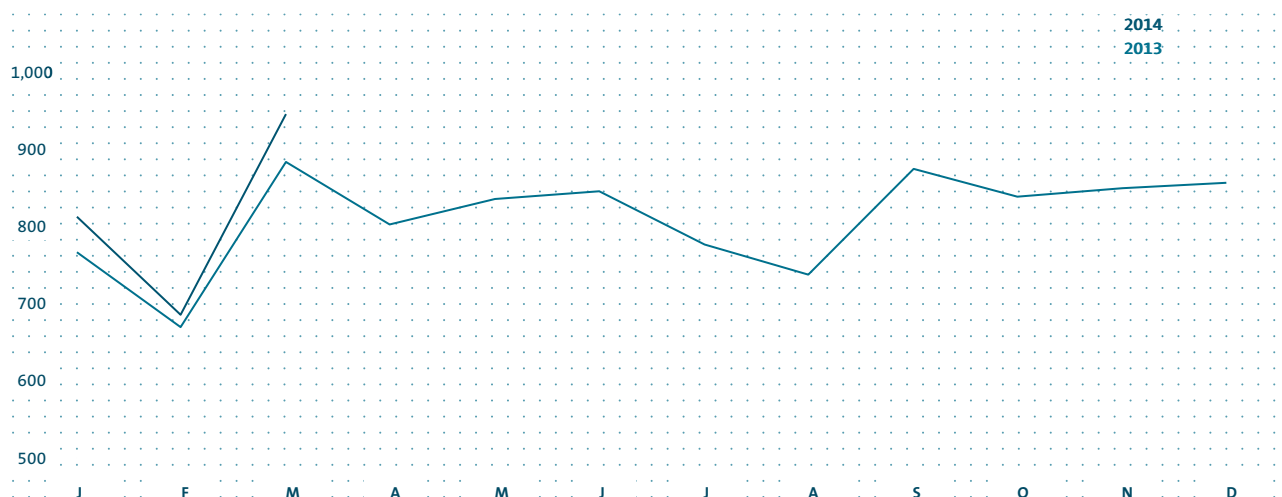
We handed over 30.4% fewer vehicles to customers in the declining Indian passenger car market than in the previous year. The bestselling model was the Polo. The Audi Q3 and ŠKODA Octavia models saw increases.

PASSENGER CAR DELIVERIES TO CUSTOMERS BY MARKET FROM JANUARY 1 TO MARCH 31*

	DELIVERIES (UNITS)		CHANGE
	2014	2013	(%)
Europe/Other markets	966,627	900,181	+ 7.4
Western Europe	732,484	677,805	+ 8.1
of which: Germany	258,526	239,021	+ 8.2
United Kingdom	138,126	119,908	+ 15.2
France	64,035	62,856	+ 1.9
Spain	51,938	47,443	+ 9.5
Italy	50,478	46,952	+ 7.5
Central and Eastern Europe	149,960	133,535	+ 12.3
of which: Russia	62,649	63,849	-1.9
Poland	29,504	19,306	+ 52.8
Czech Republic	22,461	17,855	+ 25.8
Other markets	84,183	88,841	-5.2
of which: South Africa	25,854	27,050	-4.4
Turkey	22,091	22,822	-3.2
North America	194,606	203,626	-4.4
of which: USA	133,481	142,754	-6.5
Mexico	44,431	42,642	+ 4.2
Canada	16,694	18,230	-8.4
South America	141,589	182,484	-22.4
of which: Brazil	108,638	132,671	-18.1
Argentina	24,240	40,345	-39.9
Asia-Pacific	973,356	856,239	+ 13.7
of which: China	879,898	768,565	+ 14.5
Japan	33,413	26,520	+ 26.0
India	18,057	25,940	-30.4
Worldwide	2,276,178	2,142,530	+ 6.2
Volkswagen Passenger Cars	1,480,967	1,425,779	+ 3.9
Audi	412,846	369,494	+ 11.7
ŠKODA	247,184	220,433	+ 12.1
SEAT	93,401	87,077	+ 7.3
Bentley	2,580	2,212	+ 16.6
Lamborghini	529	519	+ 1.9
Porsche	38,663	37,009	+ 4.5
Bugatti	8	7	+ 14.3

* Deliveries for 2013 have been updated to reflect subsequent statistical trends. Includes the Chinese joint ventures.

VOLKSWAGEN GROUP DELIVERIES BY MONTH
Vehicles in thousands



COMMERCIAL VEHICLE DELIVERIES

In the first quarter of 2014, the Volkswagen Group delivered 166,097 commercial vehicles to customers worldwide, 3.0% fewer than in the prior-year period. The number of trucks sold decreased to 40,494 vehicles (–3.1%), while deliveries of buses were 16.0% lower at 4,736 units. Volkswagen Commercial Vehicles sold 120,867 vehicles, falling slightly short of the prior-year figure (–2.3%). Scania increased its deliveries by 11.3% to 18,844 units. MAN handed over 26,386 vehicles to customers in the reporting period, 13.4% fewer than in the first quarter of 2013.

In the Western European market, the Volkswagen Group benefited from the recovery of the economic situation in the first quarter of 2014. The Group brands delivered a total of 81,256 commercial vehicles from January to March 2014, exceeding the prior-year figure by 7.2%. A total of 66,932 light commercial vehicles and 13,701 trucks were sold. The Caddy and the Transporter were particularly popular.

The Volkswagen Group delivered 15,045 commercial vehicles in Central and Eastern European markets, 6.9% more vehicles than the previous year. Light commercial vehicles accounted for 9,259 units and trucks accounted for 5,698. The Amarok enjoyed increasing popularity. The recycling fee, which was extended to

locally produced vehicles at the start of the year, contributed to the 3.9% decline in our sales in Russia, to 5,693 units. However, this decrease was offset by higher demand in the remaining Central and Eastern European countries.

In Other markets, demand for Volkswagen Group commercial vehicles increased by 5.0% overall to 9,652 light commercial vehicles, 5,254 trucks and 429 buses.

We delivered 3,162 commercial vehicles (+24.3%) to customers in North America, of which 2,676 units were light commercial vehicles and 86 were trucks.

Total deliveries in South America amounted to 43,490 commercial vehicles (–24.3%), of which 27,011 were light commercial vehicles, 13,721 were trucks and 2,758 were buses. The Saveiro experienced the highest demand. In the Brazilian market, a deterioration in the macroeconomic environment and more restrictive financing conditions led to declining demand for vehicles at the start of 2014. We delivered a total of 33,711 vehicles to customers in Brazil (–27.8%). Light commercial vehicles accounted for 19,082 units, trucks for 12,328 and buses for 2,301.

In the Asia-Pacific region, the Group handed over 7,809 commercial vehicles to customers (+16.5%), of which 5,337 were light commercial vehicles and 2,034 were trucks.

COMMERCIAL VEHICLE DELIVERIES TO CUSTOMERS BY MARKET FROM JANUARY 1 TO MARCH 31*

	DELIVERIES (UNITS)		CHANGE
	2014	2013	(%)
Europe/Other markets	111,636	104,458	+ 6.9
Western Europe	81,256	75,782	+ 7.2
Central and Eastern Europe	15,045	14,075	+ 6.9
Other markets	15,335	14,601	+ 5.0
North America	3,162	2,544	+ 24.3
South America	43,490	57,453	-24.3
of which: Brazil	33,711	46,661	-27.8
Asia-Pacific	7,809	6,701	+ 16.5
of which: China	1,229	1,132	+ 8.6
Worldwide	166,097	171,156	-3.0
Volkswagen Commercial Vehicles	120,867	123,746	-2.3
Scania	18,844	16,938	+ 11.3
MAN	26,386	30,472	-13.4

* Deliveries for 2013 have been updated to reflect subsequent statistical trends.

DELIVERIES IN THE POWER ENGINEERING SEGMENT

Orders in the Power Engineering segment are usually part of major investment projects. Lead times typically range from just under one year to several years, and partial deliveries as construction progresses are common. Accordingly, there is a time lag between incoming orders and sales revenue from the new construction business.

In the first three months of 2014, sales revenue in the Power Engineering segment was largely driven by Engines & Marine Systems and Turbomachinery, which together generated nearly three-quarters of the overall revenue volume.

GROUP FINANCIAL SERVICES

The strong demand for Volkswagen Financial Services' products and services continued during the first quarter of 2014. The financial services business of MAN Finance International GmbH has been included in this division since January 1, 2014; the prior-year figures were adjusted accordingly. The number of new financing, leasing, service and insurance contracts signed worldwide rose by 17.0% year-on-year to €1.1 million. The total number of contracts as of the end of March 2014 was 11.1 million, surpassing the figure at the prior-year reporting date by 12.2%.

In Europe, 774 thousand new contracts were signed in the period from January to March 2014, an increase of 23.3% on the

first three months of 2013. At 7.8 million, the total number of contracts was 8.8% higher than in the previous year. The Customer Financing/Leasing area accounted for 4.4 million contracts, a rise of 5.7%.

The number of contracts in North America grew by 16.8% year-on-year to 1.9 million as of March 31, 2014. Of these, 1.4 million contracts were attributable to the Customer Financing/Leasing area (+10.2%). At 167 thousand, the number of new contracts signed was on a level with the previous year (-0.8%).

In South America, the total number of contracts was 808 thousand at the end of the reporting period, up 15.7% on the prior-year reporting date. Almost all contracts were attributable to the Customer Financing/Leasing area. In the first quarter of this year, 32 thousand new contracts were signed. The 54.8% year-on-year decline is attributable to lower deliveries as well as to the higher interest rates in Brazil, which had a negative impact on customer financing.

In the Asia-Pacific region, the number of contracts at the end of the first quarter amounted to 694 thousand (+42.4%), of which 579 thousand were attributable to the Customer Financing/Leasing area (+45.4%). The number of new contracts rose by 84.7% to 112 thousand compared with the first quarter of 2013.

SALES TO THE DEALER ORGANIZATION

In the reporting period, the Volkswagen Group's worldwide unit sales to the dealer organization – including the Chinese joint ventures – amounted to 2,562,152 vehicles, exceeding the prior-year figure by 7.9%. The continuing high demand for Group models in the Chinese passenger car market and the increased demand in European countries excluding Germany resulted in sales outside Germany rising by 8.5%. Within Germany, the market recovered again; the Group sold 3.7% more vehicles than in the same period in 2013. Vehicles sold in Germany accounted for 11.9% (12.4%) of overall sales.

PRODUCTION

The Volkswagen Group produced 2,565,244 vehicles worldwide in the first quarter of 2014; 7.4% more than in the same period in the prior year. At 660,443 vehicles, the number of models produced in Germany was up 8.8% on the previous year. As a result, the proportion of vehicles produced in Germany rose from 25.4% to 25.7%.

INVENTORIES

Global inventories at Group companies and in the dealer organization were higher on March 31, 2014 than at year-end 2013 and at March 31, 2013.

NUMBER OF EMPLOYEES

The Volkswagen Group had 549,777 active employees on March 31 of this year. There were also 8,968 employees in the passive phase of their partial retirement. An additional 16,117 young people were in vocational traineeships. The Volkswagen Group had a total of 574,862 employees worldwide at the end of the reporting period, up 0.4% on the number as of December 31, 2013. This rise was due to increased volumes. At 259,184, the number of employees in Germany was 0.5% lower than the 2013 year-end figure. The proportion of employees in Germany decreased from 45.5% to 45.1%.

Results of Operations, Financial Position and Net Assets

Volkswagen AG made a voluntary tender offer to the shareholders of Scania for all Scania shares not currently held by Volkswagen either directly or indirectly. However, the offer, which is valid from March 17, 2014 until April 25, 2014, is subject among other things to the condition that Volkswagen will become the holder of at least 90% of all Scania shares. The total value of the potential transaction (around €6.7 billion) was recognized in the balance sheet as a liability outside profit or loss and equity was reduced by the same amount.

RESULTS OF OPERATIONS OF THE GROUP

The Volkswagen Group generated sales revenue of €47.8 billion (€46.6 billion) in the first three months of 2014, an increase of 2.7% on the prior-year period. Year-on-year, sharply negative exchange rate effects were offset by positive volume and mix effects. The Volkswagen Group generated 79.2% (80.1%) of its sales revenue outside of Germany.

At €9.0 billion, gross profit in the reporting period was €0.7 billion or 8.3% higher than in the prior-year period. The gross margin rose to 18.7% (17.8%). Higher depreciation charges resulting from significant capital expenditures and higher research and development costs were offset by improved product costs. By comparison, prior-year profit was impacted by contingency reserves.

The Volkswagen Group's operating profit was up by 21.8% on the prior-year figure to €2.9 billion in the first quarter of 2014. The operating return on sales was higher than a year earlier at 6.0% (5.0%).

Profit before tax improved to €3.4 billion (€2.7 billion) in the first quarter of 2014. Profit after tax amounted to €2.5 billion (€1.9 billion).

RESULTS OF OPERATIONS IN THE AUTOMOTIVE DIVISION

At €42.1 billion in the reporting period, sales revenue in the Automotive Division exceeded the prior-year figure by 2.2%. Negative exchange rate effects were more than offset by positive volume and mix effects. As our Chinese joint ventures are accounted for using the equity method, the Group's positive business growth in the Chinese passenger car market is mainly reflected in the Group's sales revenue only by deliveries of vehicles and vehicle parts.

Gross profit in the Automotive Division rose by 8.4% in the first quarter of 2014 to €7.6 billion. While optimized product costs had a positive effect, higher depreciation charges as a result of increased capital expenditures and higher upfront investments in new products, particularly for new drive concepts, had a negative impact. The prior year had been impacted by contingency reserves in the areas of passenger cars and power engineering.

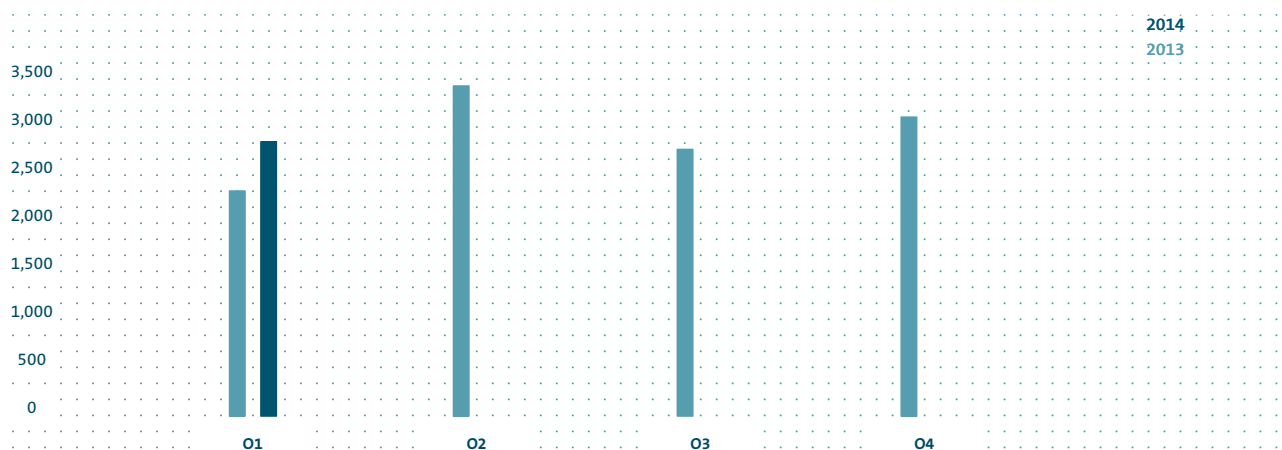
Distribution expenses increased by 2.8% in the reporting period, while the ratio of distribution expenses to sales revenue remained almost unchanged. Administrative expenses and the ratio of administrative expenses to sales revenue were on a level with the prior-year quarter. Other operating income was up slightly on the prior-year figure to €0.6 billion (€0.5 billion).

The Automotive Division generated an operating profit of €2.4 billion (€1.9 billion) in the first three months of 2014. The operating return on sales climbed from 4.7% to 5.8%. The extremely positive business growth of our Chinese joint ventures is mainly reflected in the Group's operating profit only by deliveries of vehicles and vehicle parts. The profit recorded by the joint venture companies is accounted for in the financial result using the equity method.

The financial result for the first quarter of the fiscal year amounted to €0.5 billion (€0.3 billion). The income contained in this figure from the equity-accounted Chinese joint ventures was up on the good prior-year figures.

OPERATING PROFIT BY QUARTERS

Volkswagen Group in € million



RESULTS OF OPERATIONS IN THE PASSENGER CARS BUSINESS AREA AND COMMERCIAL VEHICLES/POWER ENGINEERING BUSINESS AREA FROM JANUARY 1 TO MARCH 31

€ million	2014	2013
Passenger Cars		
Sales revenue	34,172	33,123
Gross profit	6,401	6,168
Operating profit	2,201	2,020
Operating return on sales	6.4	6.1
Commercial Vehicles/Power Engineering		
Sales revenue	7,881	8,006
Gross profit	1,220	861
Operating profit	224	-93
Operating return on sales	2.8	-1.2

RESULTS OF OPERATIONS IN THE FINANCIAL SERVICES DIVISION

Sales revenue in the Financial Services Division amounted to €5.8 billion in the period from January to March 2014, 6.3% more than in the first three months of 2013. The increase was mainly due to higher business volumes.

Gross profit rose by 7.3% year-on-year, to €1.3 billion.

Distribution and administrative expenses increased slightly in the reporting period due to volume-related factors and compliance with regulatory requirements, while the ratio of both distribution and administrative expenses to sales revenue remained almost unchanged overall.

At €0.4 billion, operating profit was 3.4% higher than in the previous year, while the operating return on sales stood at 7.5% (7.7%).

FINANCIAL POSITION OF THE GROUP

At €6.2 billion, the Volkswagen Group's gross cash flow in the first quarter of 2014 exceeded the prior-year figure by 31.9%. Funds tied up in working capital increased by €2.5 billion to €4.7 billion. As a result, cash flows from operating activities declined to €1.5 billion (€2.5 billion).

Investing activities attributable to the Volkswagen Group's operating activities were up by €0.5 billion on the prior-year figure to €2.9 billion in the first three months of 2014. Capitalized development costs rose, while investments in property, plant and equipment were on a level with the first quarter of 2013.

Cash inflows from financing activities amounted to €4.0 billion (€4.5 billion). Net liquidity was increased by the hybrid notes successfully placed in March 2014 (€3.0 billion).

Cash and cash equivalents in the Volkswagen Group as reported in the cash flow statement amounted to €25.2 billion, 11.9% higher than a year earlier.

The Group's net liquidity amounted to €-80.9 billion; at year-end 2013, it was €-82.3 billion.

FINANCIAL POSITION IN THE AUTOMOTIVE DIVISION

Gross cash flow in the Automotive Division was up €1.4 billion on the previous year at €4.8 billion. This was due to earnings-related factors and to a dividend receivable from the equity-accounted Chinese joint venture FAW-Volkswagen, which already had to be recognized in the first quarter of this year. Due to growth and the dividend receivable, among other factors, funds of €2.5 billion were tied up in working capital, after funds of €0.2 billion were released from working capital in the prior-year period. As a result, cash flows from operating activities declined by €1.3 billion to €2.3 billion.

The cash outflow from investing activities attributable to operating activities was €2.3 billion (€3.9 billion) overall in the reporting period. Investments in property, plant and equipment remained almost unchanged year-on-year at €1.6 billion (€1.7 billion); the ratio of investments in property, plant and equipment (capex) to sales revenue was 3.9% (4.1%). We invested primarily in our production facilities and in models to be launched in 2014 and 2015, as well as in the ecological focus of our model range. Capitalized development costs rose by €0.5 billion to €1.2 billion. Whereas MAN Finance International GmbH was sold to Volkswagen Financial Services AG by MAN SE in the first quarter of 2014, the previous year's investing activities were impacted by the intragroup acquisition of the interest in LeasePlan Corporation N.V.

Net cash flow in the Automotive Division improved by €0.4 billion year-on-year in the first three months of 2014.

In March, the Volkswagen Group successfully placed dual-tranche hybrid notes with an aggregate principal amount of €3.0 billion via Volkswagen International Finance N.V. They consist of a €1.25 billion note that carries a coupon of 3.75% and has a first call date after seven years, and a €1.75 billion note that carries a coupon of 4.625% and has a first call date after twelve years. Both tranches are perpetual and increase equity by the full amount, net of transaction costs. €3.0 billion of the hybrid notes was classified as a capital contribution, which increased net liquidity. A capital increase

of €2.3 billion carried out by Volkswagen AG at Volkswagen Financial Services AG at the beginning of the year in order to finance the growth in business volumes and compliance with regulatory capital requirements had an offsetting effect within financing activities.

At €17.7 billion on March 31, 2014, net liquidity in the Automotive Division exceeded the 2013 year-end figure by 5.0%.

FINANCIAL POSITION IN THE FINANCIAL SERVICES DIVISION

Gross cash flow in the Financial Services Division was up €0.1 billion on the figure for the same period of 2013 to €1.4 billion at the end of the first quarter of 2014. Funds tied up in working capital were down on the previous year to €2.1 billion (€2.3 billion). Largely due to the intragroup acquisition of MAN Finance from MAN SE, a cash outflow of €0.6 billion was recorded in investing activities attributable to operating activities in the reporting period. In the previous year, there was a cash inflow of €1.5 billion primarily due to the sale of the interest in LeasePlan to Volkswagen AG.

The Financial Services Division's negative net liquidity, which is common in the industry, amounted to €-98.6 billion at the end of March 2014, following €-99.2 billion at the end of 2013.

CONSOLIDATED BALANCE SHEET STRUCTURE

At €333.9 billion, the Volkswagen Group's total assets as of March 31, 2014 exceeded the 2013 year-end figure by 3.0%. The equity ratio was 26.2% (27.8%).

FINANCIAL POSITION IN THE PASSENGER CARS BUSINESS AREA AND THE COMMERCIAL VEHICLES/POWER ENGINEERING BUSINESS AREA FROM JANUARY 1 TO MARCH 31

€ million	2014	2013
Passenger Cars		
Gross cash flow	4,303	3,032
Change in working capital	-1,703	6
Cash flows from operating activities	2,600	3,037
Cash flows from investing activities attributable to operating activities	-2,531	-3,726
Net cash flow	69	-689
Commercial Vehicles/Power Engineering		
Gross cash flow	470	339
Change in working capital	-819	152
Cash flows from operating activities	-349	490
Cash flows from investing activities attributable to operating activities	228	-216
Net cash flow	-121	274

AUTOMOTIVE DIVISION BALANCE SHEET STRUCTURE

At the end of the first quarter of 2014, noncurrent assets in the Automotive Division were on a level overall with December 31, 2013. Both intangible assets and property, plant and equipment remained virtually unchanged compared with the end of 2013. The equity-accounted investments contained in the other noncurrent assets item decreased, as dividends that have already been declared had to be recognized in this item. Within current assets, which rose by a total of 12.8%, the growth in business resulted in a rise in inventories and trade receivables in particular. The dividend receivable is also contained in this item. Cash and cash equivalents in the Automotive Division amounted to €22.7 billion (€20.5 billion) at the reporting date.

BALANCE SHEET STRUCTURE IN THE PASSENGER CARS BUSINESS AREA AND THE COMMERCIAL VEHICLES/POWER ENGINEERING BUSINESS AREA

€ million	Mar. 31, 2014	Dec. 31, 2013
Passenger Cars		
Noncurrent assets	93,995	94,873
Current assets	59,474	50,146
Total assets	153,469	145,019
Equity	62,379	60,494
Noncurrent liabilities	51,458	52,900
Current liabilities	39,632	31,625
Commercial Vehicles/Power Engineering		
Noncurrent assets	26,955	27,565
Current assets	17,618	18,174
Total assets	44,573	45,739
Equity	8,579	15,490
Noncurrent liabilities	12,160	12,390
Current liabilities	23,833	17,859

In accordance with the voluntary tender offer made by Volkswagen AG starting on March 17, 2014 for all Scania A and B shares not previously held by Volkswagen either directly or indirectly, the total amount of the offer to acquire the outstanding shares of around €6.7 billion was recognized as a liability. This did not affect liquidity. Equity was reduced by the same amount. However, the offer is subject to the condition that Volkswagen acquires more than 90% of all Scania shares to allow it to then initiate a squeeze-out.

The Automotive Division's equity amounted to €71.0 billion at the end of the reporting period and was therefore 6.6% down on the 2013 year-end figure. The healthy earnings growth and the hybrid notes issued had a positive impact, while negative effects came mainly from the reduction in equity as a result of the offer to acquire all outstanding Scania shares, as well as higher actuarial losses from the measurement of pension provisions. The equity increase implemented in the Financial Services Division also decreased equity in the Automotive Division, where the deduction was recognized.

Within noncurrent liabilities, which remained virtually unchanged as against December 31, 2013, pension provisions

increased due to the change in the discount rate. In the reporting period, the total amount of the offer to the Scania shareholders was recognized under "Put options and compensation rights granted to noncontrolling interest shareholders" in current liabilities. Overall, current liabilities rose by 28.3%. Reclassifications from noncurrent to current liabilities, in particular due to shorter remaining maturities, led to an increase in current financial liabilities.

The Automotive Division's total assets amounted to €198.0 billion at the end of the first quarter of 2014, an increase of 3.8% over December 31, 2013.

FINANCIAL SERVICES DIVISION BALANCE SHEET STRUCTURE

The Financial Services Division's total assets were up slightly on the 2013 year-end figure to €135.9 billion (€133.6 billion) at the end of March 2014.

Noncurrent assets rose by a total of 2.3%, as leasing and rental assets and noncurrent financial services receivables increased due to business growth. Current assets were also up on the prior-year level compared with year-end 2013 due to volume-related factors. As of March 31, 2014, the Financial Services Division accounted for around 40.7% of the Volkswagen Group's assets.

At €16.4 billion, the Financial Services Division's equity exceeded the 2013 year-end figure by 16.6% at the end of the reporting period. The rise was due in particular to a capital increase carried out by Volkswagen AG at the beginning of the year in order to finance the growth in business and meet regulatory capital requirements. The equity ratio rose from 10.5% to 12.1%. Non-current liabilities were 2.9% higher than at the prior-year reporting date due to an increase in noncurrent financial liabilities to refinance the growth in volumes. The decline in current financial liabilities in particular meant that current liabilities declined slightly overall.

At €23.1 billion (€23.3 billion), deposits from direct banking business were almost as high as they were on December 31, 2013; of this figure, €21.6 billion was attributable to Volkswagen Bank direct.

REPORT ON EXPECTED DEVELOPMENTS, RISKS AND OPPORTUNITIES

In the reporting period, there were no significant changes compared with the disclosures on the Volkswagen Group's expected development in fiscal 2014 in the Report on Expected Developments and Report on Risks and Opportunities chapters of the 2013 Annual Report.

Outlook

The global economy has continued its slight recovery in the year to date, although its strength has been mixed in the different regions. The Volkswagen Group's Board of Management expects the global economy to record slightly stronger growth in 2014 than in the previous year, despite some uncertainties. The financial markets still entail risks resulting above all from the strained debt situation of many countries. While the industrialized nations will probably record moderate rates of expansion, we continue to anticipate that growth will be strongest in the emerging economies of Asia.

Global demand for passenger cars continued to rise in the first quarter of 2014, although markets varied from region to region. We expect trends in the passenger car markets in the individual regions to again be mixed in fiscal year 2014. Overall, growth in global demand for new vehicles will probably be somewhat slower than in 2013. We anticipate a slight recovery in demand for automobiles in Western Europe, and volumes in the German market are also likely to increase again somewhat in 2014. The passenger car markets in Central and Eastern Europe will be clearly below the prior-year level. The upward trend in North America will probably weaken, while the South American passenger car markets will be down significantly on the previous year. We anticipate further growth in 2014 for the markets in the Asia-Pacific region that are strategically important for the Volkswagen Group, although momentum there is expected to be lower than in the previous year.

The global markets for light commercial vehicles will probably experience slight growth overall in 2014, with the individual regions recording mixed trends.

We anticipate that the overall volume in the markets for trucks and buses that are relevant for the Volkswagen Group will see a slight decrease in 2014 as against the previous year due to the increasingly difficult conditions in South America and Eastern Europe.

We expect demand for automotive financial services to grow worldwide again in 2014.

The Volkswagen Group is well positioned to deal with the mixed developments in the automotive markets. Our strengths include our

unique brand portfolio covering almost all segments, from motor-cycles through subcompact cars to heavy trucks and buses, our steadily growing presence in all major world markets and our wide range of financial services. We offer an extensive range of environmentally friendly, cutting-edge, high-quality vehicles for all markets and customer groups that is unparalleled in the industry. The Volkswagen Group will press ahead with its product initiative across all brands in 2014, and we will modernize and expand our offering by introducing attractive new vehicles. We are pursuing the goal of offering all customers the mobility and innovation they need, sustainably strengthening our competitive position in the process.

We expect that the Volkswagen Group will moderately increase deliveries to customers year-on-year in 2014 in a still challenging market environment.

Challenges for the Volkswagen Group will come from the difficult market environment and fierce competition, as well as interest rate and exchange rate volatility and fluctuations in raw materials prices. The modular toolkit system, which we are continuously expanding, will have an increasingly positive effect on the Group's cost structure.

Depending on the economic conditions, we expect 2014 sales revenue for the Volkswagen Group and its business areas to move within a range of 3% around the prior-year figure.

In terms of the Group's operating profit, we are expecting an operating return on sales of between 5.5% and 6.5% in 2014 in light of the challenging economic environment, and the same range also applies to the Passenger Cars Business Area. The Commercial Vehicles/Power Engineering Business Area is likely to moderately exceed the 2013 figure. The operating return on sales in the Financial Services Division is expected to be between 8.0% and 9.0%. Disciplined cost and investment management and the continuous optimization of our processes remain integral elements of the Volkswagen Group's Strategy 2018.

This report contains forward-looking statements on the business development of the Volkswagen Group. These statements are based on assumptions relating to the development of the economic and legal environment in individual countries and economic regions, and in particular for the automotive industry, which we have made on the basis of the information available to us and which we consider to be realistic at the time of going to press. The estimates given entail a degree of risk, and the actual developments may differ from those forecast. Consequently, any unexpected fall in demand or economic stagnation in our key sales markets, such as Western Europe (and especially Germany), the USA, Brazil, China, or Russia will have a corresponding impact on the development of our business.

The same applies in the event of a significant shift in current exchange rates, mostly against the euro and primarily in US dollars, sterling, Chinese renminbi, Russian rubles, Swiss francs, Swedish kronor, Australian dollars, Korean won, the Brazilian real, South African rand, Polish zloty, Japanese yen, Canadian dollars and Mexican pesos. In addition, expected business development may vary if the assessments of the factors influencing sustainable value enhancement, as well as risks and opportunities presented in the 2013 Annual Report develop in a way other than we are currently expecting, or additional risks and opportunities or other factors emerge that affect the development of our business.

Brands and Business Fields

SALES REVENUE AND OPERATING PROFIT BY BRAND AND BUSINESS FIELD

The Volkswagen Group generated sales revenue of €47.8 billion (€46.6 billion) in the first three months of 2014, exceeding the prior-year figure by 2.7%. At €2.9 billion, operating profit was up 21.8% compared with the previous year.

Unit sales by the Volkswagen Passenger Cars brand in the reporting period declined by 3.3% year-on-year to 1.1 million vehicles due to lower demand, primarily in South America. Demand increased for the Golf estate, the up!, the Golf and the Touran models. Sales revenue declined by 0.7% to €24.2 billion due to volume-related and exchange rate factors. At €440 million, operating profit was down €149 million on the 2013 figure. Operating profit was negatively impacted by lower volumes, negative exchange rate trends and higher upfront investments in new technologies, while lower material costs and improvements in the mix had a positive effect.

The Audi brand sold 367 thousand (330 thousand) vehicles worldwide in the first quarter of 2014, 11.1% more than in the previous year. In addition, a further 115 thousand (88 thousand) Audi vehicles were sold by the FAW-Volkswagen Chinese joint venture. The first quarter was lifted by high demand for the models in the new A3 family in particular, as well as strong growth in Asia and North America. Demand in Europe was also encouraging. Sales revenue amounted to €13.0 billion, up 10.4% on the 2013 figure. Operating profit was on a level with the previous year at €1.3 billion (+ 0.5%), impacted by high upfront investments in new products

and technologies, as well as in the expansion of the international production network. The financial key performance indicators for the Audi brand also include the financial figures for the Lamborghini and Ducati brands. 13,068 Ducati motorcycles were sold in the reporting period (+ 4.2%).

The ŠKODA brand lifted unit sales by 19.7% to 214 thousand vehicles between January and March this year. Demand for the Octavia family, the Rapid and the Yeti models was very encouraging. Sales revenue rose by 23.7% to €3.0 billion. Volume and model mix-related factors saw operating profit increase by 65.2% year-on-year to €185 million. Deteriorations in exchange rates had a negative impact.

The SEAT brand sold 120 thousand vehicles in the first quarter of 2014, up 8.3% on the prior-year period. The sales figures include the Q3 manufactured for Audi. The Leon family, the Ibiza and the Alhambra were very popular with customers. Sales revenue rose by 8.5% year-on-year to €1.8 billion. Higher volumes, improvements in the mix and cost optimization measures more than offset the increase in development costs for the new models; consequently, the operating loss narrowed by 20.7% to €36 million.

The Bentley brand recorded sales of 2,857 vehicles in the reporting period, up 42.0% on the previous year. At €451 million, sales revenue exceeded the prior-year figure by 43.8%. Operating profit rose by 65.7% year-on-year to €45 million. Negative exchange rate effects and higher upfront investments in new products were more than offset by volume growth.

VOLKSWAGEN GROUP

Division	Automotive										Financial Services
Brand/ Business Field	Volkswagen Passenger Cars	Audi	ŠKODA	SEAT	Bentley	Porsche	Volkswagen Commercial Vehicles	Scania	MAN	Other	Dealer and customer financing Leasing Direct bank Insurance Fleet business Mobility offerings

The Porsche brand sold 42 thousand vehicles worldwide from January to March 2014, an increase of 16.7% compared with the previous year. At €3.9 billion, the sales revenue generated exceeded the 2013 figure by 20.1%. The increase in development costs and higher fixed costs from the expansion of production facilities for the Macan were offset by positive volume-related and mix effects. Consequently, operating profit rose by 21.9% year-on-year to €698 million. Demand for the Panamera, the Boxster and the new Macan in particular developed extremely positively.

Volkswagen Commercial Vehicles reported sales growth of 7.9% to 110 thousand vehicles in the reporting period. Customer interest in the Multivan/Transporter and the Caddy was strong. Sales revenue amounted to €2.4 billion, up 6.9% on the prior-year figure. At €136 million (€60 million), operating profit more than doubled compared with the first quarter of 2013 thanks to higher volumes and lower material costs, while exchange rates had a negative effect.

Scania lifted sales by 11.3% to 19 thousand vehicles in the first quarter of 2014. The brand was extremely successful in the Euro-

pean markets in particular. Demand for services also increased. Sales revenue was up 3.9% on the prior-year period, at €2.5 billion. Volume-related factors saw operating profit increase by 11.5% to €254 million (€227 million); deteriorations in exchange rates had a negative effect.

Vehicle sales by the MAN brand declined by 13.4% to 26 thousand vehicles in the first three months of the year. Sales revenue of €3.1 billion was generated, 12.7% less than in the previous year. MAN generated an operating profit of €68 million compared with an operating loss of €102 million in the previous year. The improvement is attributable in particular to the Power Engineering segment, which recorded a significant increase in earnings after project-specific contingency reserves negatively impacted the prior-year figure.

Between January and March 2014, Volkswagen Financial Services generated an operating profit of €353 million, on a level with the previous year. The increase in volumes was matched by higher fixed costs and negative currency effects.

KEY FIGURES BY BRAND AND BUSINESS FIELD FROM JANUARY 1 TO MARCH 31¹

thousand units/€ million	VEHICLE SALES		SALES REVENUE		SALES TO THIRD PARTIES		OPERATING RESULT	
	2014	2013	2014	2013	2014	2013	2014	2013
Volkswagen Passenger Cars	1,112	1,149	24,153	24,334	16,895	17,927	440	590
Audi	367	330	12,951	11,734	8,429	7,857	1,314	1,307
ŠKODA	214	179	2,986	2,414	1,418	1,120	185	112
SEAT	120	111	1,787	1,647	764	678	-36	-46
Bentley	3	2	451	314	275	210	45	27
Porsche ²	42	36	3,934	3,275	3,623	3,063	698	573
Volkswagen Commercial Vehicles	110	102	2,356	2,204	1,148	1,158	136	60
Scania ²	19	17	2,467	2,375	2,467	2,375	254	227
MAN ³	26	30	3,138	3,594	3,125	3,577	68	-102
VW China ⁴	946	767	-	-	-	-	-	-
Other	-396	-348	-11,514	-10,037	4,986	4,245	-602 ⁵	-758 ⁵
Volkswagen Financial Services ³	-	-	5,123	4,713	4,701	4,354	353	353
Volkswagen Group	2,562	2,375	47,831	46,565	47,831	46,565	2,855	2,344
Automotive Division	2,562	2,375	42,054	41,129	42,533	41,538	2,425	1,927
of which: Passenger Cars Business Area	2,407	2,226	34,172	33,123	35,932	34,662	2,201	2,020
Commercial Vehicles/Power Engineering Business Area	155	149	7,881	8,006	6,601	6,876	224	-93
Financial Services Division	-	-	5,777	5,436	5,298	5,027	430	416

1 All figures shown are rounded, so minor discrepancies may arise from addition of these amounts.

2 Including financial services.

3 MAN Finance International GmbH has been reported within Volkswagen Financial Services since its acquisition by Financial Services AG as of January 1, 2014. The prior-year figures have not been adjusted.

4 The sales revenue and operating profit of the joint venture companies in China are not included in the figures for the Group. The Chinese companies are accounted for using the equity method and recorded an operating profit (proportionate) of €1,241 million (€1,156 million).

5 Mainly intragroup items recognized in profit or loss, in particular from the elimination of intercompany profits; the figure includes depreciation and amortization of identifiable assets as part of purchase price allocation for Scania, Porsche Holding Salzburg, MAN and Porsche.

UNIT SALES AND SALES REVENUE BY MARKET

The Volkswagen Group lifted vehicle sales in the Europe/Other markets region by 8.7% to 1.1 million vehicles in the reporting period. Sales revenue rose by 7.5% to €30.3 billion due to volume-related factors; deteriorations in exchange rates had an offsetting effect.

Sales by the Volkswagen Group in North America declined by 10.8% to 192 thousand vehicles in the period from January to March 2014. Sales revenue decreased by 9.0% to €6.0 billion due to the lower volumes.

Unit sales in the highly competitive South American markets, which contracted significantly, declined by 28.2% to 168 thousand

vehicles in the first quarter of 2014. As a result, sales revenue decreased by 29.8% to €3.1 billion.

The Asia-Pacific region again reported positive sales figures in the first three months of the year. Including the Chinese joint ventures, 1.1 million vehicles were sold, 20.8% more than in the prior-year period. The increase in volumes is also reflected in sales revenue, which rose by 14.0% year-on-year to €8.5 billion. This figure does not include our Chinese joint ventures as they are accounted for using the equity method.

KEY FIGURES BY MARKET FROM JANUARY 1 TO MARCH 31¹

thousand units/€ million	VEHICLE SALES		SALES REVENUE	
	2014	2013	2014	2013
Europe/Other markets	1,113	1,024	30,315	28,191
North America	192	215	5,962	6,554
South America	168	234	3,082	4,392
Asia-Pacific ²	1,088	901	8,472	7,429
Volkswagen Group²	2,562	2,375	47,831	46,565

1 All figures shown are rounded, so minor discrepancies may arise from addition of these amounts.

2 The sales revenue of the joint venture companies in China is not included in the figures for the Group and the Asia-Pacific market.

VOLKSWAGEN FINANCIAL SERVICES

The Volkswagen Group's strong sales performance in the first quarter of 2014 was also supported by Volkswagen Financial Services' innovative products along the automotive value chain.

Volkswagen Financial Services AG acquired MAN Finance International GmbH as of January 1, 2014, thus integrating truck and bus activities into its core business. Volkswagen Financial Services AG is continuing to grow with the Volkswagen Group's brands as a result of the acquisition of MAN SE's financial services activities. Bundling infrastructure, resources and expertise enables end-to-end transport solutions to be developed for MAN Truck & Bus's customers. The aim is to position MAN financial services as a benchmark for the truck and bus business in the medium term.

Volkswagen Financial Services AG also saw continued international growth in the reporting period. Volkswagen Financial Services South Africa – a Joint Venture between Volkswagen Financial Services AG and the South African WesBank – started operations in March 2014. The newly formed joint venture takes the existing cooperation to a new level and strengthens the connection between the manufacturer and the financial services provider thanks to an even closer and more intensive working relationship. It aims to promote the sale of Group brands and to strengthen the relationships between dealers and customers with attractive offers and services. South Africa is one of the Volkswagen Group's top 20 sales markets worldwide.

Volkswagen Bank GmbH was voted the best automotive bank for the third year in a row, winning by a clear margin in a reader poll conducted by AUTO BILD in March 2014. In January 2014, Volkswagen Finance China received the "2014 Top Employer Award" for outstanding HR management.

The main refinancing sources for Volkswagen Financial Services are unsecured bonds placed on the capital

markets, ABS transactions and deposits from direct banking business. Volkswagen Financial Services made a successful start to 2014

with its ABS program. Securitized leasing contracts with a volume of approximately €750 million were placed in January 2014 as part of the Volkswagen Car Lease 19 (VCL 19) transaction. At an international level, Volkswagen Financial Services AG marketed its third Japanese ABS transaction – Driver Japan Three – with a volume of approximately €215 million in February this year.

Volkswagen Leasing GmbH issued a €1.25 billion ten-year bond in January 2014. Two bonds with a total volume of €1.5 billion were placed on the capital markets at favorable refinancing conditions in March 2014. Volkswagen Bank GmbH successfully marketed €750 million bond in February 2014.

New financing, leasing, service and insurance contracts rose by 17.4% year-on-year (excluding MAN Finance) to a total of 1.1 million contracts in the first quarter of 2014. The total number of contracts as of March 31, 2014 was 3.9% higher than at December 31, 2013. In the Customer Financing/Leasing area, the number of contracts increased by 2.8% as against year-end 2013 to 7.1 million. In the Service/Insurance area, the number of contracts rose by 5.9% to 4.0 million. The penetration rate, expressed as the ratio of leased or financed vehicles to total Group deliveries worldwide, was 28.6% (26.6%) based on unchanged credit eligibility criteria. Compared with December 31, 2013, receivables relating to dealer financing were up 1.1% as of March 31, 2014.

Volkswagen Bank direct had approximately 1.4 million (1.4 million) accounts at the end of the first quarter of 2014. Volkswagen Financial Services had 11,659 employees at the end of the reporting period. The 6.5% increase as against year-end 2013 is primarily attributable to the acquisition of MAN Finance.

Interim Consolidated Financial Statements (Condensed)

INCOME STATEMENT FOR THE PERIOD JANUARY 1 TO MARCH 31

€ million	VOLKSWAGEN GROUP		DIVISIONS			
	2014	2013	AUTOMOTIVE ¹		FINANCIAL SERVICES	
			2014	2013	2014	2013
Sales revenue	47,831	46,565	42,054	41,129	5,777	5,436
Cost of sales	–38,869	–38,287	–34,432	–34,101	–4,437	–4,186
Gross profit	8,962	8,278	7,622	7,029	1,340	1,250
Distribution expenses	–4,765	–4,619	–4,485	–4,365	–280	–254
Administrative expenses	–1,653	–1,619	–1,294	–1,279	–359	–340
Other operating income/expense	311	303	582	543	–271	–240
Operating profit	2,855	2,344	2,425	1,927	430	416
Share of profits and losses of equity-accounted investments	994	892	984	847	10	45
Other financial result	–492	–548	–519	–519	27	–28
Financial result	502	344	465	328	36	16
Profit before tax	3,357	2,688	2,890	2,255	467	433
Income tax expense	–890	–742	–765	–570	–125	–172
Profit after tax	2,468	1,946	2,125	1,685	342	261
of which attributable to						
Noncontrolling interests	51	–80	37	–86	15	6
Volkswagen AG hybrid capital investors	21	–	21	–	–	–
Volkswagen AG shareholders	2,395	2,026	2,067	1,771	327	255
Basic earnings per ordinary share (€)²	4.87	4.18				
Diluted earnings per ordinary share (€)²	4.87	4.18				
Basic earnings per preferred share (€)²	4.93	4.24				
Diluted earnings per preferred share (€)²	4.93	4.24				

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

2 Explanatory information on earnings per share is presented in note 4. Prior-year figures adjusted to reflect application of IAS 33.26

STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD JANUARY 1 TO MARCH 31

€ million	2014	2013
Profit after tax	2,468	1,946
Pension plan remeasurements recognized in other comprehensive income		
Pension plan remeasurements recognized in other comprehensive income, before tax	-1,335	835
Deferred taxes relating to pension plan remeasurements recognized in other comprehensive income	395	-243
Pension plan remeasurements recognized in other comprehensive income, net of tax	-940	592
Share of other comprehensive income of equity-accounted investments that will not be reclassified to profit or loss, net of tax	-3	-
Items that will not be reclassified to profit or loss	-943	592
Exchange differences on translating foreign operations		
Unrealized currency translation gains/losses	-126	437
Transferred to profit or loss	-	-
Exchange differences on translating foreign operations, before tax	-126	437
Deferred taxes relating to exchange differences on translating foreign operations	0	0
Exchange differences on translating foreign operations, net of tax	-126	438
Cash flow hedges		
Fair value changes recognized in other comprehensive income	-110	-714
Transferred to profit or loss	-80	3
Cash flow hedges, before tax	-190	-711
Deferred taxes relating to cash flow hedges	56	197
Cash flow hedges, net of tax	-134	-514
Available-for-sale financial assets		
Fair value changes recognized in other comprehensive income	-90	-184
Transferred to profit or loss	58	-33
Available-for-sale financial assets, before tax	-32	-217
Deferred taxes relating to available-for-sale financial assets	-20	2
Available-for-sale financial assets, net of tax	-52	-215
Share of other comprehensive income of equity-accounted investments that may be reclassified subsequently to profit or loss, net of tax	-115	75
Items that may be reclassified subsequently to profit or loss	-426	-216
Other comprehensive income, before tax	-1,800	419
Deferred taxes relating to other comprehensive income	431	-43
Other comprehensive income, net of tax	-1,369	376
Total comprehensive income	1,098	2,322
of which attributable to		
Noncontrolling interests	19	-12
Volkswagen AG hybrid capital investors	21	-
Volkswagen AG shareholders	1,058	2,334

BALANCE SHEET AS OF MARCH 31, 2014 AND DECEMBER 31, 2013

€ million	VOLKSWAGEN GROUP		DIVISIONS			
	2014	2013	AUTOMOTIVE ¹		FINANCIAL SERVICES	
			2014	2013	2014	2013
Assets						
Noncurrent assets	202,505	202,141	120,950	122,438	81,555	79,704
Intangible assets	59,517	59,243	59,283	59,007	234	236
Property, plant and equipment	42,107	42,389	40,346	40,632	1,762	1,757
Leasing and rental assets	22,931	22,259	2,752	2,642	20,179	19,617
Financial services receivables	51,897	51,198	-1,042	-602	52,939	51,800
Investments, equity-accounted investments and other equity investments, other receivables and financial assets	26,053	27,053	19,612	20,759	6,441	6,294
Current assets	131,404	122,192	77,092	68,320	54,312	53,872
Inventories	30,533	28,653	27,851	25,580	2,681	3,073
Financial services receivables	39,010	38,386	-1,039	-844	40,049	39,229
Other receivables and financial assets	27,540	23,483	20,558	16,458	6,983	7,025
Marketable securities	8,631	8,492	6,988	6,675	1,643	1,817
Cash, cash equivalents and time deposits	25,690	23,178	22,734	20,450	2,956	2,728
Total assets	333,909	324,333	198,042	190,758	135,867	133,576
Equity and Liabilities						
Equity	87,341	90,037	70,958	75,984	16,383	14,053
Equity attributable to Volkswagen AG shareholders ²	80,031	85,730	64,084	72,100	15,947	13,630
Equity attributable to Volkswagen AG hybrid capital investors	4,990	2,004	4,990	2,004	-	-
Equity attributable to Volkswagen AG shareholders and hybrid capital investors	85,021	87,733	69,074	74,103	15,947	13,630
Noncontrolling interests	2,320	2,304	1,884	1,881	436	423
Noncurrent liabilities	115,468	115,672	63,618	65,290	51,850	50,382
Financial liabilities	60,315	61,517	13,266	15,913	47,050	45,604
Provisions for pensions	23,131	21,774	22,816	21,481	315	293
Other liabilities	32,022	32,380	27,537	27,896	4,485	4,484
Current liabilities	131,100	118,625	63,465	49,484	67,635	69,141
Put options and compensation rights granted to noncontrolling interest shareholders ²	10,249	3,638	10,249	3,638	-	-
Financial liabilities	62,233	59,987	319	-3,981	61,914	63,968
Trade payables	19,337	18,024	17,478	16,582	1,859	1,441
Other liabilities	39,281	36,976	35,420	33,245	3,861	3,731
Total equity and liabilities	333,909	324,333	198,042	190,758	135,867	133,576

1 Including allocation of consolidation adjustments between the Automotive and Financial Services divisions, primarily intragroup loans.

2 When the tender offer to acquire all shares of Scania was published, the present value of the amount of the offer was derecognized from Group equity and a corresponding liability was recognized at the same time.

STATEMENT OF CHANGES IN EQUITY

					OTHER RESERVES
€ million	Subscribed capital	Capital reserves	Retained earnings	Currency translation reserve	
Balance at Jan. 1, 2013	1,191	11,509	64,596	-539	
Profit after tax	-	-	2,026	-	
Other comprehensive income, net of tax	-	-	575	387	
Total comprehensive income	-	-	2,601	387	
Capital increase	0	0	-	-	
Dividend payment	-	-	-	-	
Capital transactions involving a change in ownership interest	-	-	0	-	
Other changes	-	-	-6	-	
Balance at Mar. 31, 2013	1,191	11,509	67,191	-152	
Balance at Jan. 1, 2014	1,191	12,658	72,341	-2,799	
Profit after tax	-	-	2,395	-	
Other comprehensive income, net of tax	-	-	-932	-102	
Total comprehensive income	-	-	1,463	-102	
Capital increase ¹	0	0	-	-	
Dividend payment	-	-	-	-	
Capital transactions involving a change in ownership interest	-	-	-	-	
Other changes ²	-	-	-6,758	0	
Balance at Mar. 31, 2014	1,191	12,658	67,046	-2,901	

1 Volkswagen AG recorded an inflow of cash funds amounting to €3,000 million, less a discount of €29 million and transaction costs (€18 million), from the hybrid capital issued in March 2014. Additionally, there are noncash effects from the deferral of taxes amounting to €13 million. The hybrid capital is required to be classified as equity instruments granted.

2 The other changes in retained earnings are primarily a result of the recognition of a liability in other comprehensive income relating to the offer to acquire all shares of Scania.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONDENSED)

Statement of Changes in Equity

	Cash flow hedges	Available-for-sale financial assets	Equity- accounted investments	Equity attributable to Volkswagen AG hybrid capital investors	Equity attributable to Volkswagen AG shareholders and hybrid capital investors	Noncontrolling interests	Total equity
	360	624	-59	-	77,682	4,313	81,995
	-	-	-	-	2,026	-80	1,946
	-514	-215	76	-	308	68	376
	-514	-215	76	-	2,334	-12	2,322
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	0	0	0
	-	-	-	-	-6	0	-6
	-154	409	17	-	80,011	4,301	84,312
	1,845	724	-229	2,004	87,733	2,304	90,037
	-	-	-	21	2,416	51	2,468
	-134	-52	-118	-	-1,337	-32	-1,369
	-134	-52	-118	21	1,079	19	1,098
	-	-	-	2,965	2,965	-	2,965
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	0	-	-	-	-6,757	-3	-6,760
	1,712	672	-346	4,990	85,021	2,320	87,341

CASH FLOW STATEMENT FOR THE PERIOD JANUARY 1 TO MARCH 31

€ million	VOLKSWAGEN GROUP		DIVISIONS			
	2014	2013	AUTOMOTIVE ¹		FINANCIAL SERVICES	
			2014	2013	2014	2013
Cash and cash equivalents at beginning of period	22,009	17,794	19,285	14,788	2,724	3,005
Profit before tax	3,357	2,688	2,890	2,255	467	433
Income taxes paid	-1,656	-1,040	-1,506	-983	-150	-57
Depreciation and amortization expense	3,852	3,529	2,818	2,597	1,034	932
Change in pension provisions	11	26	9	24	2	2
Other noncash income/expense and reclassifications ²	590	-538	561	-520	29	-18
Gross cash flow	6,154	4,665	4,773	3,370	1,382	1,295
Change in working capital	-4,656	-2,116	-2,522	157	-2,134	-2,273
Change in inventories	-1,941	-1,044	-2,145	-1,154	204	110
Change in receivables	-4,097	-1,687	-3,976	-1,305	-121	-382
Change in liabilities	3,260	2,033	2,693	1,525	567	508
Change in other provisions	1,263	1,268	1,191	1,174	73	94
Change in leasing and rental assets (excluding depreciation)	-1,873	-1,481	-253	-42	-1,619	-1,439
Change in financial services receivables	-1,269	-1,205	-30	-39	-1,238	-1,165
Cash flows from operating activities	1,498	2,549	2,251	3,528	-752	-979
Cash flows from investing activities attributable to operating activities	-2,924	-2,429	-2,302	-3,942	-622	1,513
of which: Investments in intangible assets (excluding capitalized development costs), property, plant and equipment, and investment property	-1,676	-1,717	-1,625	-1,672	-51	-45
capitalized development costs	-1,191	-678	-1,191	-678	-	-
acquisition and disposal of equity investments	-177	-185	400	-1,734	-576	1,549
Net cash flow³	-1,426	120	-52	-414	-1,375	534
Change in investments in securities and loans	591	-144	345	158	246	-302
Cash flows from investing activities	-2,333	-2,573	-1,957	-3,784	-376	1,210
Cash flows from financing activities	4,028	4,545	2,698	4,733	1,330	-188
of which: capital contributions/capital redemptions	2,953	-	691	-	2,262	-
Effect of exchange rate changes on cash and cash equivalents	-40	176	-68	153	27	23
Net change in cash and cash equivalents	3,153	4,697	2,924	4,630	229	66
Cash and cash equivalents at Mar. 31	25,162	22,490	22,209	19,418	2,953	3,072
Securities, loans and time deposits	16,505	14,533	9,090	8,013	7,415	6,520
Gross liquidity	41,667	37,023	31,299	27,431	10,368	9,592
Total third-party borrowings	-122,549	-123,385	-13,585	-16,782	-108,964	-106,603
Net liquidity at Mar. 31	-80,881	-86,362	17,714	10,649	-98,596	-97,011
For information purposes: at January 1	-82,318	-85,517	16,869	10,573	-99,186	-96,090

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

2 These relate mainly to the fair value measurement of financial instruments, application of the equity method and reclassification of gains/losses on disposal of noncurrent assets to investing activities.

3 Net cash flow: cash flows from operating activities, net of cash flows from investing activities attributable to operating activities.

Notes to the Interim Consolidated Financial Statements

Accounting in accordance with International Financial Reporting Standards (IFRSs)

In accordance with Regulation No. 1606/2002 of the European Parliament and of the Council, Volkswagen AG prepared its consolidated financial statements for 2013 in compliance with the International Financial Reporting Standards (IFRSs), as adopted by the European Union. These interim consolidated financial statements for the period ended March 31, 2014 were therefore also prepared in accordance with IAS 34 and are condensed in scope compared with the consolidated financial statements.

All figures shown are rounded, so minor discrepancies may arise from addition of these amounts.

In addition to the reportable segments, the Automotive and Financial Services divisions are presented in the condensed interim group financial report for explanatory purposes alongside the income statement, balance sheet and cash flow statement for the Volkswagen Group. This supplemental presentation is not required by IFRSs. Eliminations of intragroup transactions between the Automotive and Financial Services divisions are allocated to the Automotive Division.

The accompanying interim consolidated financial statements were reviewed by auditors in accordance with section 37x(3) of the Wertpapierhandelsgesetz (WpHG – German Securities Trading Act).

Accounting policies

Volkswagen AG has applied all accounting pronouncements adopted by the EU and effective for periods beginning on or after January 1, 2014.

The pronouncements contained in the “consolidation package” must be applied effective January 1, 2014. These relate to the new standards IFRS 10, IFRS 11 and IFRS 12, as well as amendments to IAS 28. The basis of consolidation and the subsidiaries to be included in the consolidated financial statements are now defined by IFRS 10. All entities that Volkswagen AG can control directly or indirectly must be included in the basis of consolidation. The switch from IAS 27 to IFRS 10 did not require the Volkswagen Group to make any adjustments because the parent/subsidiary relationships and other control relationships are attributable almost entirely to voting rights majorities. There was therefore no requirement to consolidate additional entities or deconsolidate existing ones. Equally, because all significant special purpose entities/structured entities are consolidated in the Volkswagen Group, no adjustments were required for these entities.

IFRS 11 governs the definition of and accounting for “joint arrangements” in the consolidated financial statements. Joint arrangements are classified into “joint ventures” and “joint operations”. Because all entities that are jointly controlled by Volkswagen AG or one of its subsidiaries are required to be classified as joint ventures, there were no effects from applying IFRS 11.

IFRS 12 governs all disclosures on interests in other entities and thus combines all of the information required to be disclosed in the notes on subsidiaries, joint arrangements, associates, and consolidated and unconsolidated structured entities. The scope of the information to be disclosed was expanded in some cases. IFRS 12 does not result in any additional disclosure requirements in the interim financial reports.

Only the equity method in accordance with IAS 28 may be applied to joint ventures and associates effective January 1, 2014. The option to include these entities in the consolidated financial statements using proportionate consolidation was eliminated. Because proportionate consolidation was not used in the past in the Volkswagen Group, the elimination of this option did not result in any adjustments.

The other accounting pronouncements required to be applied for the first time in fiscal year 2014 are insignificant for the presentation of the Volkswagen Group’s net assets, financial position and results of operations in its interim consolidated financial statements. A detailed breakdown of these accounting pronouncements is provided in the notes to the consolidated financial statements in the 2013 Annual Report.

A discount rate of 3.4% (December 31, 2013: 3.7%) was applied to German pension provisions in the accompanying interim consolidated financial statements. The reduction in the discount rate increased the actuarial losses for pension provisions that are recognized in retained earnings.

The income tax expense for the interim reporting period was calculated on the basis of the average annual tax rate that is expected for the entire fiscal year, in accordance with IAS 34, Interim Financial Reporting.

In other respects, the same accounting policies and consolidation methods that were used for the 2013 consolidated financial statements are generally applied to the preparation of the interim consolidated financial statements and the measurement of the prior-year comparatives. A detailed description of the methods applied is published in the notes to the consolidated financial statements in the 2013 Annual Report. This can also be accessed on the Internet at www.volkswagenag.com/ir.

Basis of consolidation

In addition to Volkswagen AG, which is domiciled in Wolfsburg and entered in the commercial register at the Braunschweig Local Court under no. HRB 100484, 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 the companies of the Group obtain benefits from the activities of these companies (subsidiaries).

CONSOLIDATED SUBSIDIARIES

On March 14, 2014, Volkswagen AG published an offer to the shareholders of Scania Aktiebolag, Södertälje, ("Scania") to acquire all Scania A and Scania B shares. Each Scania A share conveys one vote at the general meeting, while each Scania B share conveys one-tenth of a vote. There are no other legal differences between Scania A and B shares. Volkswagen AG is offering SEK 200 for each Scania share, regardless of share class. At the date of publication, the total value of the 298,910,903 shares not held either indirectly or directly by the Volkswagen Group was approximately €6.7 billion, based on the offer price. The acceptance period for the offer ended on April 25, 2014.

One of the conditions of the offer is that it results in the Volkswagen Group holding more than 90 percent of the total number of Scania shares. If the 90 percent threshold is exceeded, Volkswagen will initiate a squeeze-out and have the Scania shares delisted.

The total value of the offer was required to be recognized as a liability in other comprehensive income when the offer was published. The Group's retained earnings therefore declined by the same amount.

For the Volkswagen Group, the acquisition of all shares of Scania represents a key step towards completing the integrated commercial vehicles group. It is designed to enable the common strategy for the commercial vehicles business to be implemented more quickly and more comprehensively, to remove the current obstacles to cooperation, to implement key joint projects more rapidly and thereby to leverage additional growth opportunities and synergies from cooperation between Volkswagen, Scania and MAN SE.

INTERESTS IN JOINT VENTURES

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. Volkswagen agreed with Fleet Investments B.V., Amsterdam, the Netherlands, an investment company belonging to the von Metzler family, that Fleet Investments would become the new co-investor in Global Mobility Holding in 2010. The previous co-investors were instructed by Volkswagen AG to transfer their shares to Fleet Investments B.V. on February 1, 2010 for the purchase price of €1.4 billion. In fiscal year 2013, the agreement was prolonged by two years until January 2016. Volkswagen AG granted 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 has pledged 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.

INVESTMENTS IN ASSOCIATES

There were no significant changes compared with the disclosures in the 2013 Annual Report.

DISCLOSURES ON THE CONSOLIDATED FINANCIAL STATEMENTS

1. Sales revenue

STRUCTURE OF GROUP SALES REVENUE

€ million	Q1	
	2014	2013
Vehicles	31,817	31,888
Genuine parts	3,333	3,313
Used vehicles and third-party products	2,479	1,894
Engines, powertrains and parts deliveries	2,276	1,913
Power Engineering	804	858
Motorcycles	126	134
Rental and leasing business	3,743	3,391
Interest and similar income	1,533	1,616
Other sales revenue	1,719	1,559
	47,831	46,565

2. Cost of sales

Cost of sales includes interest expenses of €465 million (previous year: €567 million) attributable to the financial services business.

In addition to depreciation and amortization expenses, cost of sales also includes impairment losses on intangible assets, items of property, plant and equipment, and leasing and rental assets. The impairment losses identified on the basis of updated impairment tests amount to a total of €34 million (previous year: €43 million).

3. Research and development costs in the Automotive Division

€ million	Q1		%
	2014	2013	
Total research and development costs	3,166	2,581	22.7
of which: capitalized development costs	1,191	678	75.6
Capitalization ratio in %	37.6	26.3	
Amortization of capitalized development costs	709	552	28.5
Research and development costs recognized in the income statement	2,684	2,455	9.3

4. 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.

In 2012 and 2013, Volkswagen AG placed mandatory convertible notes with identical features and an aggregate principal amount of €3.7 billion via a subsidiary, Volkswagen International Finance N.V. Amsterdam/the Netherlands (issuer). Both mandatory convertible notes mature on November 9, 2015. The current minimum conversion price is €150.81, and the corresponding maximum conversion price is €180.97. The conversion price will be adjusted if certain events occur. The convertible notes will be settled by issuing new preferred shares no later than at maturity. The issuer is entitled to convert the mandatory convertible notes at any time at the minimum conversion price. The note terms and conditions also provide for early conversion options. This discretionary conversion right was exercised in the reporting period, with a total of €4 million of the notes being converted into 22,103 newly created preferred shares at the effective maximum conversion price at the conversion date.

IAS 33.23 sets out that all potential shares that will be issued upon the conversion of a mandatory convertible note must be accounted for as issued shares and included in the calculation of basic and diluted earnings per share. The number of outstanding preferred shares is therefore increased by the potential preferred shares that would be issued if the mandatory convertible notes issued were actually to be converted. The average number of preferred shares not yet converted that have to be included is calculated based on the maximum conversion ratio resulting from the current minimum conversion price of €150.81. The terms and conditions require the minimum conversion price to be adjusted following the distribution of dividends. The number of potential preferred shares was calculated retrospectively at the new minimum conversion price in accordance with IAS 33.26, including for the previous year. The finance costs associated with the mandatory convertible notes are not included in the calculation of consolidated profit because the interest component was recognized in other comprehensive income when the note was issued, and interest expense arises only from the amount of compound interest. Since the number of basic and diluted shares is identical, basic earnings per share also correspond to diluted earnings per share. In total, the existing mandatory convertible notes still entitle the holders to subscribe for a maximum of 24,501,027 no-par value preferred shares of Volkswagen AG, based on the current maximum conversion ratio.

		Q1	
		2014	2013*
Weighted average number of shares outstanding			
Ordinary shares: basic	million	295.1	295.1
diluted	million	295.1	295.1
Preferred shares: basic	million	194.7	186.7
diluted	million	194.7	186.7
Profit after tax	€ million	2,468	1,946
Noncontrolling interests	€ million	51	–80
Profit attributable to Volkswagen AG hybrid capital investors	€ million	21	–
Profit attributable to Volkswagen AG shareholders	€ million	2,395	2,026
Earnings per share			
Ordinary shares: basic	€	4.87	4.18
diluted	€	4.87	4.18
Preferred shares: basic	€	4.93	4.24
diluted	€	4.93	4.24

* Prior-year figures adjusted to reflect application of IAS 33.26.

5. Noncurrent assets

CHANGES IN SELECTED NONCURRENT ASSETS BETWEEN JANUARY 1 AND MARCH 31, 2014

€ million	Carrying amount at Jan. 1, 2014	Additions/ Changes in consolidated Group	Disposals/ Other changes	Depreciation and amortization	Carrying amount at Mar. 31, 2014
Intangible assets	59,243	1,244	-18	988	59,517
Property, plant and equipment	42,389	1,628	175	1,733	42,107
Leasing and rental assets	22,259	3,070	1,258	1,140	22,931

6. Inventories

€ million	Mar. 31, 2014	Dec. 31, 2013
Raw materials, consumables and supplies	3,897	3,716
Work in progress	3,253	3,096
Finished goods and purchased merchandise	19,474	18,284
Current leased assets	3,753	3,418
Payments on account	156	140
	30,533	28,653

There was no requirement to recognize or reverse significant impairment losses on inventories in the reporting period.

7. Current other receivables and financial assets

€ million	Mar. 31, 2014	Dec. 31, 2013
Trade receivables	13,341	11,133
Miscellaneous other receivables and financial assets	14,200	12,350
	27,540	23,483

In the period January 1 to March 31, 2014, impairment losses and reversals of impairment losses on noncurrent and current financial assets reduced operating profit by €132 million (previous year: €147 million).

8. Equity

Following the approval by the Annual General Meeting of MAN SE of the conclusion of the control and profit and loss transfer agreement between MAN SE and Truck & Bus GmbH on June 6, 2013, Volkswagen is obliged to pay a cash settlement to the remaining noncontrolling interest shareholders of MAN SE. For this reason, the noncontrolling interests in the equity of MAN SE and the interest in Scania AB attributable to these noncontrolling interest shareholders were derecognized from Group equity as of this date. At the same time, a liability was recognized in accordance with the cash settlement offer for the obligation to acquire the shares. MAN SE's profit or loss is attributed in full to the shareholders of Volkswagen AG. As of March 31, 2014, a total of 330,777 ordinary shares and 110,194 preferred shares had been tendered.

When the offer to the Scania shareholders was published, the total value of the offer was recognized as a current liability in other comprehensive income. The Group's retained earnings declined by the same amount. For information on the offer to the Scania shareholders, see also the disclosures on the basis of consolidation.

In March 2014, Volkswagen AG placed unsecured subordinated hybrid notes with an aggregate principal amount of €3 billion via a subsidiary, Volkswagen International Finance N.V. Amsterdam/the Netherlands (issuer). The perpetual hybrid notes were issued in two tranches and can be called by the issuer. The first call date for the first tranche (€1.25 billion and a coupon of 3.750%) is after seven years, and the first call date for the second tranche (€1.75 billion and a coupon of 4.625%) is after twelve years. Under IAS 32, the hybrid notes must be classified in their entirety as equity. The capital raised was recognized in equity, less a discount and transaction costs and net of deferred taxes. The interest payments payable to the noteholders will be recognized directly in equity, net of income taxes.

The subscribed capital is composed of 295,089,818 no-par value ordinary shares and 170,170,274 preferred shares, and amounts to €1,191 million (December 31, 2013: €1,191 million). In the first quarter of 2014, Volkswagen AG issued 22,103 newly created preferred shares (notional value: €56,584) resulting from the exercise of mandatory convertible bonds.

9. Noncurrent financial liabilities

€ million	Mar. 31, 2014	Dec. 31, 2013
Bonds, commercial paper and notes	49,914	51,630
Liabilities to banks	8,246	7,659
Deposit business	964	1,015
Other financial liabilities	1,191	1,213
	60,315	61,517

10. Current financial liabilities

€ million	Mar. 31, 2014	Dec. 31, 2013
Bonds, commercial paper and notes	28,314	25,926
Liabilities to banks	11,332	11,305
Deposit business	22,152	22,310
Other financial liabilities	435	446
	62,233	59,987

11. Fair value disclosures

The principles and techniques used for fair value measurement remained unchanged year-on-year. Detailed explanations of the measurement principles and techniques can be found in the 2013 Annual Report.

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.

Assets and liabilities measured at fair value through profit or loss consist of derivatives or components of derivatives that are not included in hedge accounting. These relate primarily to the interest component of currency forwards used to hedge sales revenue, commodity futures and currency forwards relating to commodity futures.

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. They are recognized at cost in the consolidated financial statements if there is no active market 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. There is currently no intention to sell these financial assets.

Uniform valuation techniques and inputs are used to measure fair value. The fair value of Level 2 and 3 financial instruments is measured in the individual divisions on the basis of Group-wide specifications. The fair value of the put options and compensation rights granted to noncontrolling interest shareholders is calculated using a present value model based on the contractually agreed cash settlement for the free float MAN shareholders and on the offer to acquire the remaining shares of Scania. Risk-adjusted discount rates for matching maturities were applied. The calculation was also based on the rights granted to the MAN noncontrolling interest shareholders, the cash compensation and the minimum statutory interest rate.

The following table contains an overview of the financial assets and liabilities measured at fair value:

FINANCIAL ASSETS AND LIABILITIES MEASURED AT FAIR VALUE BY LEVEL

€ million	Dec. 31, 2013	Level 1	Level 2	Level 3
Financial assets at fair value through profit or loss				
Derivatives	4,094	–	4,062	32
Available-for-sale financial assets				
Other equity investments	2,666	2,666	–	–
Marketable securities	8,492	8,410	83	–
Financial assets measured at fair value	15,252	11,076	4,144	32
Financial liabilities at fair value through profit or loss				
Derivatives	2,239	–	2,021	218
Financial liabilities measured at fair value	2,239	–	2,021	218

€ million	Mar. 31, 2014	Level 1	Level 2	Level 3
Financial assets at fair value through profit or loss				
Derivatives	3,794	–	3,761	33
Available-for-sale financial assets				
Other equity investments	2,568	2,568	–	–
Marketable securities	8,631	8,631	–	–
Financial assets measured at fair value	14,993	11,199	3,761	33
Financial liabilities at fair value through profit or loss				
Derivatives	2,148	–	1,870	279
Financial liabilities measured at fair value	2,148	–	1,870	279

The allocation of fair values 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 which a quoted price is available. Examples include marketable securities and other equity investments measured at fair value. 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 incorporate inputs that are not directly observable in active markets. In the Volkswagen Group, Level 3 fair values comprise long-term commodity futures because the prices available on the market must be extrapolated for measurement purposes. Options on equity instruments and residual value protection models are also reported in Level 3.

CHANGES IN BALANCE SHEET ITEMS MEASURED AT FAIR VALUE BASED ON LEVEL 3

€ million	Financial assets measured at fair value	Financial liabilities measured at fair value
Balance at Jan. 1, 2013	119	60
Foreign exchange differences	0	0
Total comprehensive income	-53	-53
recognized in profit or loss	-48	-44
recognized in other comprehensive income	-5	-9
Additions (purchases)	-	-
Sales and settlements	-	-
Transfers into Level 2	-7	-7
Balance at Mar. 31, 2013	59	106
Total gains or losses recognized in profit or loss	-48	-44
Net other operating expense/income	-46	-59
of which attributable to assets/liabilities held at the reporting date	45	65
Financial result	-2	15
of which attributable to assets/liabilities held at the reporting date	4	-15

€ million	Financial assets measured at fair value	Financial liabilities measured at fair value
Balance at Jan. 1, 2014	32	218
Foreign exchange differences	0	0
Total comprehensive income	5	76
recognized in profit or loss	4	74
recognized in other comprehensive income	1	2
Additions (purchases)	-	-
Sales and settlements	-2	-8
Transfers into Level 2	-2	-6
Balance at Mar. 31, 2014	33	279
Total gains or losses recognized in profit or loss	4	-74
Net other operating expense/income	-	-
of which attributable to assets/liabilities held at the reporting date	-	-
Financial result	4	-74
of which attributable to assets/liabilities held at the reporting date	3	-70

The transfers between the levels of the fair value hierarchy are reported at the respective reporting dates. The transfers out of Level 3 into Level 2 comprise commodity futures for which observable quoted prices are now available for measurement purposes due to the decline in their remaining maturities; consequently, no further extrapolation is required. There were no transfers between other levels of the fair value hierarchy.

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 after tax and equity.

If commodity prices for commodity futures classified as Level 3 had been 10% higher (lower) as of March 31, 2014, profit would have been €29 million higher (lower) and equity would have been €9 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, profit would have been €3 million higher. If the assumed enterprise values had been 10% lower, profit would have been €8 million lower.

Residual value risks result from hedging agreements with dealers under which earnings effects caused by market-related fluctuations in residual values that arise from buy-back obligations under leases are borne in part by the Volkswagen Group.

The key risk variable influencing the fair value of the options relating to residual value risks is used car prices. Sensitivity analyses are used to quantify the effects of changes in used car prices on earnings after tax.

If the prices for the used cars covered by the residual value protection model had been 10% higher as of March 31, 2014, profit after tax would have been €176 million higher. If the prices for the used cars covered by the residual value protection model had been 10% lower as of March 31, 2014, profit after tax would have been €176 million lower.

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 the 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 generally deemed to be their carrying amount.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONDENSED)

Notes to the Interim Consolidated Financial Statements

RECONCILIATION OF BALANCE SHEET ITEMS TO CLASSES OF FINANCIAL INSTRUMENTS
AS OF DECEMBER 31, 2013

	MEASURED AT FAIR VALUE	MEASURED AT AMORTIZED COST		NOT WITHIN SCOPE OF IFRS 7	BALANCE SHEET ITEM AT DEC. 31, 2013
€ million	Carrying amount	Carrying amount	Fair value	Carrying amount	
Noncurrent assets					
Equity-accounted investments	–	–	–	7,934	7,934
Other equity investments	2,666	1,274	1,274	–	3,941
Financial services receivables	–	51,198	53,200	–	51,198
Other financial assets	2,414	4,626	4,593	–	7,040
Current assets					
Trade receivables	–	11,133	11,133	–	11,133
Financial services receivables	–	38,386	38,386	–	38,386
Other financial assets	1,680	4,911	4,911	–	6,591
Marketable securities	8,492	–	–	–	8,492
Cash, cash equivalents and time deposits	–	23,178	23,178	–	23,178
Noncurrent liabilities					
Noncurrent financial liabilities	–	61,517	62,810	–	61,517
Other noncurrent financial liabilities	1,169	1,136	1,153	–	2,305
Current liabilities					
Put options and compensation rights granted to noncontrolling interest shareholders	–	3,638	3,563	–	3,638
Current financial liabilities	–	59,987	59,987	–	59,987
Trade payables	–	18,024	18,024	–	18,024
Other current financial liabilities	1,070	3,456	3,456	–	4,526

RECONCILIATION OF BALANCE SHEET ITEMS TO CLASSES OF FINANCIAL INSTRUMENTS
AS OF MARCH 31, 2014

	MEASURED AT FAIR VALUE	MEASURED AT AMORTIZED COST	NOT WITHIN SCOPE OF IFRS 7	BALANCE SHEET ITEM AT MAR. 31, 2014
€ million	Carrying amount	Carrying amount Fair value	Carrying amount	
Noncurrent assets				
Equity-accounted investments	–	–	7,293	7,293
Other equity investments	2,568	1,427	–	3,996
Financial services receivables	–	51,897	–	51,897
Other financial assets	2,310	4,454	–	6,764
Current assets				
Trade receivables	–	13,341	–	13,341
Financial services receivables	–	39,010	–	39,010
Other financial assets	1,483	6,487	–	7,970
Marketable securities	8,631	–	–	8,631
Cash, cash equivalents and time deposits	–	25,690	–	25,690
Noncurrent liabilities				
Noncurrent financial liabilities	–	60,315	–	60,315
Other noncurrent financial liabilities	1,044	1,058	–	2,102
Current liabilities				
Put options and compensation rights granted to noncontrolling interest shareholders	–	10,249	–	10,249
Current financial liabilities	–	62,233	–	62,233
Trade payables	–	19,337	–	19,337
Other current financial liabilities	1,104	3,212	–	4,316

12. Cash flow statement

The cash flow statement presents the cash inflows and outflows in the Volkswagen Group and in the Automotive and Financial Services divisions. Cash and cash equivalents comprise cash at banks, checks, bills, cash-in-hand and call deposits.

€ million	Mar. 31, 2014	Mar. 31, 2013
Cash, cash equivalents and time deposits as reported in the balance sheet	25,690	23,246
of which: time deposits and restricted cash	–528	–756
Cash and cash equivalents as reported in the cash flow statement	25,162	22,490

Cash inflows from financing activities in the current year are attributable primarily to the issuance of bonds in the amount of €6,654 million (previous year: €8,167 million) and inflows from the issuance of hybrid notes in the amount of €2,953 million (see note 8). They are offset mainly by cash outflows from the repayment of bonds amounting to €5,551 million (previous year: €2,607 million) and the change in other financial liabilities amounting to €–25 million (previous year: €–1,038 million).

13. Segment reporting

Segments are identified on the basis of the Volkswagen Group's internal management and reporting. In line with the Group's multibrand strategy, each of its brands is managed by its own board of management. The Group targets and requirements laid down by the Board of Management of Volkswagen AG or the Group Board of Management must be complied with to the extent permitted by law. Segment reporting comprises four reportable segments: Passenger Cars, Commercial Vehicles, Power Engineering and Financial Services.

The activities of the Passenger Cars segment cover the development of vehicles and engines, the production and sale of passenger cars, and the corresponding genuine parts business. As a rule, the Volkswagen Group's individual passenger car brands are combined on a consolidated basis into a single reportable segment.

The Commercial Vehicles segment primarily comprises the development, production and sale of light commercial vehicles, trucks and buses, the corresponding genuine parts business and related services.

The activities of the Power Engineering segment consist of the development and production of large-bore diesel engines, turbo compressors, industrial turbines and chemical reactor systems, as well as the production of gear units, propulsion components and testing systems.

The activities of the Financial Services segment comprise dealer and customer financing, leasing, banking and insurance activities, as well as fleet management.

In the segment structure, purchase price allocation for companies acquired is allocated directly to the corresponding segments.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONDENSED)

Notes to the Interim Consolidated Financial Statements

At Volkswagen, segment profit or loss is measured on the basis of operating profit or loss.

The reconciliation contains activities and other operations that by definition do not constitute segments. It also includes the unallocated Group financing activities. Consolidation adjustments between the segments are also contained in the reconciliation.

As a matter of principle, business relationships between the companies within the segments of the Volkswagen Group are transacted at arm's length prices.

REPORTING SEGMENTS: Q1 2013

€ million	Passenger Cars	Commercial Vehicles	Power Engineering	Financial Services	Total segments	Reconciliation	Volkswagen Group
Sales revenue from external customers	34,610	6,018	858	5,027	46,514	51	46,565
Intersegment sales revenue	2,290	1,128	2	408	3,828	-3,828	-
Total sales revenue	36,900	7,147	859	5,436	50,342	-3,777	46,565
Segment profit or loss (operating profit or loss)	2,220	105	-198	416	2,544	-200	2,344

REPORTING SEGMENTS: Q1 2014

€ million	Passenger Cars	Commercial Vehicles	Power Engineering	Financial Services	Total segments	Reconciliation	Volkswagen Group
Sales revenue from external customers	35,831	5,797	804	5,298	47,729	102	47,831
Intersegment sales revenue	2,867	1,280	0	479	4,627	-4,627	-
Total sales revenue	38,698	7,077	804	5,777	52,357	-4,526	47,831
Segment profit or loss (operating profit or loss)	2,581	229	-5	430	3,236	-380	2,855

RECONCILIATION

€ million	Q1	
	2014	2013
Segment profit or loss (operating profit or loss)	3,236	2,544
Unallocated activities	46	48
Group financing	3	-2
Consolidation	-430	-246
Operating profit	2,855	2,344
Financial result	502	344
Consolidated profit before tax	3,357	2,688

14. Related party disclosures

At 50.73%, Porsche SE holds the majority of the voting rights in Volkswagen AG.

The creation of rights of appointment for the State of Lower Saxony was resolved at the Extraordinary General Meeting of Volkswagen AG on December 3, 2009. As a result, Porsche SE 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. However, Porsche SE continues to have the power to participate in the operating policy decisions of the Volkswagen Group.

€ million	SUPPLIES AND SERVICES RENDERED		SUPPLIES AND SERVICES RECEIVED	
	Q1		Q1	
	2014	2013	2014	2013
Porsche SE	8	2	1	7
Supervisory Board members	1	0	1	1
Unconsolidated subsidiaries	267	265	141	266
Joint ventures and their majority interests	3,560	2,882	252	241
Associates and their majority interests	35	70	62	78
State of Lower Saxony, its majority interests and joint ventures	1	1	0	0

€ million	RECEIVABLES (INCL. COLLATERAL RECEIVED) FROM		LIABILITIES (INCL. OBLIGATIONS) TO	
	Mar. 31, 2014	Dec. 31, 2013	Mar. 31, 2014	Dec. 31, 2013
Porsche SE	364	361	738	419
Supervisory Board members	1	0	157	165
Unconsolidated subsidiaries	1,176	1,172	560	587
Joint ventures and their majority interests	6,480	5,758	2,195	2,064
Associates and their majority interests	22	26	49	73
State of Lower Saxony, its majority interests and joint ventures	0	2	0	0

The supplies and services received from joint ventures and associates in the first three months do not include resolved dividend distributions amounting to €1,477 million (previous year: €47 million).

The supplies and services received from Porsche SE relate, among other things, to standard market liability compensation for guarantees assumed. The supplies and services rendered to Porsche SE relate mainly to interest income on loans granted.

The receivables from Porsche SE comprise a receivable under a loan agreement and receivables from land transfer taxes. The obligations to Porsche SE consist mainly of term deposits and interest payable.

Obligations to members of the Supervisory Board amounting to €157 million relate primarily to interest-bearing bank balances of Supervisory Board members that were invested at standard market terms and conditions at Volkswagen Group companies.

Obligations to joint ventures contain miscellaneous other financial obligations under an irrevocable credit commitment in the amount of €1.3 billion to LeasePlan Corporation N.V., Amsterdam, the Netherlands, a Volkswagen Group joint venture, with a term until December 2015.

15. Litigation

Volkswagen AG's Annual Report for fiscal year 2013 contains detailed information on litigation and other legal proceedings. The antitrust proceedings opened in 2011 by the Korean Fair Trade Commission against several truck manufacturers, including local subsidiaries of MAN and Scania, were brought to a close at the end of fiscal year 2013 with decisions to impose administrative fines on all manufacturers involved. MAN and Scania have lodged appeals at the competent court against the administrative fines imposed on them.

There have been no other significant changes since the publication of the 2013 Annual Report.

16. Contingent assets and liabilities

There were no significant changes as of March 31, 2014 in the contingent assets and liabilities described in the 2013 Annual Report.

17. Other financial obligations

The other financial obligations increased by €2,081 million compared with the 2013 consolidated financial statements to €26,451 million, due in particular to an increase in purchase commitments for items of property, plant and equipment, and intangible assets, because of initiated or planned investment projects.

German Corporate Governance Code

The current declarations in accordance with section 161 of the Aktiengesetz (AktG – German Stock Corporation Act) on the German Corporate Governance Code by the Board of Management and Supervisory Board of Volkswagen AG, AUDI AG, MAN SE and Renk AG are permanently available on the Internet at www.volkswagenag.com/ir, www.audi.com/cgk-declaration, www.corporate.man.eu/en and www.renk.biz/corporated-governance.html respectively.

Significant events after the balance sheet date

The acceptance period for the offer to Scania's shareholders to acquire all Scania A and Scania B shares ended on April 25, 2014. The settlement agent is still examining the take-up of the offer. The final results and further decisions will be available shortly and will be notified separately.

Wolfsburg, April 29, 2014

Volkswagen Aktiengesellschaft

The Board of Management

Review Report

This report was originally prepared in German. In case of ambiguities the German version shall prevail:

Review Report

To VOLKSWAGEN AKTIENGESELLSCHAFT, Wolfsburg

We have reviewed the condensed consolidated interim financial statements – comprising the condensed income statement and condensed statement of comprehensive income, condensed balance sheet, condensed statement of changes in equity, condensed cash flow statement and selected explanatory notes – and the interim Group management report of VOLKSWAGEN AKTIENGESELLSCHAFT, Wolfsburg, for the period from January 1 to March 31, 2014, which are part of the quarterly financial report pursuant to § (Article) 37x Abs. (paragraph) 3 WpHG ("Wertpapierhandelsgesetz": German Securities Trading Act). The preparation of the condensed consolidated interim financial statements in accordance with the IFRSs applicable to interim financial reporting, as adopted by the EU, and of the interim group management report in accordance with the provisions of the German Securities Trading Act applicable to interim Group management reports is the responsibility of the parent Company's Board of Management. Our responsibility is to issue a review report on the condensed consolidated interim financial statements and on the interim Group management report based on our review.

We conducted our review of the condensed consolidated interim financial statements and the interim Group management report in accordance with German generally accepted standards for the review 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 review so that we can preclude through critical evaluation, with moderate assurance, that the condensed consolidated interim financial statements have not been prepared, in all material respects, in accordance with the IFRSs applicable to interim financial reporting, as adopted by the EU, and that the interim group management report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim Group management reports. A review is limited primarily to inquiries of company personnel and analytical procedures and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot express an audit opinion.

Based on our review, no matters have come to our attention that cause us to presume that the condensed consolidated interim financial statements have not been prepared, in all material respects, in accordance with the IFRSs applicable to interim financial reporting, as adopted by the EU, nor that the interim group management report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim Group management reports.

Hanover, April 29, 2014

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FINANCIAL CALENDAR

May 13, 2014
Volkswagen AG Annual General Meeting (Hanover Exhibition Center)

July 31, 2014
Half-Yearly Financial Report 2014

October 30, 2014
Interim Report January – September 2014

This Interim Report is also available on the
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www.volkswagenag.com/ir

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