VOLKSWAGEN

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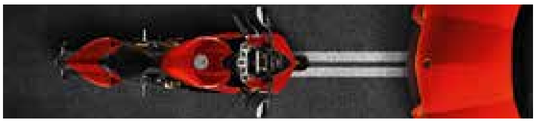
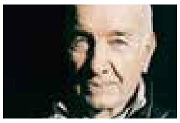
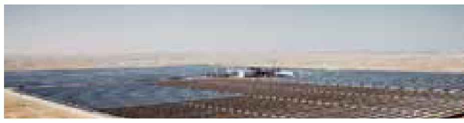




Interim Report

JANUARY – SEPTEMBER 2013




Key Figures

VOLKSWAGEN GROUP

Volume Data[1]	Q3 2013	Q3 2012	%	Q1–3 2013	Q1–3 2012	%
Deliveries to customers ('000 units)	2,387	2,303	+ 3.6	7,185	6,855	+ 4.8
of which: in Germany	278	289	–4.1	874	910	–4.0
abroad	2,109	2,014	+ 4.7	6,311	5,945	+ 6.2
Vehicle sales ('000 units)	2,368	2,333	+ 1.5	7,241	6,978	+ 3.8
of which: in Germany	265	280	–5.5	882	924	–4.5
abroad	2,103	2,054	+ 2.4	6,359	6,054	+ 5.0
Production ('000 units)	2,347	2,293	+ 2.3	7,232	6,974	+ 3.7
of which: in Germany	570	532	+ 7.1	1,823	1,765	+ 3.3
abroad	1,777	1,761	+ 0.9	5,409	5,209	+ 3.8
Employees ('000 on Sept. 30, 2013/Dec. 31, 2012)				570.1	549.8	+ 3.7
of which: in Germany				257.9	249.5	+ 3.4
abroad				312.2	300.3	+ 4.0

Financial Data (IFRSs), € million	Q3 2013	Q3 2012[2]	%	Q1–3 2013	Q1–3 2012[2]	%
Sales revenue	46,985	48,848	–3.8	145,673	144,226	+ 1.0
Operating profit	2,777	2,317	+ 19.9	8,557	8,857	–3.4
as a percentage of sales revenue	5.9	4.7		5.9	6.1	
Profit before tax	2,780	12,866	–78.4	9,399	22,957	–59.1
as a percentage of sales revenue	5.9	26.3		6.5	15.9	
Profit after tax	1,909	11,305	–83.1	6,702	20,152	–66.7
Profit attributable to shareholders of Volkswagen AG	1,856	11,265	–83.5	6,714	20,059	–66.5
Cash flows from operating activities	5,613	3,453	+ 62.5	10,597	5,813	+ 82.3
Cash flows from investing activities attributable to operating activities	3,090	6,611	–53.3	8,859	11,551	–23.3
Automotive Division[3]						
EBITDA[4]	4,888	4,513	+ 8.3	15,003	14,858	+ 1.0
Cash flows from operating activities	6,281	5,183	+ 21.2	14,713	11,935	+ 23.3
Cash flows from investing activities attributable to operating activities[5]	3,063	6,578	–53.4	10,264	11,331	–9.4
of which: investments in property, plant and equipment	2,512	2,556	–1.7	6,436	5,955	+ 8.1
as a percentage of sales revenue	6.0	5.8		5.0	4.6	
capitalized development costs[6]	923	627	+ 47.1	2,558	1,682	+ 52.0
as a percentage of sales revenue	2.2	1.4		2.0	1.3	
Net cash flow	3,218	–1,395	x	4,449	604	x
Net liquidity at September 30				16,649	9,215	+ 80.7

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. 2012 deliveries updated on the basis of statistical extrapolations.
2 Prior-year figures adjusted to reflect application of IAS 19R.
3 Including allocation of consolidation adjustments between the Automotive and Financial Services divisions.
4 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.
5 Excluding acquisition and disposal of equity investments: Q3 €3,259 million (€3,054 million), Q1–3 €8,624 million (€7,408 million).
6 See table on page 37.

Key Facts

> **Volkswagen Group increases deliveries to customers by 4.8% year-on-year to 7.2 million vehicles; continued strong growth in China**

> **Growth in demand for Group vehicles worldwide outperforms the market as a whole; share of the passenger car market amounts to 12.7% (12.6%)**

> **Group sales revenue on a level with the previous year at €145.7 billion (€144.2 billion); market situation in Europe and exchange rates continue to have a negative impact**

> **Operating profit of €8.6 billion (€8.9 billion) in a difficult market environment; earnings impacted by contingency reserves affecting the areas of Passenger Cars and Power Engineering**

> **Earnings before tax of €9.4 billion (€23.0 billion); prior-year figure significantly influenced by measurement effects from the integration of Porsche (€12.3 billion)**

> **Cash flows from operating activities in the Automotive Division rise to €14.7 billion (€11.9 billion); ratio of investments in property, plant and equipment (capex) to sales revenue is 5.0% (4.6%)**

> **Net liquidity in the Automotive Division increases to €16.6 billion; capital base strengthened by successful placement of a mandatory convertible note and hybrid notes**

> **Enthusiastic customer reception for new Group models worldwide:**

- **Volkswagen Passenger Cars launches bold e-mobility offensive at the IAA in Frankfurt; double world premiere of the e-up! and the e-Golf**
- **Audi presents the A3 Sportback e-tron with plug-in hybrid drive and the new A3 Cabriolet**
- **ŠKODA unveils the Rapid Spaceback**
- **World premiere of the SEAT Leon ST takes versatility to a new dimension**
- **Porsche demonstrates its expertise in hybrid technology with the 918 Spyder and the Panamera S E-Hybrid**
- **Volkswagen Commercial Vehicles celebrates 25th anniversary of the California camper**

Key Events

MOTOR SHOWS AND EVENTS

The Volkswagen Group presented a wide range of new models at motor shows and events in the third quarter of 2013.

International Motor Show (IAA) in Frankfurt am Main

The Volkswagen Group launched a bold e-mobility offensive at the 65th IAA in Frankfurt am Main, Germany, the automotive industry's most important motor show. At the Volkswagen Group Night on the evening before the motor show, Chairman of the Board of Management Prof. Dr. Martin Winterkorn stressed that the Group enjoys a strong position thanks to its range of highly efficient and environmentally friendly diesel, petrol and natural gas engines, through classic hybrid vehicles and models with a plug-in hybrid drive, down to purely electric vehicles. This broad approach to the mobility of the future is a solid foundation for the Group to become the front-runner in electric traction as well by 2018. Volkswagen aims to implement this at series level rather than a niche position.

The Volkswagen Passenger Cars brand presented the e-up! and the e-Golf in a double world premiere in Frankfurt – the first Group vehicles with purely electric drives to hit the market, and with pioneering efficiency. The e-up! will start production by the end of the year. The small four-door features a 60 kW (82 PS) electric motor, which takes this efficiency expert – using only 11.7 kWh of electricity per 100 km – to a maximum of 130 km/h. The e-up! has a range of 160 km. Production of the e-Golf will then start in early 2014. Its 85 kW (115 PS) electric motor can travel 100 km on 12.7 kWh of electricity and has a top speed of 140 km/h. The e-Golf has a range of 190 km per battery charge. Both zero-emission cars are perfect for everyday use and are attractively equipped – automatic climate control, radio navigation system, windscreen heating and LED daytime running lights come as standard, and the e-Golf is the first Volkswagen with full LED headlights. The brand also debuted the close-to-production Golf Sportsvan study, a compact van with sporty looks and high everyday practicality. Alongside its remarkably spacious, variable interior, the Sportsvan features state-of-the-art assistance systems. It is the first Golf to be equipped with a blind spot sensor with an assistant for exiting parking spaces, which warns the driver of vehicles in their blind spot while driving. When reversing out of parking spaces, it detects traffic approaching from behind the vehicle, which can be difficult for the driver to see. The Golf Sportsvan will round off the Golf family from mid-2014. The brand completed its showing with the world premieres of the new Golf R – the series' flagship model with 221 kW (300 PS) – and the Golf Variant TGI BlueMotion featuring an economical and environmentally friendly natural gas drive.

The new A3 Cabriolet was the focal point of Audi's showing. The compact four-door's fluid lines and soft top exude sporty styling and elegance. Its optimized range of engines, systematic lightweight construction, large number of assistance systems and versatile Audi connect technology put the A3 Cabriolet at the top of its class technically. The revamped A8 featuring innovative Matrix LED headlights and a wide range of new assistance systems and creature comforts, as well as the A3 Sportback e-tron with a plug-in hybrid drive, also captured visitors' attention. Another highlight was the presentation of the brand's study and concept vehicles. Audi celebrated the 30th anniversary of the original Sport quattro in Frankfurt with the unveiling of the Sport quattro concept car, a dynamic coupé study which boasts a plug-in hybrid drive and a combined maximum output of 515 kW (700 PS). The 110 kW electric motor and twin-turbocharged 412 kW (560 PS) V8 engine propel the lightweight sports car from 0 to 100 km/h in just 3.7 seconds. The Audi nanuk quattro concept car, a crossover study, was developed in close cooperation with the designers from Italdesign Giugiaro, and marries the dynamism of a high-performance sports car with Audi's quattro expertise on the street, on the race track and off-road. The sports car for young and old is powered by a 400 kW (544 PS) V10 TDI engine.

ŠKODA systematically continued its model rollout, unveiling the Rapid Spaceback at the IAA. The young compact hatchback expands the Czech brand's model range, slotting in between the Fabia and Octavia. Its dynamic, fresh design, optional panoramic glass roof, efficient range of engines and spaciousness – unmatched in the compact class – make the Rapid Spaceback ideal for young people and families. The redesigned Yeti also celebrated its debut in Frankfurt – with a brand new front and rear in ŠKODA's latest design language. Alongside an edition designed for urban use, this popular compact SUV will be available with more rugged styling in the future as the Yeti Outdoor.

At SEAT's stand, the focus was on the world premiere of the third member of the Leon family. The Leon ST combines driving pleasure, comfort and space, taking versatility to a new dimension. It features ample storage space and the latest technologies, such as innovative safety systems, making the new Leon ST the perfect blend of functionality, dynamic handling, agility and safety.

Bentley captivated motor show visitors with the world premiere of the Continental GT V8 S. The luxury grand tourer features sports suspension, dramatic styling and an updated V8 engine with a distinctive sound, and was presented as both a coupé and a convertible.

Lamborghini's Gallardo LP 570-4 Squadra Corse brings the thrills of motorsport to the street-legal world. The youngest and most extreme model in the Gallardo line-up is fitted with a 419 kW (570 PS) V10 engine. A rear wing gives the latest incarnation of Lamborghini's most successful model a greater aerodynamic load.

Porsche demonstrated its expertise in hybrid technology in Frankfurt with the 918 Spyder and the Panamera S E-Hybrid. The 918 Spyder made its debut at the motor show and marks the beginning of a new era in sports car manufacturing. Designed as a high-performance hybrid from the ground up, it marries the performance of a super sports car with the virtually silent drive of an electric vehicle. Its combined maximum output of 652 kW (887 PS) catapults the hybrid from 0 to 100 km/h in 2.8 seconds. The 306 kW (416 PS) Panamera S E-Hybrid is the first plug-in hybrid in the luxury class. It uses only 3.1 l per 100 km and has a range of 36 km in purely electric mode. The hybrid has a top speed of 270 km/h or 135 km/h in all-electric mode.

The Bugatti Veyron Grand Sport Vitesse "Jean Bugatti" is the second vehicle from the luxury brand's exclusive Legends series and is a tribute to the oldest son of founder Ettore Bugatti. The model is limited to three vehicles and is made entirely out of pitch-black visible carbon.

Volkswagen Commercial Vehicles showcased the e-load up! – an electrically powered study of the brand's smallest delivery van. Its 60 kW (82 PS) electric motor and special cargo management system, which allows the interior to be configured in a variety of ways, make the silent all-rounder a flexible and environmentally friendly answer to the question of the future mobility of commercial vehicles in large cities. The brand also presented the special-edition Amarok Dark Label, a sporty and elegant version of the popular pickup featuring black 18-inch alloy wheels, tinted side and rear windows, and black attachments such as side windows and bumpers. Volkswagen Commercial Vehicles completed its showing with the new Caddy BlueMotion. Its low average fuel consumption of 4.5 l per 100 km sets new standards – without compromising on driving pleasure.

Caravan Salon Düsseldorf

Volkswagen Commercial Vehicles marked the 25th anniversary of the California campervan with the unveiling of the attractive special-edition California Generation at the Caravan Salon in Düsseldorf. The special edition packs a long list of features, including 17-inch alloy wheels, dark tinted windows, leather/Alcantara seats and cruise control. A deluxe sleeping surface and bicycle rack ensure its occupants travel in comfort. Volkswagen Commercial Vehicles presented a rugged cross version of its practical Caddy Tramper in Düsseldorf. This compact camper boasts 17-inch alloy wheels, bumpers painted in the same color as the body, side protection moldings and underrun protection.

AWARDS

The Volkswagen Group once again received a large number of prizes and awards in the third quarter of 2013.

Three Audi models were awarded the internationally recognized "red dot award: product design" in July 2013. Top honors – the "red dot: best of the best" – went to the Audi R8. The Audi A3 Sportback and the Audi S3 won "red dots" for their high design quality. Volkswagen took three prizes for its digital communication solutions in the communication design category. The Volkswagen brand's magazine "Das Auto." received a "red dot" for its website and the "red dot: best of the best" for the app version. The jury also singled out the iPad app version of the 2012 Annual Report, which takes users on an interactive journey through the world of Volkswagen.

In August, Verkehrsclub Deutschland (VCD) voted for the most environmentally friendly vehicle. Leading the VCD's current environmental list is the Volkswagen eco up! and its sister models – the ŠKODA Citigo CNG Green tec and the SEAT Mii Ecofuel. The natural gas cars were crowned the overall winners thanks in particular to their economical fuel consumption, low CO_2 emissions and low noise levels. Other Volkswagen Group models, including the Touran TSI EcoFuel, the Golf BlueMotion and the Audi A3 ultra, also achieved excellent rankings.

Volkswagen was awarded the "GreenTec Award" in the "Production" category in September this year. The jury was won over by Volkswagen's holistic "Think Blue. Factory."

environmental program, due among other things to the water-saving measures and energy efficiency at its Emden plant. The use of geothermal energy and the regulation of production hall ventilation according to demand were hailed as positive examples. The Zwickau plant was honored with the "Lean & Green Efficiency Award" in the "Lean" category. Special praise went to measures to increase employee awareness of environmental protection and efficient use of energy.

Four Volkswagen models received the coveted "Familienauto Award 2013" ("2013 family car award") in September. Readers of the "AUTOStraßenverkehr" and "ELTERN" magazines were impressed by the functionality, storage space and individual solutions offered by the Touran, the Passat Variant, the Sharan and the Touareg in their respective price categories.

The Golf TwinDrive was awarded the "eCar Award 2013" for the best concept vehicle of the year by the magazines "AUTO BILD" and "Auto Test". The plug-in hybrid is based on the new Golf and features a powerful combination of a charged TSI engine and an electric motor, which can cover a distance of up to 50 km in all-electric mode. The market launch is scheduled for 2014.

In September 2013, the members of Automobil-Club Verkehr (ACV) named a Volkswagen model as the most environmentally friendly and economical car for the third year running. This year's prestigious ACVmobil environmental award went to the new Golf TDI BlueMotion, which won over the jury with its outstanding economy, low fuel consumption and low levels of harmful emissions.

The German Design Council voted Porsche as the "Brand of the Year" at the "Automotive Brand Contest 2013" – the international design competition for automotive brands. Porsche was recognized for its systematic and pioneering brand management – Porsche vehicles have embodied the concepts of longevity, enduring value and quality for decades.

ANNIVERSARIES

ŠKODA celebrated a special achievement with its partner Shanghai Volkswagen in July this year: one million ŠKODA vehicles have been produced in China in only six years. The brand aims to lift unit sales in its strongest market by doubling the range of vehicles produced locally to six models by mid-2014.

ŠKODA recorded another milestone at its main Mladá Boleslav production facility in July 2013 – the production of the eleven-millionth engine in the history of the company. The Czech brand is one of the oldest engine developers and manufacturers in the automotive industry.

Audi notched up a double anniversary in China in July 2013: its partnership with First Automotive Works (FAW) was launched 25 years ago and Audi delivered its two-millionth car to a customer in China, a locally produced Audi A6 L.

In July this year, Volkswagen's Pacheco location in Argentina celebrated the production of its millionth vehicle since it was opened in November 1995.

The Audi A3 reached a milestone in July 2013, with the three-millionth vehicle rolling off the production line. Audi established the premium compact class 17 years ago with the A3 series, which is now successful in 117 countries.

Volkswagen celebrated two anniversaries in Mexico in August 2013. The ten-millionth vehicle left the assembly line at the Puebla plant – a Beetle GSR – and the eleven-millionth engine was produced. The Puebla location has grown into the second largest Volkswagen plant in the world since opening its doors in 1964.

In September 2013, Volkswagen's Hanover plant celebrated the production of nine million commercial vehicles since manufacturing started there in March 1956. Volkswagen Commercial Vehicles currently manufactures the Multivan/Transporter and the Amarok in Hanover.

ŠKODA produced the 1.5-millionth second-generation Fabia in September. The Fabia was launched in 1999 and, since then, has captivated customers in many markets around the world. Approximately 3.3 million first- and second-generation vehicles have been delivered to date, making the small car the Czech brand's best-selling model after the Octavia.

EXPANSION OF PRODUCTION CAPACITY

The Volkswagen Group continued its global growth path with the opening of a new engine plant in Changchun, China, in August 2013. The Volkswagen FAW Engine Co. Ltd. joint venture plant is designed to have an initial annual capacity of 300,000 engines and is located in the direct vicinity of the existing vehicle plant. In the future, it will supply modern, highly-efficient engines for Volkswagen Passenger Cars and Audi brand models. The new production facility meets the highest quality and environmental standards and is a milestone on the road to making Volkswagen the most environmentally friendly automobile company in China.

Also in August 2013, Volkswagen opened its first production facility in western China – a new vehicle plant in Urumqi in the Xinjiang region. The Group is expecting purchasing power in western China to rise sharply over the coming years and is again playing a pioneering role in the Chinese automotive market with the production facilities. The Shanghai-Volkswagen joint venture plant will initially operate as a SKD vehicle assembly facility for Santana models. The paint shop and body shell production is scheduled to go into operation in 2014 and will have a capacity of 50,000 vehicles per year.

In September 2013, the Volkswagen Group opened a new vehicle plant in Foshan in southern China via its joint venture, FAW-Volkswagen. The state-of-the-art, resource-friendly production facility in the province of Guangdong has a capacity of 300,000 vehicles per year in the first expansion phase; this is expected to double in the medium term. The plant will produce Volkswagen Passenger Cars and Audi brand models, and will create 6,500 qualified jobs in southern China.

The Audi brand is systematically driving forward its international expansion, announcing in September 2013 its plans to build new production facilities for the A3 saloon and Q3 models in São José dos Pinhais, Brazil. Audi is investing around €150 million in Brazil for this purpose, laying the foundation for further growth in South America. In addition, the number of dealerships in Brazil is expected to double by the end of the decade.

SUCCESSES IN SUSTAINABILITY RANKINGS

Volkswagen is the most sustainable automobile manufacturer according to the latest Dow Jones Sustainability Indices (DJSIs) Review, which is performed every year by RobecoSAM. The Group is the industry leader in the world's most prestigious sustainability rankings and has been admitted to the DJSI World and the DJSI Europe. Key to this success, according to the experts from RobecoSAM, are the Group's efforts to reduce fleet consumption and CO_2 emissions, as well as its binding commitment to sustainability goals in its Strategy 2018. Volkswagen was also awarded full marks in innovation and risk management, as well as in labor relations. The DJSIs are an important benchmark for financial investors on companies' performance in terms of their economic, environmental and social sustainability.

MAN is also once again represented in the latest DJSIs – both in the DJSI World and the DJSI Europe. It is still the only German company from the industrial engineering sector to be represented in the DJSIs, and improved its overall score as against the previous year, winning recognition in particular for its activities in the areas of environmental management, water risk, and occupational health and safety.

The aim of the Carbon Disclosure Project (CDP), a non-profit organization based in London, is for companies and cities to publish their environmental data, such as greenhouse gas emissions and water consumption. The Volkswagen Group has been included in the CDP Global 500 Climate Performance Leadership Index and the CDP Global 500 Climate Disclosure Leadership Index for the first time based on the results of the current survey. Volkswagen was awarded an A, the highest rating. This underlines the exemplary quality of the Group's published environmental data.

Volkswagen was admitted to the new Global Compact 100 stock index launched by the UN Global Compact, which recognizes environmentally and socially responsible corporate governance, as well as financial stability. The fact that Volkswagen shares are now included in this index is a further testament to the Group's systematic focus on economic, environmental and social sustainability.

Volkswagen Shares

The international equity markets recorded positive growth in the third quarter of 2013. In the period up to the beginning of August, the DAX continued the upward trend that had started at the end of the first half of the year. This was attributable to the positive signals from the American labor market and the central banks' ongoing expansionary monetary policy, in addition to better-than-expected economic and corporate data. After prices moved sideways in the course of August, in particular the strained political situation in Syria caused prices to retreat significantly at the end of the month. In September, however, the markets rallied, in part reaching new highs, lifted by expectations that the loose monetary policy would continue. On September 19, 2013, the DAX closed at a new record high of 8,694 points. The markets eased off slightly in the period up to the end of the reporting period, due among other things to the budget dispute in the United States.

The DAX closed at 8,594 points on September 30, 2013, up 12.9% on the December 31, 2012 figure. The EURO STOXX Automobile & Parts closed at 421 points; this was a 24.5% increase as against the end of 2012.

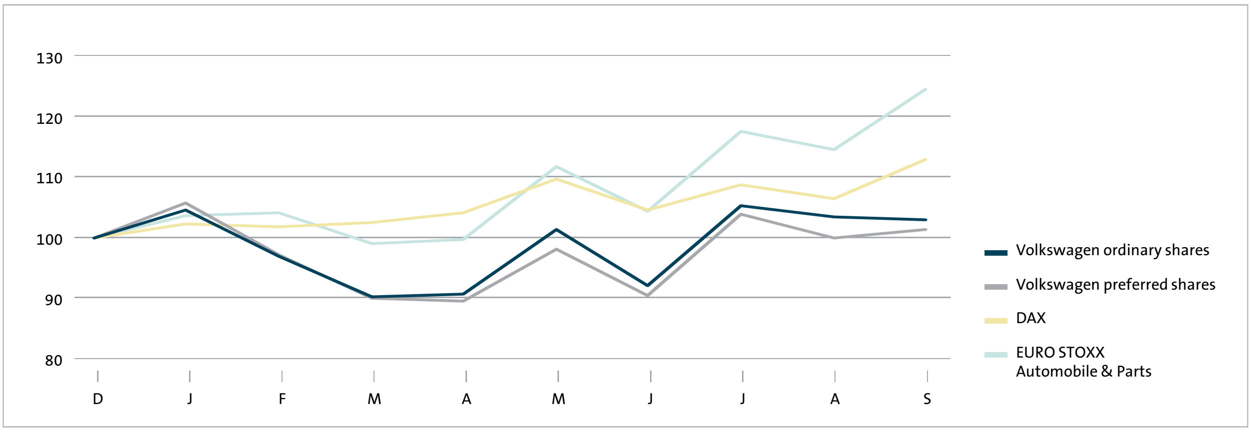
In the first few weeks of the third quarter, Volkswagen AG's preferred and ordinary shares recorded above-average growth at a faster pace than the upward movement of the equity markets. This growth was due among other things to the Company's figures for the first half of 2013, which beat expectations. In line with the market decline, prices fell at the end of August. Volkswagen share prices were volatile in the remaining weeks of the reporting period.

Volkswagen's preferred shares reached their highest daily closing price in the reporting period (€186.65) on February 1, 2013. They hit their lowest closing price of €138.50 on April 18, 2013. On September 30, 2013, the preferred shares closed at €174.25, up 1.2% on the end of 2012. Volkswagen AG's ordinary shares reached their high for the first three quarters of 2013 on August 14, 2013 (€181.55). The shares recorded their low of €132.60 on April 18, 2013. The preferred shares closed at €167.65 at the end of the reporting period, 3.0% higher than at the end of 2012.

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 SEPTEMBER 2013

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



Business Development

GENERAL ECONOMIC DEVELOPMENT

The gradual recovery of the global economy that has emerged so far in 2013 was mixed in the different regions. The economic situation in the industrialized nations improved slightly despite the continued presence of structural obstacles. At the same time, most emerging market economies recorded robust economic growth.

Western Europe showed increasing signs of stabilization. While the southern European countries continued to see negative growth rates, sentiment gradually brightened. The situation began to ease in many northern European nations.

The German economy gained some momentum and recorded slight growth. In particular, positive consumer sentiment combined with the stable situation in the labor market to buoy up the economic recovery.

Economic trends in Central and Eastern Europe were marked by uneven momentum. Overall, growth in the countries in this region strengthened, though Russia lagged significantly behind the prior-year figures.

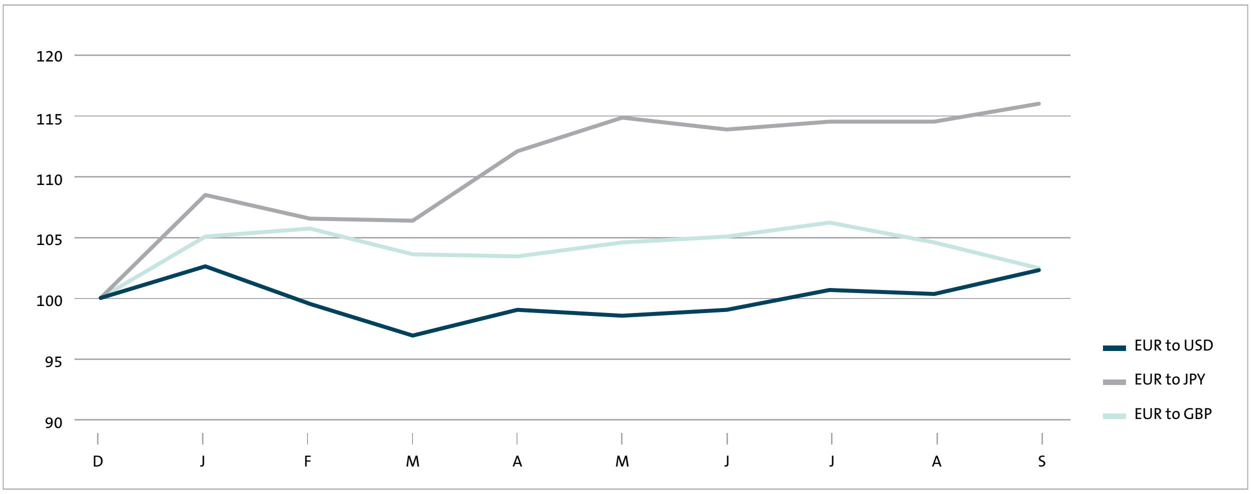
South Africa's economic situation continued to be impacted by structural deficits and political risks. GDP growth has been below prior-period levels to date.

The US economy continued its recovery at a moderate pace. Consumer sentiment boosted the economy, while unemployment declined further. In Mexico, economic development was positive, albeit more muted than in previous years.

Brazil and Argentina again recorded higher rates of expansion in the reporting period. However, political uncertainty and very high inflation continued to impact the situation in Argentina.

China again contributed significantly to global economic growth, despite a slight mid-year slowdown. India's GDP grew relatively slowly, curbed by structural problems and considerable price increases. In Japan, the monetary and fiscal policy measures and the devaluation of the yen led to a revival in the economy.

EXCHANGE RATE MOVEMENTS FROM DECEMBER 2012 TO SEPTEMBER 2013
Index based on month-end prices: December 31, 2012 = 100



TRENDS IN THE PASSENGER CAR MARKETS

Global demand for passenger cars continued to grow in the period from January to September 2013. Market volume trends were mixed in the various regions. While new registrations in Europe declined year-on-year, the markets as a whole in the North America and Asia-Pacific regions exceeded the level of the first nine months of 2012 – in some areas significantly so. Demand in South America remained flat at the prior year's high level.

The Western European passenger car market fell to a historical low in the reporting period due to the continued strained economic situation, although the third quarter showed slight signs of stabilization. Of the large markets, France and Italy continued to record higher than average declines in the first nine months of 2013, while a scrapping premium cushioned additional substantial decreases in Spain. By contrast, in the United Kingdom, ongoing high demand from private customers was the main driver of growth in new registrations.

In Germany, the number of passenger car sales in the year to date fell to the second lowest for a period within the first nine months of any year since German reunification. Despite the comparatively good labor market situation and encouraging consumer sentiment, no positive effect on the buying behavior of private customers has been observed so far.

The overall trend in the Central and Eastern European passenger car market was also negative in the period from January to September 2013. This was primarily attributable to the sales decline in Russia, where the economy is slumping.

Demand in the South African market continued to rise for the fourth consecutive year. The increase was driven by attractive incentive programs and low interest rates.

In North America, sales continued to increase in the period from January to September 2013 compared with the prior-year period. The recovery continued apace, in particular in the US market, where demand rose to a six-year high. This significant upturn was mainly the result of pent-up replacement demand and affordable financing offerings from manufacturers. By contrast, the market as a whole in Canada only recorded below-average growth. The Mexican automotive market grew rapidly in the reporting period, although new car sales have not yet recovered to pre-crisis levels.

The number of new passenger car registrations in South America in the first nine months of 2013 was flat at the same level as the prior-year figure. The Brazilian market continued to be buoyed up by government tax incentives, but fell short of the record level reached in the previous year when their effect was much stronger. The positive trend in Argentina's market volume also continued in the third quarter of 2013, primarily because of growing consumer investment in tangible assets.

New passenger car registrations in the Asia-Pacific region also recorded the highest absolute increase from January to September 2013. The main growth driver was the Chinese market, which saw a double-digit percentage increase. A stronger level of discounting to reduce high inventories and the launch of new models buoyed up the strong rise in new car sales. Demand for passenger cars in India was significantly down year-on-year in the reporting period, in particular due to the weak economic situation and increased financing and fuel costs. New car sales in Japan also declined compared with the first nine months of 2012. However, the prior-year figure had been lifted by a scrapping premium; demand stabilized in the third quarter of 2013 on a level with the comparable prior-year period.

TRENDS IN THE MARKETS FOR COMMERCIAL VEHICLES

Global demand for light commercial vehicles increased modestly in the period from January to September 2013.

The still unresolved debt crisis in the eurozone kept the business climate – and registrations with it – at a low level in Western Europe throughout the first half of the year. Growth returned to individual markets thanks to a slight improvement in the economic environment in the third quarter. However, the Western European market on the whole recorded a significant decrease in the reporting period compared with the previous year.

Demand for light commercial vehicles was mixed in Central and Eastern European markets in the first nine months of 2013. Most peripheral eurozone markets – including Hungary, Slovakia and Ukraine – checked or even reversed the fall in demand in the final weeks of the reporting period. Market momentum eased in Russia in the course of the first nine months of 2013.

The North American market recorded a significant increase in unit sales from January to September 2013.

The number of new registrations for light commercial vehicles in South America's core markets was significantly above the previous year's figure. The Brazilian market in the third quarter of 2013 was unable to build on the significant growth recorded in the first half of the year, despite the continued tax incentives. However, growth did remain higher than the prior-year figure. High inflation in Argentina increased investment in tangible assets, which also benefited commercial vehicle manufacturers.

China is the predominant market for light commercial vehicles in the Asia-Pacific region. Vehicle sales there increased after a decline in the first half of the year and were significantly higher in the reporting period than in the previous year. In Japan, too, the expansionary economic policy helped lift the commercial vehicle market. India recorded a slight increase in demand year-on-year, despite weaker momentum. Sales in most markets in the ASEAN region were up significantly year-on-year.

In the first three quarters of 2013, global demand for mid-sized and heavy trucks with a gross weight of more than six tonnes was on a level with the previous year.

The decline in new registrations in the Western European market in the first six months of 2013 started reversing in the third quarter. The trend in Germany, Western Europe's largest market, was negative initially, due to the initial uncertainty regarding Euro 6 incentives in the German toll system as well as to the weak economic environment.

Vehicle sales were well below those in the comparative period in 2012 in Central and Eastern Europe and in Russia, the largest truck market there. The decline was primarily attributable to the continued unfavorable exchange rates and the introduction of a recycling fee on imported vehicles in September of last year. In addition, the lower commodity prices had a negative effect on Russia's state finances, which the government responded to by cutting infrastructure projects.

In North America, demand declined year-on-year in the first nine months of 2013. The negative trend in the USA was due to cautious investment spending by companies among other things.

New truck registrations in South America fell below the prior-year figure between January and September 2013. Vehicle sales in South America's largest market, Brazil, were well above the figure for 2012 and recorded year-on-year growth especially in the second and third quarters, as the previous year had been dominated by the introduction of Euro 5 technology. Despite continued lower domestic growth, the heavy truck segment in particular recorded a recovery, which was primarily attributable to more favorable financing conditions and higher transportation demand.

The Asia-Pacific region – excluding the Chinese market – recorded a substantial drop in vehicle sales in the reporting period. The main reason for this was the situation in the Indian market, where the investment climate was overshadowed by high interest rates, rising diesel prices and the weak Indian rupee. By contrast, demand in China, the world's largest truck market, was well above the first nine months of 2012. The increase is mainly attributable to pull-forward effects linked to the most recent emissions standards, higher capital expenditures and an improved domestic economy.

New bus registrations declined slightly worldwide in January to September 2013 compared with the prior-year period.

TRENDS IN THE MARKETS FOR POWER ENGINEERING

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

In the area of shipbuilding, competition was still dominated by overcapacity in the merchant fleet. This situation was further exacerbated by additional tonnage appearing in the market. However, orders for merchant ships increased slightly in the second and third quarters so that, overall, they were marginally higher in the reporting period than the previous year. Specialized applications such as LNG tankers, cruise ships and offshore vessels saw continuing higher demand. The persistent weakness in the shipping industry spread from the new construction business to the after-sales business.

Demand for energy generation remained high with a strong trend towards higher flexibility and decentralized availability. However, there are signs that customers are delaying decisions, which held the number of new orders placed below the level of the previous year. The turbomachinery market was dominated by high long-term demand for primary materials as well as the encouraging trends in the oil and gas industry. However, there were still ongoing economic uncertainties, difficult financing conditions and tougher competitive pressure. The development of offshore wind energy remained well short of expectations.

DEMAND FOR FINANCIAL SERVICES

Global demand for automotive-related financial services benefited from continuing strong demand in the period from January to September 2013. The situation in the new and used car markets in Europe remained strained; nevertheless, demand increased for automotive-related financial services. Demand in Germany and North America stabilized at a high level. The South American markets recorded steady growth, while parts of the Asia-Pacific region clearly exceeded the prior-year volume.

VOLKSWAGEN GROUP DELIVERIES

The Volkswagen Group delivered 7,185,037 vehicles to customers in the period from January to September 2013. This corresponds to an increase of 4.8% or 329,999 units compared with the previous year. Delivery figures in all nine months were higher than in each of the same months of the previous year. Separate details of deliveries of passenger cars and commercial vehicles are provided in the following. Since January 1, 2013, the Volkswagen Commercial Vehicles brand has been reported under commercial vehicles together with Scania and MAN. The prior-year figures were adjusted accordingly.

VOLKSWAGEN GROUP DELIVERIES FROM JANUARY 1 TO SEPTEMBER 30*

	2013	2012	%
Passenger cars	6,624,336	6,297,528	+ 5.2
Commercial vehicles	560,701	557,510	+ 0.6
Total	**7,185,037**	**6,855,038**	**+ 4.8**

* Deliveries for 2012 have been updated and adjusted to reflect subsequent statistical trends and the new reporting structure.

PASSENGER CAR DELIVERIES WORLDWIDE

The Volkswagen Group delivered 6,624,336 passenger cars worldwide in the first nine months of 2013, beating the record in the prior-year period. The rise of 5.2% was ahead of the market as a whole, which increased by 4.1% in the same period. This enabled us to extend our market position and gain additional market share. The Volkswagen Passenger Cars (+3.6%) and Audi (+7.6%) brands recorded new all-time highs for deliveries in the period from January to September. Demand for Volkswagen Group passenger cars grew fastest in the Asia-Pacific region. Our sales also followed a very encouraging trend in North America. Since August 1, 2012, the Group's delivery figures also include Porsche brand vehicles.

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

Sales trends in the individual markets are as follows.

Deliveries in Europe/Remaining markets

In Western Europe, we sold 2,060,121 units in the reporting period, 2.0% fewer vehicles than in the comparable prior-year period. Delivery figures were down year-on-year in all major markets in this region, apart from the United Kingdom. However, we outperformed the market as a whole (–4.0%). The up!, Golf, Audi A3, Audi Q5, SEAT Leon and ŠKODA Octavia saloon were among the models to see increases. The Group's share of the passenger car market in Western Europe rose to 24.7% (24.3%).

We delivered 2.7% fewer vehicles to customers in the German passenger car market than in the previous year. The market as a whole declined by 6.0% in the same period. The Beetle, Golf, Tiguan, Audi A3, Audi Q5 and SEAT Leon models were particularly popular. The Volkswagen Group increased its share of the German passenger car market to 38.6% (37.4%). Six Volkswagen Group models led the Kraftfahrtbundesamt (KBA – German Federal Motor Transport Authority) registration statistics in their respective segments: the up!, Polo, Golf, Passat, Touran and Tiguan. The Golf continues to be the most popular passenger car in Germany.

We delivered 1.6% fewer vehicles to customers in Central and Eastern Europe in the first nine months of this year than in the same period of 2012. We increased sales in Hungary, Poland and the Czech Republic, while deliveries declined in Russia. Demand for the Polo Sedan, Golf, Jetta, Audi A3, Audi Q3, Audi Q5 and SEAT Leon models developed positively.

The number of deliveries made to Volkswagen Group's customers in South Africa surpassed the prior-year level by 9.7%. The Group's share of the South African passenger car market rose to 24.0% (22.7%).

Deliveries in North America

In the period from January to September 2013, the Volkswagen Group sold 7.3% more vehicles in the US market than in the same period of the previous year. The market as a whole grew by 8.1%. Demand for the Tiguan, Golf estate, Passat, Audi A4, Audi A5, Audi Q5, Audi A6 and Audi Q7 models was encouraging. The Porsche brand 911 and Cayenne models were also very popular. The Jetta was the Group's bestselling model in North America.

We delivered 9.6% more vehicles in Canada. The Tiguan, Jetta, Touareg, Audi A5, Audi Q5 and Audi Q7 were among the models to record increases.

In Mexico, we handed over 15.8% more vehicles to customers in the reporting period than in the previous year. There was increased demand for the Golf, Jetta, Passat and Audi A3 models.

Deliveries in South America

In the first nine months of 2013, we delivered 12.7% fewer vehicles to customers in the highly competitive South American markets than in the prior-year period.

Our sales declined by 15.8% in the Brazilian market. However, demand for the Voyage, Tiguan and Audi Q3 models were among those to record positive growth. The Gol continues to be the market leader. The Volkswagen Group's market share in the Brazilian passenger car market was 19.9% (23.0%).

In Argentina, the Volkswagen Group delivered 0.5% more vehicles than in the same period last year. The Gol, Voyage and Bora models experienced strong demand, while the Fox and Audi A3 models recorded year-on-year declines. The Volkswagen Group's share of the passenger car market in Argentina decreased to 21.8% (25.0%).

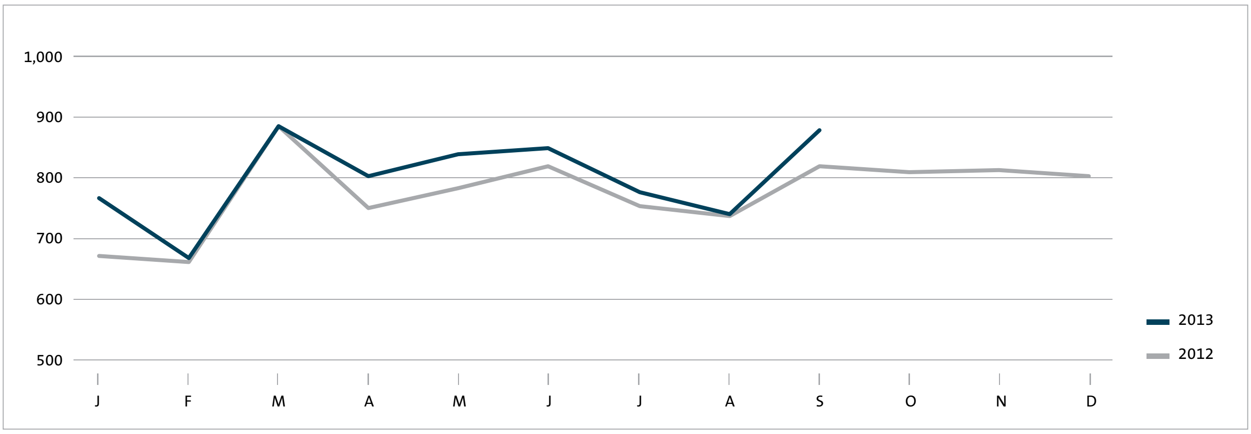
PASSENGER CAR DELIVERIES TO CUSTOMERS BY MARKET FROM JANUARY 1 TO SEPTEMBER 30[1]

	DELIVERIES (UNITS)		CHANGE	SHARE OF PASSENGER CAR MARKET (%)	
	2013	2012[2]	(%)	2013	2012
Europe/Remaining markets	**2,788,983**	**2,796,069**	**−0.3**		
Western Europe	**2,060,121**	**2,103,096**	**−2.0**	**24.7**	**24.3**
of which: Germany	774,933	796,233	−2.7	38.6	37.4
United Kingdom	361,443	319,599	+ 13.1	20.1	19.9
France	181,870	198,457	−8.4	13.9	14.1
Italy	133,946	146,751	−8.7	13.5	13.4
Spain	133,791	134,041	−0.2	24.7	24.3
Central and Eastern Europe	**441,745**	**449,033**	**−1.6**	**15.7**	**15.2**
of which: Russia	214,535	222,804	−3.7	11.3	10.9
Czech Republic	60,038	59,744	+ 0.5	49.9	45.4
Poland	55,215	52,551	+ 5.1	26.1	25.6
Remaining markets	**287,117**	**243,940**	**+ 17.7**		
of which: Turkey	88,666	66,290	+ 33.8	19.7	17.5
South Africa	80,818	73,655	+ 9.7	24.0	22.7
North America[3]	**657,409**	**602,571**	**+ 9.1**	**4.7**	**4.7**
of which: USA	463,186	431,581	+ 7.3	3.9	4.0
Mexico	127,845	110,405	+ 15.8	17.9	16.6
Canada	66,378	60,585	+ 9.6	4.9	4.6
South America	**562,405**	**644,144**	**−12.7**	**17.2**	**19.5**
of which: Brazil	413,007	490,638	−15.8	19.9	23.0
Argentina	120,312	119,733	+ 0.5	21.8	25.0
Asia-Pacific	**2,615,539**	**2,254,744**	**+ 16.0**	**12.8**	**11.9**
of which: China	2,357,228	2,003,282	+ 17.7	20.8	20.7
Japan	72,784	60,945	+ 19.4	2.1	1.7
India	70,688	85,599	−17.4	4.0	4.5
Worldwide	**6,624,336**	**6,297,528**	**+ 5.2**	**12.7**	**12.6**
Volkswagen Passenger Cars	4,364,607	4,214,362	+ 3.6		
Audi	1,180,748	1,097,507	+ 7.6		
ŠKODA	684,946	717,191	−4.5		
SEAT	266,058	238,136	+ 11.7		
Bentley	6,516	5,969	+ 9.2		
Lamborghini	1,688	1,541	+ 9.5		
Porsche	119,747	22,800	x		
Bugatti	26	22	+ 18.2		

1 Deliveries and market shares for 2012 have been updated to reflect subsequent statistical trends. The Porsche brand's deliveries are included as from August 1, 2012.
2 The prior-year figure was adjusted due to the new reporting structure.
3 Overall markets in the USA, Mexico and Canada include passenger cars and light trucks.

VOLKSWAGEN GROUP DELIVERIES BY MONTH

Vehicles in thousands



Deliveries in the Asia-Pacific region

We increased our passenger car sales by 16.0% in the markets in the Asia-Pacific region in the first nine months of 2013, outperforming the market as a whole, which rose by 7.4% in the same period.

We delivered 17.7% more vehicles year-on-year to customers in the Chinese market, which was again the main driver of growth in the Asia-Pacific region. The Polo, Sagitar, Lavida, Passat and CC models recorded the largest year-on-year increase. Demand for the Porsche Cayenne was also strong. With a 20.8% (20.7%) market share, we were able to extend our leadership of the extremely competitive Chinese passenger car market.

In Japan, we handed over 19.4% more vehicles to customers in the period from January to September 2013 than in the previous year; the market as a whole declined by 5.3%. Demand was strong in particular for the Beetle, Touran, Audi A1, Audi A3 and Audi A4 models.

Sales in India were down 17.4% year-on-year in a declining market. Demand for the Audi Q3 and Audi Q7 models developed positively.

COMMERCIAL VEHICLE DELIVERIES

The Volkswagen Group delivered 560,701 units worldwide in the first nine months of 2013, a slight increase year-on-year (+0.6%). The number of trucks sold rose to 136,806 (+3.0%), and deliveries of buses increased to 17,300 units (+13.0%). Volkswagen Commercial Vehicles sold 406,595 vehicles, on a level with the previous year (–0.7%). Scania increased its deliveries by 19.9% to 56,224 units. MAN handed over 97,882 vehicles to customers in the reporting period, 3.4% fewer than in the previous year.

In the Western European market, the Volkswagen Group brands delivered 247,914 commercial vehicles in the period from January to September 2013, 6.3% fewer than a year earlier. Light commercial vehicles accounted for 200,268 of this figure, and trucks for 45,136. The decline was mainly due to the initial uncertainty regarding Euro 6 incentives in the German toll system as well as to the weak economic environment. The Volkswagen Group delivered 47,676 commercial vehicles in Central and Eastern European markets, 6.5% fewer vehicles than the previous year. Of this total, light commercial vehicles accounted for 28,501 units, and trucks for 18,241 units. Demand was stronger for the Amarok year-on-year. Deliveries in Russia declined by 7.4% year-on-year to 20,442 units as a result of the negative growth in public finances there and the associated cuts to infrastructure projects, as well as to the introduction of a recycling fee on imported vehicles in September of 2012. In the Remaining markets, demand for Volkswagen Group commercial vehicles fell by 1.5% to 36,826 light commercial vehicles, 13,008 trucks and 1,700 buses.

In the North American market, the Volkswagen Group delivered 8,385 commercial vehicles (+9.2%), of which 7,053 units were light commercial vehicles and 227 were trucks.

In South America, the figure for deliveries of the Group's commercial vehicle brands totaled 182,527 vehicles, of which 118,798 were light commercial vehicles. Higher investments in tangible assets in Argentina and tax incentives in Brazil in particular drove demand for these vehicles. Growth rates for the Saveiro and Amarok models were encouraging. Of the total figure, 53,889 units were trucks (+21.6%), and 9,840 were buses. In Brazil, sales amounted to a total of 145,736 vehicles (+14.9%). Light commercial vehicles accounted for 90,122 of this figure, trucks for 47,075 and buses for 8,539. The rise in truck sales, particularly in the heavy segment, was attributable to higher demand for transportation as well as the support programs of the Brazilian development bank.

In the Asia-Pacific region, Group brands delivered 22,665 commercial vehicles to customers (+5.2%), 15,149 of which were light commercial vehicles and 6,305 of which were trucks.

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.

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

Demand for the products and services of Volkswagen Financial Services remained strong during the first nine months of this year. 3.1 million new financing, leasing, service and insurance contracts were signed worldwide. This corresponds to an increase of 11.2% compared with the prior-year period. The total number of contracts as of the end of September 2013 was 10.4 million, surpassing the figure at the prior-year reporting date by 11.0%.

In Europe, 2.1 million new contracts were signed in the reporting period, an increase of 7.7% on the prior-year period. At 7.3 million, the total number of contracts surpassed the previous year by 7.1%. 4.2 million of this total were customer finance and leasing contracts (+5.8%).

The total number of contracts in North America grew to 1.7 million as of September 30, 2013, 17.9% higher than at the reporting date in the previous year. The customer finance and leasing area accounted for 1.4 million contracts (+12.0%). At 547 thousand, the number of new contracts was up 12.1% on the prior-year period.

The total number of contracts in South America grew by 20.7% year-on-year to 800 thousand at the end of the third quarter. These were predominantly attributable to the customer finance and leasing area. The number of new contracts rose to 273 thousand (+19.9%).

In the Asia-Pacific region, 214 thousand new contracts were signed in the reporting period, up 38.8% on the same period in 2012. At the end of September 2013, the total number of contracts signed was 574 thousand (+35.0%), with customer finance and leasing contracts accounting for 468 thousand of this figure (+38.7%).

COMMERCIAL VEHICLE DELIVERIES TO CUSTOMERS BY MARKET FROM JANUARY 1 TO SEPTEMBER 30*

	DELIVERIES (UNITS)		CHANGE
	2013	2012	(%)
Europe/Remaining markets	**347,124**	**367,946**	**−5.7**
Western Europe	247,914	264,644	−6.3
Central and Eastern Europe	47,676	51,000	−6.5
Remaining markets	51,534	52,302	−1.5
North America	**8,385**	**7,676**	**+ 9.2**
South America	**182,527**	**160,344**	**+ 13.8**
of which: Brazil	145,736	126,795	+ 14.9
Asia-Pacific	**22,665**	**21,544**	**+ 5.2**
of which: China	3,575	3,863	−7.5
Worldwide	**560,701**	**557,510**	**+ 0.6**
Volkswagen Commercial Vehicles	406,595	409,344	−0.7
Scania	56,224	46,879	+ 19.9
MAN	97,882	101,287	−3.4

* Deliveries for 2012 have been updated and adjusted to reflect subsequent statistical trends and the new reporting structure.

GLOBAL INVENTORY TRENDS

At the end of September 2013, global inventories held by Group companies and the dealer organization had increased compared with the end of 2012, but were below the level as of September 30, 2012.

UNIT SALES, PRODUCTION AND EMPLOYEES

The Volkswagen Group sold 7,240,924 vehicles to the dealer organization worldwide in the period from January to September 2013, surpassing the prior-year figure by 3.8%. The number of vehicles sold outside Germany rose by 5.0% year-on-year, buoyed by continuing strong demand for Group models in the Chinese market. As a result of the weak market, the proportion of domestic vehicle sales declined by 4.5% compared with the same period in 2012; vehicles sold in Germany fell to 12.2% (13.2%) of the Group's overall sales.

The Volkswagen Group produced 7,232,456 vehicles worldwide in the reporting period, exceeding the figure for the same period in the previous year by 3.7%. A total of 1,823,366 models were produced in Germany, up 3.3% on the previous year; the proportion of vehicles produced in Germany declined to 25.2% (25.3%).

The Volkswagen Group had 542,498 active employees on September 30 this year. A further 9,616 employees were in the passive phase of their partial retirement, and 17,975 young people were in apprenticeships. The Volkswagen Group had a total of 570,089 employees worldwide at the end of the reporting period. This corresponds to an increase of 3.7% compared with December 31, 2012. This increase is mainly attributable to the establishment of new production sites, the expanded production volume and the initial consolidation of international dealerships belonging to Porsche Holding Salzburg. A total of 257,898 people were employed in Germany, 3.4% more than at the end of 2012. The proportion of employees in Germany declined to 45.2% (45.4%).

OPPORTUNITY AND RISK REPORT

In July 2013, Truck & Bus GmbH, a wholly owned subsidiary of Volkswagen AG, was served with an application in accordance with section 1 no. 1 of the Spruchverfahrensgesetz (SpruchG – German Award Proceedings Act) for judicial review of the appropriateness of the cash settlement in accordance with section 305 of the Aktiengesetz (AktG – German Stock Corporation Act) and the cash compensation in accordance with section 304 of the AktG for the noncontrolling interest shareholders of MAN SE attributable to the control and profit and loss transfer agreement between MAN SE and Truck & Bus GmbH, which was entered in MAN SE's commercial register on July 16, 2013. It is not unusual for noncontrolling interest shareholders to initiate such award proceedings. Volkswagen AG continues to maintain that the results of the valuation are correct. The audit firms engaged by the parties and the court-appointed auditor of the agreement confirmed the appropriateness of the assessment. It is not currently possible to predict the exact duration of the proceedings.

There were no other significant changes to the Volkswagen Group's opportunity and risk position compared with the information contained in the Risk Report and Report on Expected Developments chapters of the 2012 Annual Report.

Results of Operations, Financial Position and Net Assets

Since January 1, 2013, we have bundled the light commercial vehicles, trucks and buses, and power engineering businesses in a new Commercial Vehicles/Power Engineering Business Area within the Automotive Division.

IAS 19R changes the way employee benefits are accounted for. For the Volkswagen Group, this led to changes to bonus payments for partial retirement agreements in particular.

The corresponding prior-year figures in the income statement, the cash flow statement and the balance sheet have been adjusted.

Due to the approval by the Annual General Meeting of MAN SE of the control and profit and loss transfer agreement, a liability in the total amount of €3.1 billion (€80.89 per share) was recognized in the balance sheet for the obligation to acquire the shares held by the remaining free float shareholders of MAN; equity was reduced accordingly.

Following the opening of the award proceedings for judicial review of the appropriateness of the cash settlement and cash compensation for the noncontrolling interest shareholders of MAN SE in connection with the control and profit and loss transfer agreement, the expected present value of the minimum statutory interest rate was also recognized as a liability in the amount of €0.5 billion.

RESULTS OF OPERATIONS OF THE GROUP

At €145.7 billion (€144.2 billion), the Volkswagen Group's sales revenue in the period from January to September 2013 was 1.0% higher than in the same period of 2012. Although the decline in volumes – excluding the Chinese joint ventures – and in particular negative exchange rate effects and deteriorations in the mix depressed sales revenue year-on-year, these effects were offset by the initial full-year consolidation of Porsche AG. The Volkswagen Group generated 80.7% (80.1%) of its sales revenue outside of Germany.

At €27.0 billion (€27.2 billion), gross profit was on a level with the previous year. Depreciation charges resulting from increased capital expenditures, higher research and development costs, and contingency reserves all had a negative impact. At 18.6% (18.9%), the gross margin was lower than in the previous year.

The Volkswagen Group generated an operating profit of €8.6 billion (€8.9 billion) in the reporting period. The operating return on sales was 5.9% (6.1%).

At €9.4 billion (€23.0 billion) in the first nine months of 2013, profit before tax was down on the prior-year period, when measurement effects in connection with the Porsche integration (€12.3 billion) had a clearly positive impact on the financial result. Profit after tax consequently declined by €13.5 billion to €6.7 billion.

RESULTS OF OPERATIONS IN THE AUTOMOTIVE DIVISION

The Automotive Division generated sales revenue of €129.2 billion (€129.6 billion) in the period from January to September 2013. The impact of declining volumes, negative exchange rate effects and deteriorations in the mix was almost fully offset by the consolidation of Porsche. 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 declined year-on-year to €23.3 billion (€23.9 billion). While improved product costs and the consolidation of Porsche had a positive effect, volumes and deteriorations in exchange rates and the mix weighed on gross profit. We also recorded higher depreciation charges as a result of increased capital expenditures and higher research and development costs, particularly for new drive concepts. Contingency reserves running into the hundreds of millions of euros were recognized in the areas of passenger cars and power engineering. Earnings were impacted by write-downs relating to purchase price allocations, but to a lesser extent than in the previous year, as expected.

Distribution and administrative expenses exceeded the prior-year figure by 4.7% and 10.6% respectively in the reporting period. The ratio of both distribution and administrative expenses to sales revenue was also higher than in the previous year. This was due in particular to the initial full-year inclusion of the companies consolidated in 2012. At €1.4 billion, other operating income exceeded the prior-year figure by €1.1 billion, mainly as a result of currency-related factors.

The Automotive Division generated an operating profit of €7.2 billion (€7.8 billion) in the period from January to September 2013. The operating return on sales was 5.6% (6.0%). As our Chinese joint ventures are accounted for using the equity method, their strong business performance is not reflected in the operating profit.

The financial result for the reporting period was €0.8 billion (€14.1 billion). In the first nine months of the previous year, the financial result had been positively affected by the updating of the underlying assumptions used in the valuation models for measuring the put/call rights relating to Porsche Holding Stuttgart GmbH and the remeasurement at the contribution date of the shares in Porsche AG already held indirectly (€12.3 billion). Following the opening of the award proceedings in connection with the control and profit and loss transfer agreement with MAN SE in July of this year, the expected present value of the minimum statutory interest rate was recognized as interest expense (€0.5 billion). Income from the equity-accounted Chinese joint ventures included in the consolidated financial statements was up on the high prior-year figure.

Results of operations in the Passenger Cars Business Area and Commercial Vehicles/Power Engineering Business Area from January 1 to September 30

€ million	2013	2012*
Passenger Cars Business Area		
Sales revenue	103,849	104,400
Gross profit	19,976	20,268
Operating profit	6,835	7,242
Commercial Vehicles/Power Engineering Business Area		
Sales revenue	25,321	25,172
Gross profit	3,296	3,606
Operating profit	390	509

* Adjusted

RESULTS OF OPERATIONS IN THE FINANCIAL SERVICES DIVISION

The Financial Services Division generated sales revenue of €16.5 billion in the reporting period, €1.8 billion more than in the first nine months of 2012. The increase was mainly due to growth in business volumes and the initial full-year consolidation of Porsche Financial Services.

At €3.8 billion, gross profit exceeded the prior-year figure by 13.2%.

Distribution and administrative expenses increased year-on-year in the reporting period, while the ratio of both distribution and administrative expenses to sales revenue remained constant overall.

At €1.3 billion, operating profit was 20.5% higher than in 2012.

FINANCIAL POSITION OF THE GROUP

At €18.7 billion, the Volkswagen Group's gross cash flow in the period from January to September 2013 exceeded the prior-year figure by €3.5 billion. At €8.1 billion (€9.4 billion), funds tied up in working capital were lower than in the prior-year period. As a result, cash flows from operating activities rose sharply to €10.6 billion (€5.8 billion).

At €8.9 billion (€11.6 billion) in the reporting period, the Volkswagen Group's investing activities attributable to operating activities were lower than in the same period of 2012, which had been characterized by the contribution in full of Porsche and the acquisition of Ducati. Investments in property, plant and equipment rose year-on-year.

Funds of €6.8 billion (€8.7 billion) were invested in financing activities. Both the mandatory convertible note issued in June (€1.1 billion) and the hybrid notes placed in August (€2.0 billion) increased net liquidity. The prior-year figure included the cash outflow from the increase in the stake in MAN SE of approximately €2.1 billion.

Cash and cash equivalents in the Volkswagen Group as reported in the cash flow statement amounted to €23.6 billion as of September 30, 2013, €6.2 billion higher than a year earlier.

The Group's negative net liquidity amounted to €–80.7 billion, compared with €–85.5 billion as of December 31, 2012.

FINANCIAL POSITION IN THE AUTOMOTIVE DIVISION

Gross cash flow in the Automotive Division rose to €14.6 billion (€12.2 billion) in the first nine months of 2013. Funds were released from working capital, generating an inflow of €0.1 billion, following funds of €0.2 billion tied up in the previous year. At €14.7 billion, cash flows from operating activities consequently exceeded the prior-year figure by €2.8 billion.

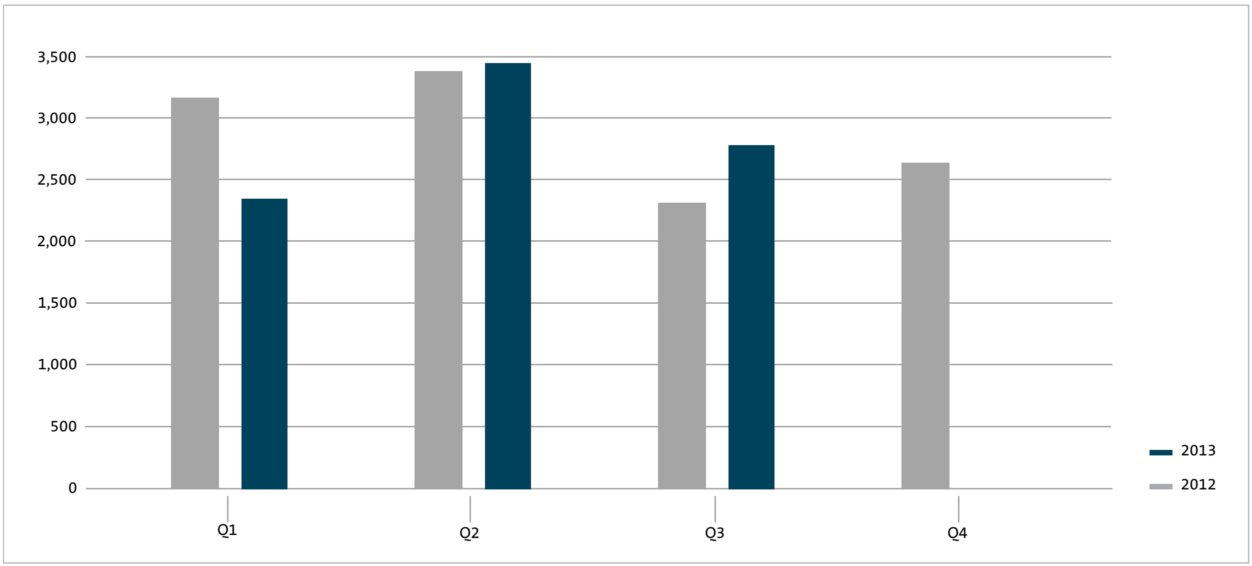
At €10.3 billion (€11.3 billion) in the reporting period, investing activities attributable to operating activities were lower than in the previous year. Investments in property, plant and equipment rose to €6.4 billion (€6.0 billion); the ratio of investments in property, plant and equipment (capex) to sales revenue was 5.0% (4.6%). We invested primarily in our production facilities and in models to be launched in 2013 and 2014, as well as in the ecological focus of our model range. At €2.6 billion (€1.7 billion), capitalized development costs were up on the 2012 level. Volkswagen Bank GmbH sold its 50% indirect interest in LeasePlan Corporation N.V. to Volkswagen AG for approximately €1.7 billion as part of internal restructuring measures designed to strengthen equity in the Financial Services Division. This reduced liquidity within investing activities attributable to the Automotive Division. The integration of Porsche and the acquisition of Ducati should be taken into account in any comparison with the previous year's figures.

Net cash flow increased sharply to €4.4 billion (€0.6 billion) in the first nine months of 2013.

In June 2013, we successfully placed a mandatory convertible note with an aggregate principal amount of €1.2 billion – €1.1 billion of which was classified as a capital contribution and increased net liquidity – via Volkswagen

OPERATING PROFIT BY QUARTER

Volkswagen Group in € million, prior-year figures adjusted to reflect application of IAS 19R.



International Finance N.V. Like the mandatory convertible note issued in November 2012, which it supplements, this has a coupon of 5.50% and matures on November 9, 2015, though the note terms and conditions provide for early conversion options.

In August 2013, the Volkswagen Group successfully placed dual-tranche hybrid notes with an aggregate principal amount of €2.0 billion via Volkswagen International Finance N.V. They consist of a €1.25 billion note that carries a coupon of 3.875% and has a first call date after five years, and a €0.75 billion note that carries a coupon of 5.125% and has a first call date after ten years. Both tranches are perpetual and increase equity by the full amount, net of transaction costs. €2.0 billion of the hybrid notes were classified as a capital contribution, which increased net liquidity.

A total dividend of €1.6 billion was paid out to the shareholders of Volkswagen AG.

At €16.6 billion on September 30, 2013, net liquidity in the Automotive Division exceeded the 2012 year-end figure by €6.1 billion.

Financial position in the Passenger Cars Business Area and the Commercial Vehicles/Power Engineering Business Area from January 1 to September 30

€ million	2013	2012*
Passenger Cars Business Area		
Gross cash flow	12,996	10,584
Change in working capital	495	1,107
Cash flows from operating activities	13,490	11,691
Cash flows from investing activities attributable to operating activities	–9,407	–10,315
Net cash flow	4,083	1,376
Commercial Vehicles/Power Engineering Business Area		
Gross cash flow	1,576	1,572
Change in working capital	– 354	– 1,328
Cash flows from operating activities	1,222	244
Cash flows from investing activities attributable to operating activities	–857	–1,016
Net cash flow	365	– 772

* Adjusted

FINANCIAL POSITION IN THE FINANCIAL SERVICES DIVISION

Due mainly to earnings-related factors, gross cash flow in the Financial Services Division was up €1.1 billion on the figure for the same period of 2012 to €4.2 billion in the reporting period. Funds tied up in working capital were down on the previous year to €8.3 billion (€9.2 billion). The sale of the interest in LeasePlan to Volkswagen AG led to cash inflows from investing activities attributable to operating activities of €1.4 billion (previous year: cash outflows of €0.2 billion).

The Financial Services Division's negative net liquidity, which is common in the industry, amounted to €–97.4 billion at September 30, 2013, compared with €–96.1 billion at December 31, 2012.

CONSOLIDATED BALANCE SHEET STRUCTURE

At €323.4 billion, the Volkswagen Group's total assets at the end of the reporting period were 4.5% higher than at December 31, 2012. The equity ratio was 27.2% (26.5%).

AUTOMOTIVE DIVISION BALANCE SHEET STRUCTURE

At the reporting date, intangible assets, property, plant and equipment, and noncurrent assets in the Automotive Division were on a level overall with December 31, 2012. Current assets rose by 17.6%. Within this item, inventories and trade receivables increased by 4.6% and 12.6%, respectively. Cash and cash equivalents amounted to €23.4 billion (€15.5 billion) at September 30, 2013.

Balance sheet structure in the Passenger Cars Business Area and the Commercial Vehicles/Power Engineering Business Area

€ million	Sept. 30, 2013	Dec. 31, 2012*
Passenger Cars Business Area		
Noncurrent assets	92,204	90,844
Current assets	54,480	42,949
Total assets	**146,684**	**133,794**
Equity	58,795	49,154
Noncurrent liabilities	54,598	54,608
Current liabilities	33,291	30,032
Commercial Vehicles/Power Engineering Business Area		
Noncurrent assets	27,994	28,807
Current assets	17,592	18,333
Total assets	**45,585**	**47,140**
Equity	15,166	19,473
Noncurrent liabilities	13,182	13,994
Current liabilities	17,236	13,673

* Adjusted

Following the approval by the Annual General Meeting of MAN SE of the control and profit and loss transfer agreement, a liability was recognized for the obligation to acquire the shares held by the remaining free float shareholders of MAN in accordance with the cash settlement offer in the amount of €3.1 billion. This did not affect liquidity. Equity was reduced accordingly; the noncontrolling interests in MAN SE were derecognized. The remaining noncontrolling interests are largely attributable to Scania shareholders.

At €74.0 billion, the Automotive Division's equity at the end of September 2013 was 7.8% higher than at December 31, 2012. Effects reducing equity from the derecognition of the noncontrolling interests in MAN SE, dividend payments and foreign exchange differences were more than offset by the growth in earnings, lower actuarial losses from the measurement of pension provisions, the issuance of a mandatory convertible note and the hybrid notes, and positive effects from the measurement of derivatives. Noncurrent liabilities were almost unchanged compared with December 31, 2012, at €67.8 billion (€68.6 billion).

Following the derecognition of the noncontrolling interests in MAN, a liability in the amount of €3.1 billion was recognized under "Put options and compensation rights granted to noncontrolling interest shareholders" for the obligation to acquire the shares held by the remaining free float shareholders of MAN in accordance with the cash settlement offer. Following the opening of the award proceedings in connection with the control and profit and loss transfer agreement with MAN SE, the expected present value of the minimum statutory interest rate was also reported under this item in the amount of €0.5 billion. Overall, current assets were 15.6% higher than at the end of 2012. In particular, reclassifications from noncurrent to current liabilities due to shorter remaining maturities increased current financial liabilities. The figures for the Automotive Division also contain the elimination of intragroup transactions between the Automotive and Financial Services divisions. As the current financial liabilities for the primary Automotive Division were lower than the loans granted to the Financial Services Division, a negative amount was disclosed for the reporting period. The Automotive Division recorded total assets of €192.3 billion as of September 30, 2013, an increase of 6.3% over year-end 2012.

FINANCIAL SERVICES DIVISION BALANCE SHEET STRUCTURE

At €131.1 billion, the Financial Services Division's total assets at the end of the reporting period exceeded the figure as of December 31, 2012 by 2.0%.

Due primarily to higher volumes, there was an increase in leasing and rental assets and noncurrent financial services receivables. The sale of the interest in LeasePlan led to a decline in equity-accounted investments. Overall, noncurrent assets increased by 2.9% compared with December 31, 2012, while current assets were on a level with year-end 2012. As of September 30, 2013, the Financial Services Division accounted for approximately 40.5% of the Volkswagen Group's assets.

At €13.9 billion, the Financial Services Division's equity was 4.2% higher than at December 31, 2012 due to earnings-related factors. The equity ratio was 10.6% (10.4%). Noncurrent liabilities declined by 3.4% as against year-end 2012, while current liabilities rose by 6.1%. This is attributable in particular to the shorter remaining maturities of financial liabilities.

Deposits from direct banking business were up on the 2012 year-end figure to €24.7 billion (€23.9 billion); of this figure, €22.7 billion was attributable to Volkswagen Bank direct.

Outlook

The global economy only grew slightly in the period from January to September 2013. We believe that global growth will continue over the course of the year, although economic uncertainties remain. The industrialized nations will probably record only low rates of expansion. We are expecting the recessionary trend in Southern Europe to continue throughout the year. The greatest drivers of global economic growth are likely to be China and the ASEAN countries.

Global demand for passenger cars rose at a slower pace in the first nine months of 2013 than in the prior-year period. Growth in the global market for passenger cars is also likely to be weaker in full-year 2013 than in 2012. We are forecasting that the overall negative trend in the Western European market will continue, with the German market also remaining below its 2012 level. We believe that growth in Central and Eastern Europe will decline overall. The Asia-Pacific region is again expected to record higher-than-average growth rates in 2013. While we expect to see encouraging development in the North American market, demand in South America will stagnate.

We anticipate that, in 2013, the overall volume in the markets for light commercial vehicles, trucks and buses that are relevant for the Volkswagen Group will remain at the same level as in 2012.

Demand for mobility-related financial services is likely to rise further in 2013.

The Volkswagen Group's attractive brand portfolio covering almost all segments from motorcycles through subcompact cars to heavy trucks and buses, its steadily growing presence in all major markets in the world and its wide range of financial services give us decisive competitive advantages. Our expertise is unparalleled in the industry and we offer an extensive range of environmentally friendly, cutting-edge, high-quality vehicles for all regions and customer groups. In the remaining months of 2013, the Volkswagen Group's brands will again launch a large number of fascinating new models and so help further expand our strong position in the global markets.

We expect that the Volkswagen Group will outperform the market as a whole in a challenging environment and that deliveries to customers will increase year-on-year. However, we are not completely immune to the intense competition and the impact this has on business. The modular toolkit system, which is being continuously expanded, will have an increasingly positive effect on the Group's cost structure.

We expect the Volkswagen Group's 2013 sales revenue to exceed the prior-year figure. Given the ongoing uncertainty in the economic environment, the Group's goal for operating profit is to match the prior-year level in 2013. This applies equally to the Passenger Cars Business Area, the Commercial Vehicles/Power Engineering Business Area – which remains affected by high write-downs relating to purchase price allocation, among other things – and the Financial Services Division.

While we shall see positive effects from our attractive model range and strong market position, there will also be increasingly stiff competition in a challenging market environment. Disciplined cost and investment management and the continuous optimization of our processes remain integral elements of our 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, Swedish kronor, Mexican pesos, Australian dollars and Korean won. In addition, expected business development may vary if the assessments of value-enhancing factors and risks presented in the 2012 Annual Report develop in a way other than we are currently expecting, or additional risks or other factors emerge that adversely affect the development of our business.

Brands and Business Fields

SALES REVENUE AND OPERATING PROFIT BY BRAND AND BUSINESS FIELD

The Volkswagen Group's sales revenue increased by 1.0% year-on-year between January and September 2013 to €145.7 billion. Operating profit was 3.4% down on the prior-year figure, at €8.6 billion.

Vehicle sales by the Volkswagen Passenger Cars brand in the first three quarters of the year amounted to 3.5 million units, falling short of the prior-year figure by 3.8%. The up!, the new Golf and the new Beetle Cabrio continued to be particularly popular with customers. Negative volume-related and exchange rate factors led to a 6.0% drop in sales revenue to €74.2 billion. Operating profit was down €0.8 billion year-on-year, at €2.1 billion. The drop in volumes, together with upfront investments in new technologies, had a negative effect on results.

Unit sales by the Audi brand amounted to 1,004 thousand vehicles in the reporting period, slightly up on the previous year (1,002 thousand). A further 309 thousand Audi vehicles were sold by the FAW-Volkswagen Chinese joint venture, compared with 247 thousand the previous year. In addition to the popularity of the models in the new A3 family, there was strong demand for the Q3 and Q5 SUV series. In a market environment which continued to be challenging, sales revenues (€37.0 billion) saw a slight drop compared with 2012 (–1.9%), due primarily to negative currency movements. Operating profit fell by 10.8% to €3.7 billion as a result of negative mix effects, cost-intensive upfront investments in new products and new technologies, as well as the expansion of global production facilities. The financial key performance indicators for the Audi brand also include the financial figures for the Lamborghini and Ducati brands. In the first nine months of this year, Ducati sold 38,234 motorcycles.

The ŠKODA brand sold 524 thousand vehicles between January and September this year, 4.9% fewer than in the previous year. This decline was largely attributable to the changeover of its most important model, the Octavia, and the ongoing sales crisis in Europe. The Citigo models and the new Rapid, which is produced in Europe, enjoyed increasing popularity. Sales revenue fell by 6.4% to €7.4 billion. At €371 million, operating profit was down €196 million on the previous year. Profits were dampened by lower sales volumes, deteriorations in the mix and currency effects, as well as by new product launches.

In the first nine months of this year – despite the continued weakness in the overall Spanish market – worldwide unit sales for the SEAT brand reached 335 thousand vehicles, up 6.4% on the previous year. This figure includes the Q3 produced for Audi. The brand was particularly successful in the German, UK and Spanish markets. Demand for the new Leon and the new Toledo developed extremely positively, and the Mii also showed very positive growth. Sales revenue improved by 4.6% to €5.0 billion. The operating result of €–93 million was comparable with the previous year's figure of €–95 million. The positive effects of the volume increases were offset by costs incurred for launching the new models on the market.

In the reporting period, the Bentley brand sold 6,573 vehicles, 2.3% fewer than in the previous year. At €1.1 billion, sales revenue exceeded the previous year's figure by 1.7%. The decline in volume was more than offset by favorable exchange rates and mix effects, as well as efficient cost management; consequently, operating profit increased by 34.0% to €98 million.

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 recorded unit sales of 115 thousand vehicles and sales revenue of €10.4 billion in the first three quarters of 2013. Operating profit amounted to €1.9 billion. Demand was particularly high for the Cayenne, Boxster and 911 models. Porsche has been consolidated since August 1, 2012.

Vehicle sales by Volkswagen Commercial Vehicles were down 1.5% in the reporting period, at 325 thousand vehicles. This decrease was primarily attributable to the weak European markets. The Amarok was very popular with customers. Sales revenue of €7.0 billion was achieved, nearly on a par with the previous year's figure (–1.0%). The negative volume effects were more than offset by positive price effects and lower materials costs. Consequently, operating profit exceeded the prior-year figure by 14.1%, at €342 million.

Between January and September 2013, the Scania brand sold 56 thousand vehicles, 19.9% more than a year earlier. The brand was particularly successful in the South American market. Demand for services continued to develop steadily. Sales revenue rose by 9.5% to €7.4 billion due to volume-related factors. Increased pressure on margins caused operating profit to remain at the prior year at €691 million (€688 million).

Sales by the MAN brand in the first nine months of the year declined by 3.4% year-on-year to 98 thousand vehicles. Sales revenue decreased by 3.5% to €11.3 billion due to volume-related factors. The fall in operating profit, down from €518 million to €47 million, is attributable to lower volumes and declining revenue from the license business, and in particular to the recognition of project-specific contingency reserves in the Power Engineering area.

Between January and September 2013, Volkswagen Financial Services generated an operating profit of €1.1 billion, an increase of 14.1% on the prior-year figure, thanks to higher volumes and improved margins.

KEY FIGURES BY BRAND AND BUSINESS FIELD FROM JANUARY 1 TO SEPTEMBER 30[1]

	VEHICLE SALES		SALES REVENUE		SALES TO THIRD PARTIES		OPERATING RESULT	
thousand vehicles/€ million	2013	2012	2013	2012	2013	2012	2013	2012[2]
Volkswagen Passenger Cars	3,499	3,638	74,233	78,972	53,899	58,793	2,117	2,886
Audi	1,004	1,002	36,965	37,667	25,554	26,033	3,743	4,197
ŠKODA	524	551	7,365	7,868	3,694	4,139	371	567
SEAT	335	315	5,017	4,798	2,211	2,089	−93	−95
Bentley	7	7	1,069	1,051	691	967	98	73
Porsche[3]	115	22	10,419	2,167	9,647	2,025	1,893	387
Volkswagen Commercial Vehicles	325	330	7,011	7,079	3,525	3,774	342	300
Scania[3]	56	47	7,365	6,724	7,365	6,724	691	688
MAN[3]	98	101	11,342	11,754	11,253	11,684	47	518
VW China[4]	2,294	1,923	–	–	–	–	–	–
Other	−1,017	−959	−29,370	−27,176	14,756	15,824	−1,777[5]	−1,651[5]
Volkswagen Financial Services	–	–	14,258	13,322	13,078	12,173	1,126	987
Volkswagen Group	**7,241**	**6,978**	**145,673**	**144,226**	**145,673**	**144,226**	**8,557**	**8,857**
Automotive Division	7,241	6,978	129,171	129,573	130,507	130,807	7,225	7,751
of which: Passenger Cars Business Area[6]	6,761	6,499	103,849	104,400	109,070	109,173	6,835	7,242
Commercial Vehicles/ Power Engineering Business Area[6]	480	479	25,321	25,172	21,437	21,633	390	509
Financial Services Division	–	–	16,502	14,653	15,166	13,419	1,333	1,106

1 All figures shown are rounded, so minor discrepancies may arise from addition of these amounts.
2 Prior-year figures adjusted to reflect application of IAS 19R.
3 Including financial services; Porsche as from August 1, 2012.
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 €3,530 million (€2,806 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.
6 Volkswagen Commercial Vehicles has been reported within the Automotive Division under commercial vehicles since January 1, 2013; the prior-year figures have been adjusted.

UNIT SALES AND SALES REVENUE BY MARKET

In the first nine months of 2013, the Volkswagen Group sold 3.1 million vehicles in the Europe/Remaining markets region, a year-on-year decrease of 1.3% that was due to trends affecting the market as a whole. At €86.4 billion, sales revenue was on a level with the prior-year figure of €86.8 billion.

In the North American market, unit sales by the Group amounted to 661 thousand vehicles and were almost the same as the prior-year figure (663 thousand). The 11.5% rise in sales revenue to €20.3 billion is due to positive mix effects resulting from the initial full-year consolidation of Porsche.

In the highly competitive South American market, we sold 735 thousand vehicles in the reporting period, 5.6% fewer than in the same period last year. Sales revenue fell by 1.9% to €13.2 billion due to volume-related factors.

Sales in the Asia-Pacific region between January and September 2013 were positive. Including the Chinese joint ventures, we sold a total of 2.7 million vehicles, up 14.7% on the prior-year period. Currency-related factors led to sales revenue being slightly below the prior-year level, at €25.7 billion (€25.7 billion). Our Chinese joint ventures are not included in this figure as they are accounted for using the equity method.

KEY FIGURES BY MARKET FROM JANUARY 1 TO SEPTEMBER 30[1]

	VEHICLE SALES		SALES REVENUE	
thousand vehicles/€ million	2013	2012	2013	2012
Europe/Remaining markets	3,109	3,151	86,431	86,780
North America	661	663	20,330	18,233
South America	735	778	13,233	13,489
Asia-Pacific[2]	2,736	2,385	25,678	25,724
Volkswagen Group[2]	**7,241**	**6,978**	**145,673**	**144,226**

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

Volkswagen Financial Services again contributed to the Volkswagen Group's strong sales performance in the first nine months of 2013, thanks to its innovative products along the automotive value chain.

In Germany, Volkswagen Financial Services AG and its subsidiaries were rebranded and have been using a new logo since September 2013. The additional claim reads: "Bank. Leasing. Insurance. Mobility." This makes the entire range of the portfolio clear to customers and highlights the advantages of a one-stop-shop service.

In July 2013, Volkswagen Financial Services AG in Germany introduced a new business area, Ducati Financial Services, which offers special financing solutions and insurance brokerage for motorcycles. The business also includes financing for the 80 or so dealers in Germany. In September 2013, Ducati Financial Services extended its sales activities to a third market and launched its products in the USA – the largest market for the premium motorcycle brand Ducati. Further international expansion is planned.

Partners LichtBlick and Volkswagen Bank GmbH have been offering carbon-free green electricity from hydroelectric power stations since the e-up! was launched in Germany in September 2013. Volkswagen's partner LichtBlick is the largest independent energy utility company in Germany, and exclusively offers electricity from renewable sources.

In partnership with Visa Europe, Volkswagen Bank GmbH is one of the first banks in Germany to offer a new way of making contactless payments with a smartphone. The phone is fitted with a specially developed cover which stores all the information needed for making payments. It can then be used for making contactless payments via Visa payWave, by holding it in front of a card reader. There are already more than one million Visa payWave locations across Europe, and the number is growing.

Since the middle of September 2013, Volkswagen Leasing GmbH and CarePort, the service brand for Volkswagen Commercial Vehicles, have been offering a new order management tool called Volkswagen ConnectedWork, which was specially developed for trades businesses. The combination of a web portal and a smartphone app helps dispatchers to optimize order planning and management and helps them coordinate their employees effectively.

Volkswagen Bank GmbH took first place for the fourth time in the AUTOHAUS BankenMonitor 2013 awards in the Volume Brand category. The bank received particularly high ratings from dealers for its customer relationship management, its range of sales financing products and the quality of its field sales force.

For the fourth year running, Volkswagen Financial Services AG and the German Nature and Biodiversity Conservation Union (NABU) sponsored the "GRÜNE FLOTTE" environmental prize for ecologically responsible fleet managers. The number of particularly environmentally friendly vehicles in the Volkswagen Leasing GmbH portfolio has risen to 25% of the total portfolio – or 246 thousand vehicles in the first half of 2013 – since the beginning of this partnership.

In South Korea, Volkswagen Financial Services Korea and MAN Truck & Bus Korea have been working together since August 2013. The aim of this partnership is to offer the full range of financial services products for truck and bus customers.

On the refinancing side, Volkswagen Financial Services continued the international expansion of its ABS program in September of this year. In France, approximately €500 million worth of vehicle loans from approximately 60 thousand financing contracts were successfully securitized for the first time. The Driver France One transaction has increased the refinancing of Volkswagen Financial Services' global growth. France is the sixth country after Brazil, Germany, the United Kingdom, Japan and Spain in which loan securitizations are offered via the Driver platform.

In the first nine months of 2013, new financing, leasing, service and insurance contracts rose by 11.2% year-on-year to 3.1 million. The total number of contracts as of September 30, 2013 exceeded the number as of December 31, 2012 by 7.9%. At 6.7 million, the number of contracts in the Customer Finance/Leasing area was around 6% higher than the figure as of December 31, 2012, while in the Service/Insurance area it rose by 11.5% to 3.7 million. The share of leased or financed vehicles rose to 28.5% (27.2%) of total Group deliveries worldwide, based on unchanged eligibility criteria. At the end of the reporting period, receivables relating to dealer financing were down 6.4% compared with December 31, 2012 due to exchange rate factors.

As of September 30, 2013, 1.4 million accounts were managed by Volkswagen Bank direct, a decline of 1.2% compared with the 2012 year-end. Volkswagen Financial Services had 10,760 employees at the end of the reporting period.

Interim Financial Statements (Condensed)

Income Statement for the Period January 1 to September 30

	VOLKSWAGEN GROUP		DIVISIONS			
			AUTOMOTIVE[1]		FINANCIAL SERVICES	
€ million	2013	2012[2]	2013	2012[2]	2013	2012[2]
Sales revenue	**145,673**	**144,226**	**129,171**	**129,573**	**16,502**	**14,653**
Cost of sales	−118,625	−117,015	−105,898	−105,699	−12,727	−11,317
Gross profit	**27,048**	**27,210**	**23,273**	**23,874**	**3,775**	**3,337**
Distribution expenses	−14,255	−13,590	−13,497	−12,889	−758	−701
Administrative expenses	−4,858	−4,351	−3,956	−3,576	−902	−774
Other operating income/expense	623	−413	1,406	343	−783	−755
Operating profit	**8,557**	**8,857**	**7,225**	**7,751**	**1,333**	**1,106**
Share of profits and losses of equity-accounted investments	2,834	13,183	2,774	13,069	60	114
Other financial result	−1,992	916	−2,004	1,012	12	−96
Financial result	**842**	**14,099**	**769**	**14,081**	**72**	**18**
Profit before tax	**9,399**	**22,957**	**7,994**	**21,832**	**1,405**	**1,124**
Income tax expense	−2,698	−2,804	−2,390	−2,438	−308	−367
Profit after tax	**6,702**	**20,152**	**5,605**	**19,395**	**1,097**	**758**
Noncontrolling interests	−18	93	−35	80	17	13
Profit attributable to Volkswagen AG hybrid capital investors	5	–	5	–	–	–
Profit attributable to shareholders of Volkswagen AG	**6,714**	**20,059**	**5,635**	**19,315**	**1,080**	**744**
Basic earnings per ordinary share (€)[3]	**13.82**	**43.10**				
Diluted earnings per ordinary share (€)[3]	**13.82**	**43.10**				
Basic earnings per preferred share (€)[3]	**13.88**	**43.16**				
Diluted earnings per preferred share (€)[3]	**13.88**	**43.16**				

1 Including allocation of consolidation adjustments between the Automotive and Financial Services divisions.
2 Prior-year figures adjusted to reflect application of IAS 19R.
3 Explanatory notes on earnings per share are presented in note 4.

Statement of Comprehensive Income for the Period January 1 to September 30[1]

€ million	2013	2012[2]
Profit after tax	**6,702**	**20,152**
Actuarial gains/losses		
Actuarial gains/losses, before tax	2,256	−3,190
Deferred taxes relating to actuarial gains/losses	−659	939
Actuarial gains/losses, net of tax	1,597	−2,251
Share of other comprehensive income of equity-accounted investments that will not be reclassified to profit or loss, net of tax	−4	−95
Items that will not be reclassified to profit or loss	**1,593**	**−2,346**
Exchange differences on translating foreign operations		
Unrealized currency translation gains/losses	−1,415	357
Transferred to profit or loss	–	–
Exchange differences on translating foreign operations, before tax	−1,415	357
Deferred taxes relating to exchange differences on translating foreign operations	0	0
Exchange differences on translating foreign operations, net of tax	−1,415	357
Cash flow hedges		
Fair value changes recognized in other comprehensive income	1,659	0
Transferred to profit or loss	−89	760
Cash flow hedges, before tax	1,570	760
Deferred taxes relating to cash flow hedges	−457	−211
Cash flow hedges, net of tax	1,113	549
Available-for-sale financial assets		
Fair value changes recognized in other comprehensive income	−128	−58
Transferred to profit or loss	−27	−32
Available-for-sale financial assets, before tax	−155	−90
Deferred taxes relating to available-for-sale financial assets	−8	−13
Available-for-sale financial assets, net of tax	−163	−104
Share of other comprehensive income of equity-accounted investments that may be reclassified subsequently to profit or loss, net of tax	−82	180
Items that may be reclassified subsequently to profit or loss	**−546**	**982**
Other comprehensive income, before tax	2,170	−2,078
Deferred taxes relating to other comprehensive income	−1,124	714
Other comprehensive income, net of tax	**1,046**	**−1,364**
Total comprehensive income	**7,748**	**18,789**
of which attributable to		
noncontrolling interests	−67	86
Volkswagen AG hybrid capital investors	5	–
shareholders of Volkswagen AG	7,810	18,703

1 Presentation adjusted to reflect application of IAS 1R.

2 Prior-year figures adjusted to reflect application of IAS 19R.

Income Statement for the Period July 1 to September 30

	VOLKSWAGEN GROUP		DIVISIONS			
			AUTOMOTIVE[1]		FINANCIAL SERVICES	
€ million	2013	2012[2]	2013	2012[2]	2013	2012[2]
Sales revenue	**46,985**	**48,848**	**41,656**	**43,814**	**5,329**	**5,034**
Cost of sales	−38,331	−39,820	−34,264	−35,949	−4,068	−3,871
Gross profit	**8,654**	**9,028**	**7,392**	**7,864**	**1,262**	**1,164**
Distribution expenses	−4,638	−4,667	−4,376	−4,405	−263	−261
Administrative expenses	−1,591	−1,484	−1,310	−1,249	−281	−234
Other operating income/expense	353	−561	564	−269	−211	−292
Operating profit	**2,777**	**2,317**	**2,270**	**1,941**	**507**	**376**
Share of profits and losses of equity-accounted investments	993	11,332	984	11,300	9	32
Other financial result	−990	−783	−991	−738	0	−44
Financial result	**3**	**10,549**	**−7**	**10,561**	**9**	**−12**
Profit before tax	**2,780**	**12,866**	**2,264**	**12,502**	**516**	**364**
Income tax expense	−871	−1,561	−854	−1,346	−17	−215
Profit after tax	**1,909**	**11,305**	**1,410**	**11,156**	**499**	**149**
Noncontrolling interests	48	40	41	37	7	3
Profit attributable to Volkswagen AG hybrid capital investors	5	–	5	–	–	–
Profit attributable to shareholders of Volkswagen AG	**1,856**	**11,265**	**1,364**	**11,119**	**492**	**147**
Basic earnings per ordinary share (€)[3]	**3.79**	**24.21**				
Diluted earnings per ordinary share (€)[3]	**3.79**	**24.21**				
Basic earnings per preferred share (€)[3]	**3.79**	**24.21**				
Diluted earnings per preferred share (€)[3]	**3.79**	**24.21**				

1 Including allocation of consolidation adjustments between the Automotive and Financial Services divisions.
2 Prior-year figures adjusted to reflect application of IAS 19R.
3 Explanatory notes on earnings per share are presented in note 4.

Statement of Comprehensive Income for the Period July 1 to September 30[1]

€ million	2013	2012[2]
Profit after tax	**1,909**	**11,305**
Actuarial gains/losses		
Actuarial gains/losses, before tax	560	–1,098
Deferred taxes relating to actuarial gains/losses	–167	325
Actuarial gains/losses, net of tax	392	–773
Share of other comprehensive income of equity-accounted investments that will not be reclassified to profit or loss, net of tax	0	–35
Items that will not be reclassified to profit or loss	**393**	**–808**
Exchange differences on translating foreign operations		
Unrealized currency translation gains/losses	–422	123
Transferred to profit or loss	–	–
Exchange differences on translating foreign operations, before tax	–422	123
Deferred taxes relating to exchange differences on translating foreign operations	0	0
Exchange differences on translating foreign operations, net of tax	–422	123
Cash flow hedges		
Fair value changes recognized in other comprehensive income	711	1,210
Transferred to profit or loss	–78	360
Cash flow hedges, before tax	632	1,570
Deferred taxes relating to cash flow hedges	–175	–449
Cash flow hedges, net of tax	457	1,121
Available-for-sale financial assets		
Fair value changes recognized in other comprehensive income	126	–31
Transferred to profit or loss	–27	–56
Available-for-sale financial assets, before tax	99	–86
Deferred taxes relating to available-for-sale financial assets	–9	–10
Available-for-sale financial assets, net of tax	91	–96
Share of other comprehensive income of equity-accounted investments that may be reclassified subsequently to profit or loss, net of tax	–101	203
Items that may be reclassified subsequently to profit or loss	**25**	**1,351**
Other comprehensive income, before tax	768	677
Deferred taxes relating to other comprehensive income	–351	–134
Other comprehensive income, net of tax	**417**	**543**
Total comprehensive income	**2,326**	**11,848**
of which attributable to		
noncontrolling interests	79	78
Volkswagen AG hybrid capital investors	5	–
shareholders of Volkswagen AG	2,242	11,770

1 Presentation adjusted to reflect application of IAS 1R.
2 Prior-year figures adjusted to reflect application of IAS 19R.

Balance Sheet as of September 30, 2013 and December 31, 2012

	VOLKSWAGEN GROUP		DIVISIONS			
			AUTOMOTIVE[1]		FINANCIAL SERVICES	
€ million	2013	2012[2]	2013	2012[2]	2013	2012[2]
Assets						
Noncurrent assets	**199,220**	**196,457**	**120,197**	**119,651**	**79,022**	**76,805**
Intangible assets	58,877	59,112	58,642	58,890	235	222
Property, plant and equipment	40,259	39,424	38,561	38,004	1,698	1,420
Leasing and rental assets	21,582	20,034	2,449	2,667	19,133	17,367
Financial services receivables	51,021	49,785	−600	−602	51,620	50,387
Noncurrent investments, equity-accounted investments and other equity investments, other receivables and financial assets	27,481	28,101	21,145	20,693	6,336	7,409
Current assets	**124,178**	**113,061**	**72,072**	**61,282**	**52,106**	**51,779**
Inventories	29,772	28,674	27,053	25,868	2,719	2,806
Financial services receivables	37,066	36,911	−811	−911	37,877	37,822
Other receivables and financial assets	23,275	21,555	16,705	15,166	6,570	6,389
Marketable securities	7,666	7,433	5,769	5,697	1,896	1,736
Cash, cash equivalents and time deposits	26,400	18,488	23,355	15,462	3,044	3,026
Total assets	**323,398**	**309,518**	**192,269**	**180,934**	**131,128**	**128,584**
Equity and Liabilities						
Equity	**87,895**	**81,995**	**73,961**	**68,627**	**13,934**	**13,369**
Equity attributable to shareholders of Volkswagen AG	83,628	77,682	70,073	64,707	13,555	12,975
Equity attributable to Volkswagen AG hybrid capital investors	1,981	–	1,981	–	–	–
Equity attributable to Volkswagen AG shareholders and hybrid capital investors	85,609	77,682	72,054	64,707	13,555	12,975
Noncontrolling interests[3]	2,286	4,313	1,908	3,919	379	394
Noncurrent liabilities	**119,362**	**121,996**	**67,781**	**68,603**	**51,582**	**53,394**
Noncurrent financial liabilities	62,557	63,603	15,810	15,069	46,747	48,534
Provisions for pensions	21,845	23,939	21,557	23,628	288	312
Other noncurrent liabilities	34,961	34,454	30,414	29,907	4,547	4,548
Current liabilities	**116,140**	**105,526**	**50,527**	**43,704**	**65,613**	**61,822**
Put options and compensation rigths granted to noncontrolling interest shareholders[3]	3,630	–	3,630	–	–	–
Current financial liabilities	58,583	54,060	−1,698	−2,544	60,281	56,604
Trade payables	18,021	17,268	16,427	15,663	1,594	1,606
Other current liabilities	35,906	34,198	32,168	30,586	3,738	3,612
Total equity and liabilities	**323,398**	**309,518**	**192,269**	**180,934**	**131,128**	**128,584**

1 Including allocation of consolidation adjustments between the Automotive and Financial Services divisions, primarily intragroup loans.
2 Prior-year figures adjusted to reflect application of IAS 19R.
3 Following the approval by the Annual General Meeting of MAN SE of the conclusion of a control and profit and loss transfer agreement on June 6, 2013, the noncontrolling interests in the equity of MAN SE were derecognized from Group equity as a capital transaction involving a change in ownership interest. At the same time, a liability was recognized as a separate item of current liabilities in accordance with the cash settlement offer.

Statement of Changes in Equity

€ million	Subscribed capital	Capital reserves	Retained earnings	OTHER RESERVES Currency translation reserve
Unadjusted balance at Jan. 1, 2012	**1,191**	**9,329**	**48,898**	**−332**
Changes in accounting policy to reflect IAS 19R	–	–	172	–
Adjusted balance at Jan. 1, 2012	**1,191**	**9,329**	**49,069**	**−332**
Profit after tax[1]	–	–	20,059	–
Other comprehensive income, net of tax	–	–	−2,202	312
Total comprehensive income[1]	**–**	**–**	**17,858**	**312**
Capital increase	0	−1	–	–
Dividend payment	–	–	−1,406	–
Capital transactions involving a change in ownership interest[2]	–	–	−741	–
Other changes	–	–	−158	–
Balance at Sept. 30, 2012[1]	**1,191**	**9,327**	**64,622**	**−20**
Unadjusted balance at Jan. 1, 2013	**1,191**	**11,509**	**64,429**	**−539**
Changes in accounting policy to reflect IAS 19R	–	–	167	–
Adjusted balance at Jan. 1, 2013	**1,191**	**11,509**	**64,596**	**−539**
Profit after tax	–	–	6,714	–
Other comprehensive income, net of tax	–	–	1,543	−1,313
Total comprehensive income	**–**	**–**	**8,257**	**−1,313**
Capital increase[3]	0	1,149	–	–
Dividend payment	–	–	−1,639	–
Capital transactions involving a change in ownership interest[2]	–	–	−1,398	39
Other changes	–	–	−10	–
Balance at Sept. 30, 2013	**1,191**	**12,658**	**69,807**	**−1,813**

1 Figures adjusted to reflect application of IAS 19R.

2 The capital transactions involving a change in ownership interest are attributable in the previous year in particular to the increase in the equity interest in MAN SE and, in the reporting period, to the derecognition of the noncontrolling interests in the equity of MAN SE and the interest in Scania AB attributable to these noncontrolling interest shareholders, amounting to a total of €1,759 million.

3 Volkswagen AG recorded an inflow of cash funds amounting to €1,200 million, plus the premium and deferred interest (€69 million) and less transaction costs (€14 million), from the mandatory convertible note placed in June 2013. Additionally, there are noncash effects from the deferral of taxes amounting to €49 million. €1,149 million of the total amount is required to be classified as equity instruments granted. The residual amount is classified as debt. Volkswagen AG also recorded an inflow of cash funds amounting to €2,000 million, less a discount of €18 million and transaction costs (€14 million), from the hybrid capital issued in the course of the fiscal year. Additionally, there are noncash effects from the deferral of taxes amounting to €9 million. The hybrid capital is required to be classified as equity instruments granted.

	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
	−1,437	**176**	**−286**	**–**	**57,539**	**5,815**	**63,354**
	–	–	–	–	172	3	174
	−1,437	**176**	**−286**	**–**	**57,710**	**5,817**	**63,528**
	–	–	–	–	20,059	93	20,152
	551	−104	86	–	−1,357	−7	−1,364
	551	**−104**	**86**	**–**	**18,703**	**86**	**18,789**
	–	–	–	–	−1	–	−1
	–	–	–	–	−1,406	−266	−1,672
	–	–	–	–	−741	−1,359	−2,101
	–	–	148	–	−10	30	20
	−885	**72**	**−52**	**–**	**74,255**	**4,307**	**78,562**
	360	**624**	**−59**	**–**	**77,515**	**4,310**	**81,825**
	–	–	–	–	167	4	171
	360	**624**	**−59**	**–**	**77,682**	**4,313**	**81,995**
	–	–	–	5	6,719	−18	6,702
	1,114	−163	−85	–	1,096	−49	1,046
	1,114	**−163**	**−85**	**5**	**7,815**	**−67**	**7,748**
	–	–	–	1,976	3,125	–	3,125
	–	–	–	–	−1,639	−209	−1,848
	−8	0	1	–	−1,366	−1,759	−3,125
	–	–	1	–	−8	9	0
	1,466	**461**	**−142**	**1,981**	**85,609**	**2,286**	**87,895**

Cash Flow Statement for the Period January 1 to September 30

€ million	VOLKSWAGEN GROUP		DIVISIONS			
			AUTOMOTIVE[1]		FINANCIAL SERVICES	
	2013	2012[2]	2013	2012[2]	2013	2012[2]
Cash and cash equivalents at beginning of period	**17,794**	**16,495**	**14,788**	**12,668**	**3,005**	**3,827**
Profit before tax	9,399	22,957	7,994	21,832	1,405	1,124
Income taxes paid	−2,494	−4,182	−2,158	−3,772	−336	−410
Depreciation and amortization expense	10,660	9,372	7,778	7,107	2,883	2,265
Change in pension provisions	177	54	169	49	9	5
Other noncash income/expense and reclassifications[3]	985	−12,977	789	−13,061	196	84
Gross cash flow	**18,729**	**15,224**	**14,572**	**12,156**	**4,157**	**3,068**
Change in working capital	**−8,132**	**−9,411**	**141**	**−221**	**−8,273**	**−9,189**
Change in inventories	−1,764	−1,231	−1,837	−768	73	−463
Change in receivables	−1,552	−1,728	−1,089	−1,627	−463	−101
Change in liabilities	2,772	2,399	2,297	1,660	476	739
Change in other provisions	1,161	1,127	990	878	171	249
Change in leasing and rental assets (excluding depreciation)	−4,984	−4,172	−102	−432	−4,882	−3,739
Change in financial services receivables	−3,765	−5,807	−118	68	−3,647	−5,874
Cash flows from operating activities	**10,597**	**5,813**	**14,713**	**11,935**	**−4,116**	**−6,122**
Cash flows from investing activities attributable to operating activities	−8,859	−11,551	−10,264	−11,331	1,405	−219
of which: acquisition of property, plant and equipment	−6,630	−6,083	−6,436	−5,955	−193	−128
capitalized development costs	−2,558	−1,682	−2,558	−1,682	–	–
acquisition and disposal of equity investments	−85	−4,023	−1,640	−3,923	1,555	−100
Net cash flow [4]	***1,738***	***−5,737***	***4,449***	***604***	***−2,711***	***−6,341***
Change in investments in securities and loans	−2,388	−2,103	−2,026	−13	−362	−2,090
Cash flows from investing activities	**−11,247**	**−13,653**	**−12,290**	**−11,344**	**1,043**	**−2,310**
Cash flows from financing activities	**6,768**	**8,736**	**3,588**	**458**	**3,180**	**8,278**
of which: capital transactions with noncontrolling interests	0	−2,101	0	−2,101	–	–
Capital contributions/capital redemptions	3,067	−2	3,036	−679	30	677
Changes in cash and cash equivalents due to exchange rate changes	−272	48	−201	60	−72	−12
Net change in cash and cash equivalents	**5,845**	**943**	**5,810**	**1,109**	**35**	**−166**
Cash and cash equivalents at Sept. 30	**23,639**	**17,438**	**20,598**	**13,777**	**3,041**	**3,661**
Securities, loans and time deposits	16,758	13,712	10,162	8,394	6,596	5,318
Gross liquidity	**40,397**	**31,151**	**30,761**	**22,172**	**9,636**	**8,979**
Total third-party borrowings	−121,139	−116,344	−14,111	−12,957	−107,028	−103,387
Net liquidity at Sept. 30	**−80,743**	**−85,194**	**16,649**	**9,215**	**−97,392**	**−94,408**
For information purposes: at January 1	−85,517	−64,875	10,573	16,951	−96,090	−81,826

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

2 Figures adjusted to reflect application of IAS 19R.

3 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.

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

Notes to the 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 2012 in compliance with the International Financial Reporting Standards (IFRSs), as adopted by the European Union. These Interim Consolidated Financial Statements for the period ended September 30, 2013 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 group interim 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, 2013. The amendments relate primarily to IAS 1, Presentation of Financial Statements (IAS 1R) and IAS 19, Employee Benefits (IAS 19R).

IAS 1R revises the way that the reconciliation of comprehensive income for the period is presented. It requires items of other comprehensive income to be presented separately by items that will never be reclassified to profit or loss and items that may be reclassified subsequently to profit or loss if certain conditions are met. In addition, the related tax effects must be allocated to these two groups of items. Volkswagen AG has modified the statement of comprehensive income in these interim consolidated financial statements in line with this. The other amendments to IAS 1 do not affect the presentation of the Volkswagen Group's net assets, financial position and results of operations.

The statement of changes in equity was also modified in this context. In these interim consolidated financial statements, the retained earnings are composed of other retained earnings and actuarial gains and losses. The other items are classified as "Other reserves".

IAS 19R changes the way employee benefits are accounted for. This results in the following changes in particular in Volkswagen AG's interim consolidated financial statements:

- Bonus payments for partial retirement agreements are attributed to the periods of service over the accumulation period in the block model used in the Volkswagen Group.
- Past service cost for defined benefit obligations is recognized directly in profit or loss.
- The defined benefit obligation and plan assets are discounted using the same discount rate (net interest approach).

The following tables present the material effects of applying IAS 19R.

€ million	December 31, 2012 Unadjusted	Adjustment	Adjusted	January 1, 2012 Unadjusted	Adjustment	Adjusted
Total assets	**309,644**	**–126**	**309,518**	**253,769**	**–61**	**253,708**
of which: deferred tax assets	7,915	–79	7,836	6,333	–61	6,273
of which: intangible assets	59,158	–46	59,112	22,176	–	22,176
Total liabilities and provisions	**227,819**	**–296**	**227,523**	**190,416**	**–235**	**190,181**
of which: other provisions, pension provisions	55,032	–296	54,735	46,027	–235	45,792
Total equity	**81,825**	**171**	**81,995**	**63,354**	**174**	**63,528**
of which: retained earnings	64,429	167	64,596	48,898	172	49,069

€ million	Nine months ended September 30, 2012 Unadjusted	Adjustment	Adjusted
Profit before tax	**22,956**	**1**	**22,957**
of which: other financial result	937	–21	916
Income tax expense	2,801	4	2,804
Profit after tax	**20,155**	**–3**	**20,152**
Profit attributable to shareholders of Volkswagen AG	20,062	–3	20,059
Basic earnings per ordinary share (€)	43.10	0.00	43.10
Diluted earnings per ordinary share (€)	43.10	0.00	43.10
Basic earnings per preferred share (€)	43.16	0.00	43.16
Diluted earnings per preferred share (€)	43.16	0.00	43.16

On August 1, 2012, Porsche Automobil Holding SE, Stuttgart (Porsche SE), contributed its holding company operating business to Volkswagen AG by way of singular succession in the course of a capital increase with a mixed noncash contribution. Volkswagen accounted for this transaction in accordance with IFRS 3. Partial retirement obligations were also assumed in this connection. The changes resulting from the application of IAS 19R must be applied retrospectively, i.e. as if the new accounting policy had always been applied. For this reason, the adjustment resulting from application of IAS 19R to the recognition and measurement of the partial retirement obligations must be charged to goodwill at the acquisition date. This resulted in the following adjustments as of August 1, 2012: deferred tax assets were reduced by €20 million, intangible assets were reduced by €46 million and liabilities and provisions were reduced by €66 million.

The other amendments to IAS 19 do not materially affect the presentation of the Volkswagen Group’s net assets, financial position and results of operations in its interim consolidated financial statements.

IFRS 13 sets out general requirements for measuring fair value in a separate standard. Volkswagen applies the requirements of IFRS 13 governing fair value measurement. There were no material effects on the presentation of the net assets, financial position and results of operations in Volkswagen AG's interim consolidated financial statements.

The other accounting pronouncements required to be applied for the first time in fiscal year 2013 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 2012 Annual Report.

A discount rate of 3.7% (December 31, 2012: 3.2%) was applied to German pension provisions in the accompanying interim consolidated financial statements. The increase in the discount rate reduced 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 2012 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 2012 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

The application of IAS 19R affects the presentation of the contribution of Porsche SE's holding company operating business as of August 1, 2012. The adjustments are explained in the accounting policies. After adjustment to reflect the application of IAS 19R, the business combination generated goodwill of €18,825 million (originally €18,871 million).

Following the approval by the Annual General Meeting of MAN SE on June 6, 2013 and its entry in the commercial register on July 16, 2013, the control and profit and loss transfer agreement in accordance with section 291 of the Aktiengesetz (AktG – German Stock Corporation Act) between MAN SE, as the controlled company, and Truck & Bus GmbH, a wholly owned subsidiary of Volkswagen AG, as the controlling company, entered into force. The obligation to transfer profits is effective as of the fiscal year beginning on January 1, 2014; the obligation to absorb losses is effective for the first time as of fiscal year 2013.

The agreement sets out that the noncontrolling interest shareholders of MAN SE are entitled to either a cash settlement in accordance with section 305 of the AktG amounting to €80.89 per tendered ordinary or preferred share, or cash compensation in accordance with section 304 of the AktG in the amount of €3.07 per ordinary or preferred share (after corporate taxes, before the shareholder's individual tax liability) for each full fiscal year. For the current fiscal year, Truck & Bus GmbH is guaranteeing the noncontrolling interest shareholders of MAN SE a minimum dividend in line with the cash compensation.

Following the approval by the Annual General Meeting of MAN SE of the conclusion of the control and profit and loss transfer agreement, Volkswagen is no longer able to avoid its obligation to make a cash settlement. For this reason, the noncontrolling interests in the equity of MAN SE and the interest in Scania AB attributable to these noncontrolling interest shareholders, amounting to a total of €1,759 million, were derecognized from Group equity as of this date as a capital transaction involving a change in ownership interest. At the same time, a liability was recognized in accordance with the cash settlement offer for the obligation to acquire the shares in the amount of €3,125 million. The resulting difference of €1,366 million reduces the retained earnings attributable to the shareholders of Volkswagen AG. From now on, MAN SE's profit or loss will be attributed in full to the shareholders of Volkswagen AG. As of September 30, 2013, 209,971 ordinary shares and 48,071 preferred shares had been tendered.

Following the derecognition of the noncontrolling interests in the equity of MAN SE from Group equity, all shares of Scania AB that are held by MAN SE are attributable to the Volkswagen Group. The interest in the capital of Scania AB attributable to the shareholders of Volkswagen AG has increased to 62.64% (December 31, 2012: 59.13%).

In July 2013, Truck & Bus GmbH, a wholly owned subsidiary of Volkswagen AG, was served with an application in accordance with section 1 no. 1 of the Spruchverfahrensgesetz (SpruchG – German Award Proceedings Act) for judicial review of the appropriateness of the cash settlement in accordance with section 305 of the Aktiengesetz (AktG – German Stock Corporation Act) and the cash compensation in accordance with section 304 of the AktG for the noncontrolling interest shareholders of MAN SE attributable to the control and profit and loss transfer agreement between MAN SE and Truck & Bus GmbH, which was entered in MAN SE's commercial register on July 16, 2013. As a result of the opening of the award proceedings, the obligation to the noncontrolling interest shareholders must be reassessed and the expected present value of the minimum statutory interest rate in accordance with section 305 of the AktG must be recognized as a liability. Based on the assumption that the award proceedings will take seven years, the assessment resulted in an expense of €493 million, which was recognized in the other financial result. It is not currently possible to predict the exact duration of the proceedings.

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 for an initial period of two years. The agreement was prolonged until January 2, 2014. 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. 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 2012 Annual Report.

Disclosures on the consolidated financial statements

1 | Sales revenue

STRUCTURE OF GROUP SALES REVENUE

€ million	Q1–3 2013	2012
Vehicles	99,957	101,582
Genuine parts	10,148	9,006
Used vehicles and third-party products	5,941	4,956
Engines, powertrains and parts deliveries	6,270	6,550
Power Engineering	2,739	3,035
Motorcycles	386	78
Rental and leasing business	10,431	8,703
Interest and similar income	4,653	4,728
Other sales revenue	5,147	5,588
	145,673	**144,226**

2 | Cost of sales

Cost of sales includes interest expenses of €1,589 million (previous year: €1,973 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 €189 million (previous year: €164 million).

3 | Research and development costs in the Automotive Division

€ million	Q1–3 2013	2012	%
Total research and development costs	8,431	6,985	20.7
of which: capitalized development costs	2,558	1,682	52.0
Capitalization ratio in %	30.3	24.1	
Amortization of capitalized development costs	1,740	1,393	25.0
Research and development costs recognized in the income statement	**7,613**	**6,695**	**13.7**

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.

The Annual General Meeting on April 22, 2010 resolved to create contingent capital in the amount of up to €102.4 million expiring on April 21, 2015 that can be used to issue up to €5 billion in bonds with warrants and/or convertible bonds. To date, Volkswagen has used this contingent capital as follows:

In November 2012, Volkswagen placed a €2.5 billion mandatory convertible note that entitles and obliges holders to subscribe for Volkswagen preferred shares. The preemptive rights of existing shareholders were disapplied. The convertible note bears a coupon of 5.50% and matures on November 9, 2015. In June 2013, another mandatory convertible note in the principal amount of €1.2 billion was issued to supplement the original mandatory convertible note. The features of the new mandatory convertible note correspond to those of the mandatory convertible note issued in November 2012. It was issued at a price of 105.64% of the principal amount. Additionally, accrued interest (€1 million) was received and deferred. The new mandatory convertible note also matures on November 9, 2015. Because of the fixed conversion ratio, the mandatory convertible note is recognized in the capital reserves at an amount of €1,149 million, including a premium and deferred interest (€69 million), net of transaction costs (€14 million) and the deferral of taxes (€49 million), and in the financial liabilities at an amount of €156 million.

The current minimum conversion price is €150.81, and the 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. Volkswagen 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 €1 million of the notes being converted into 5,393 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 minimum conversion price of €150.81. In total, the existing mandatory convertible notes still entitle the holders to subscribe for a maximum of 24,527,551 no-par value preferred shares of Volkswagen AG.

		Q3 2013	Q3 2012*	Q1–3 2013	Q1–3 2012*
Weighted average number of shares outstanding					
Ordinary shares: basic	million	295.1	295.1	295.1	295.1
diluted	million	295.1	295.1	295.1	295.1
Preferred shares: basic	million	194.7	170.1	189.8	170.1
diluted	million	194.7	170.1	189.8	170.1
Profit after tax	€ million	1,909	11,305	6,702	20,152
Noncontrolling interests	€ million	48	40	–18	93
Profit attributable to Volkswagen AG hybrid capital investors	€ million	5	0	5	0
Profit attributable to shareholders of Volkswagen AG	€ million	1,856	11,265	6,714	20,059
Earnings per share					
Ordinary shares: basic	€	3.79	24.21	13.82	43.10
diluted	€	3.79	24.21	13.82	43.10
Preferred shares: basic	€	3.79	24.21	13.88	43.16
diluted	€	3.79	24.21	13.88	43.16

* Prior-year figures adjusted to reflect application of IAS 19R.

5 | Noncurrent assets

CHANGES IN SELECTED NONCURRENT ASSETS BETWEEN JANUARY 1 AND SEPTEMBER 30, 2013

€ million	Carrying amount at Jan. 1, 2013*	Additions/ Changes in consolidated Group	Disposals/ Other changes	Depreciation and amortization	Carrying amount at Sept. 30, 2013
Intangible assets	59,112	2,739	294	2,681	58,877
Property, plant and equipment	39,424	6,680	941	4,904	40,259
Leasing and rental assets	20,034	9,287	4,665	3,074	21,582

* Prior-year figures adjusted to reflect application of IAS 19R.

6 | Inventories

€ million	Sept. 30, 2013	Dec. 31, 2012
Raw materials, consumables and supplies	3,842	3,506
Work in progress	3,557	3,504
Finished goods and purchased merchandise	18,497	18,015
Current leased assets	3,723	3,477
Payments on account	153	172
	29,772	**28,674**

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	Sept. 30, 2013	Dec. 31, 2012
Trade receivables	11,661	10,099
Miscellaneous other receivables and financial assets	11,614	11,456
	23,275	**21,555**

In the period January 1, 2013 to September 30, 2013, impairment losses and reversals of impairment losses on noncurrent and current financial assets reduced operating profit by €541 million (previous year: €464 million).

8 | Equity

In November 2012, Volkswagen AG successfully placed a €2.5 billion mandatory convertible note. This led to a €2,181 million increase in equity for the Volkswagen Group. The placement of a new mandatory convertible note in the amount of €1.2 billion in June 2013 increased the Volkswagen Group's equity by €1,149 million.

Following the approval by the Annual General Meeting of MAN SE of the conclusion of a control and profit and loss transfer agreement on June 6, 2013, the noncontrolling interests in the equity of MAN SE were derecognized from Group equity as a capital transaction involving a change in ownership interest. At the same time, a liability was recognized as a separate item of current liabilities in accordance with the cash settlement offer. This reduces the Volkswagen Group's equity by a total of €3,125 million. For more information, please see the disclosures on the basis of consolidation.

In August 2013, Volkswagen AG placed unsecured subordinated hybrid notes with an aggregate principal amount of €2 billion via a subsidiary, Volkswagen International Finance N.V. Amsterdam/the Netherlands (issuer). The issuer transferred the proceeds to Volkswagen AG under the terms of a loan agreement. 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 3.875%) is after five years, and the first call date for the second tranche (€0.75 billion and a coupon of 5.125%) is after ten 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 170,148,171 preferred shares, and amounts to €1,191 million (December 31, 2012: €1,191 million). In the first quarter of 2013, Volkswagen AG issued 5,393 newly created preferred shares (notional value: €13,806) resulting from the exercise of mandatory convertible bonds.

Volkswagen AG paid a dividend of €1,639 million in the reporting period (previous year: €1,406 million). €1,033 million of this amount (previous year: €885 million) was attributable to ordinary shares and €606 million (previous year: €521 million) to preferred shares.

9 | Noncurrent financial liabilities

€ million	Sept. 30, 2013	Dec. 31, 2012
Bonds, commercial paper and notes	51,143	49,570
Liabilities to banks	8,779	10,621
Deposit business	1,309	1,943
Other financial liabilities	1,325	1,470
	62,557	**63,603**

10 | Current financial liabilities

€ million	Sept. 30, 2013	Dec. 31, 2012
Bonds, commercial paper and notes	25,026	22,028
Liabilities to banks	9,808	9,670
Deposit business	23,341	21,974
Other financial liabilities	407	388
	58,583	**54,060**

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 2012 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.

Items are measured using uniform measurement techniques and inputs. The fair value of Level 2 and 3 financial instruments is measured in the individual divisions on the basis of Group-wide specifications.

The following table contains an overview of the balance sheet items measured at fair value:

BALANCE SHEET ITEMS MEASURED AT FAIR VALUE

€ million	Dec. 31, 2012	Level 1	Level 2	Level 3
Financial assets at fair value through profit or loss				
Derivatives	3,057	–	2,939	119
Available-for-sale financial assets				
Other equity investments	2,606	2,606	–	–
Marketable securities	7,433	7,419	14	–
Financial assets measured at fair value	**13,096**	**10,025**	**2,953**	**119**
Financial liabilities at fair value through profit or loss				
Derivatives	2,818	–	2,757	60
Financial liabilities measured at fair value	**2,818**	**–**	**2,757**	**60**

€ million	Sept. 30, 2013	Level 1	Level 2	Level 3
Financial assets at fair value through profit or loss				
Derivatives	3,467	–	3,426	41
Available-for-sale financial assets				
Other equity investments	2,427	2,427	–	–
Marketable securities	7,666	7,666	0	–
Financial assets measured at fair value	**13,560**	**10,093**	**3,426**	**41**
Financial liabilities at fair value through profit or loss				
Derivatives	2,125	–	1,961	164
Financial liabilities measured at fair value	**2,125**	**–**	**1,961**	**164**

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	–64	–134
recognized in profit or loss	–59	–122
recognized in other comprehensive income	–5	–12
Additions (purchases)	1	1
Sales and settlements	–6	15
Transfers into Level 2	–9	–17
Balance at Sept. 30, 2013	**41**	**164**
Total gains or losses recognized in profit or loss	**–59**	**–122**
Net other operating expense/income	–59	–156
of which attributable to assets/liabilities held at the reporting date	59	156
Financial result	0	35
of which attributable to assets/liabilities held at the reporting date	3	–35

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 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 September 30, 2013, profit would have been €4 million higher (lower) and equity would have been €13 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 €1 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 September 30, 2013, profit after tax would have been €243 million higher. If the prices for the used cars covered by the residual value protection model had been 10% lower as of September 30, 2013, profit after tax would have been €243 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 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.

RECONCILIATION OF BALANCE SHEET ITEMS TO CLASSES OF FINANCIAL INSTRUMENTS AS OF DECEMBER 31, 2012

€ million	MEASURED AT FAIR VALUE	MEASURED AT AMORTIZED COST		NOT WITHIN SCOPE OF IFRS 7	BALANCE SHEET ITEM AT DEC. 31, 2012
	Carrying amount	Carrying amount	Fair value	Carrying amount	
Noncurrent assets					
Equity-accounted investments	–	–	–	7,309	7,309
Other equity investments	2,606	1,265	1,265	–	3,870
Financial services receivables	–	49,785	50,491	–	49,785
Other financial assets	2,226	4,206	4,279	–	6,431
Current assets					
Trade receivables	–	10,099	10,099	–	10,099
Financial services receivables	–	36,911	36,911	–	36,911
Other financial assets	832	5,041	5,041	–	5,872
Marketable securities	7,433	–	–	–	7,433
Cash, cash equivalents and time deposits	–	18,488	18,488	–	18,488
Noncurrent liabilities					
Noncurrent financial liabilities	–	63,603	66,183	–	63,603
Other noncurrent financial liabilities	1,587	810	816	–	2,397
Current liabilities					
Put options and compensation rights granted to noncontrolling interest shareholders	–	–	–	–	–
Current financial liabilities	–	54,060	54,060	–	54,060
Trade payables	–	17,268	17,268	–	17,268
Other current financial liabilities	1,230	3,195	3,195	–	4,425

RECONCILIATION OF BALANCE SHEET ITEMS TO CLASSES OF FINANCIAL INSTRUMENTS
AS OF SEPTEMBER 30, 2013

€ million	MEASURED AT FAIR VALUE	MEASURED AT AMORTIZED COST		NOT WITHIN SCOPE OF IFRS 7	BALANCE SHEET ITEM AT SEPT. 30, 2013
	Carrying amount	Carrying amount	Fair value	Carrying amount	
Noncurrent assets					
Equity-accounted investments	–	–	–	7,274	7,274
Other equity investments	2,427	1,328	1,328	–	3,755
Financial services receivables	–	51,021	53,045	–	51,021
Other financial assets	2,202	4,452	4,473	–	6,653
Current assets					
Trade receivables	–	11,661	11,661	–	11,661
Financial services receivables	–	37,066	37,066	–	37,066
Other financial assets	1,265	4,252	4,252	–	5,517
Marketable securities	7,666	–	–	–	7,666
Cash, cash equivalents and time deposits	–	26,400	26,400	–	26,400
Noncurrent liabilities					
Noncurrent financial liabilities	–	62,557	64,606	–	62,557
Other noncurrent financial liabilities	1,113	892	906	–	2,005
Current liabilities					
Put options and compensation rights granted to noncontrolling interest shareholders	–	3,630	3,601	–	3,630
Current financial liabilities	–	58,583	58,583	–	58,583
Trade payables	–	18,021	18,021	–	18,021
Other current financial liabilities	1,012	2,751	2,751	–	3,763

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	Sept. 30, 2013	Sept. 30, 2012
Cash, cash equivalents and time deposits as reported in the balance sheet	26,400	18,059
of which: time deposits and restricted cash	−2,761	−621
Cash and cash equivalents as reported in the cash flow statement	**23,639**	**17,438**

Cash inflows from financing activities in the current year are attributable primarily to the issuance of bonds in the amount of €16,352 million (previous year: €17,351 million), inflows from the issuance of a mandatory convertible note in the amount of €1,099 million (see note 4) and the issuance of hybrid notes in the amount of €1,967 million (see note 8). They are offset mainly by cash outflows from the repayment of bonds amounting to €9,999 million (previous year: €10,609 million), the change in other financial liabilities amounting to €768 million (previous year: inflows of €5,804 million) and capital transactions with noncontrolling interests in the amount of €0 million (previous year: €2,101 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. Due to a change to the internal reporting structure as of January 1, 2013, light commercial vehicles are no longer allocated to the Passenger Cars and Light Commercial Vehicles segment, but are reported together with trucks and buses in the new Commercial Vehicles segment. The segment designations and prior-year figures were adjusted accordingly. The prior-year figures were also adjusted to reflect the application of IAS 19R.

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.

The business of Porsche AG acquired in fiscal year 2012 is allocated to the Passenger Cars segment, with the exception of Porsche's financial services activities, which are presented in the Financial Services segment. The Ducati Group, which was also acquired in fiscal year 2012, is allocated to the Audi operating segment and is thus presented in the Passenger Cars reporting segment.

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: Q1–3 2012*

€ million	Passenger Cars	Commercial Vehicles	Power Engineering	Financial Services	Total segments	Recon-ciliation	Volkswagen Group
Sales revenue from external customers	109,070	18,599	3,035	13,419	144,122	103	144,226
Intersegment sales revenue	7,248	3,530	9	1,234	12,021	–12,021	–
Total sales revenue	116,318	22,129	3,044	14,653	156,143	–11,918	144,226
Segment profit or loss (operating profit or loss)	7,872	518	–8	1,106	9,487	–630	8,857

* Figures adjusted.

REPORTING SEGMENTS: Q1–3 2013

€ million	Passenger Cars	Commercial Vehicles	Power Engineering	Financial Services	Total segments	Recon-ciliation	Volkswagen Group
Sales revenue from external customers	108,720	18,698	2,739	15,166	145,323	349	145,673
Intersegment sales revenue	7,430	3,881	3	1,336	12,650	–12,650	–
Total sales revenue	116,150	22,579	2,742	16,502	157,973	–12,301	145,673
Segment profit or loss (operating profit or loss)	7,907	692	–302	1,333	9,629	–1,071	8,557

RECONCILIATION*

€ million	Q1–3 2013	2012
Segment profit or loss (operating profit or loss)	**9,629**	**9,487**
Unallocated activities	100	162
Group financing	–11	–37
Consolidation adjustments	–1,161	–756
Operating profit	**8,557**	**8,857**
Financial result	**842**	**14,099**
Consolidated profit before tax	**9,399**	**22,957**

* Prior-year figures adjusted.

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 Q1–3 2013	SUPPLIES AND SERVICES RENDERED Q1–3 2012	SUPPLIES AND SERVICES RECEIVED Q1–3 2013	SUPPLIES AND SERVICES RECEIVED Q1–3 2012
Porsche SE	7	1	10	1
Supervisory Board members	1	1	2	3
Unconsolidated subsidiaries	587	859	451	535
Joint ventures and their majority interests*	10,107	11,618	903	1,417
Associates and their majority interests	200	272	218	355
State of Lower Saxony, its majority interests and joint ventures	6	5	1	1

* Porsche Zwischenholding GmbH, Stuttgart, and its majority interests until July 31, 2012.

€ million	RECEIVABLES (INCL. COLLATERAL RECEIVED) FROM Sept. 30, 2013	RECEIVABLES (INCL. COLLATERAL RECEIVED) FROM Dec. 31, 2012	LIABILITIES (INCL. OBLIGATIONS) TO Sept. 30, 2013	LIABILITIES (INCL. OBLIGATIONS) TO Dec. 31, 2012
Porsche SE	365	862	219	896
Supervisory Board members	0	0	161	215
Unconsolidated subsidiaries	1,013	950	468	456
Joint ventures and their majority interests*	5,632	4,958	2,052	1,752
Associates and their majority interests	33	40	46	72
State of Lower Saxony, its majority interests and joint ventures	3	0	0	0

* Prior-year figures adjusted.

The goods and services received from joint ventures in the first nine months do not include resolved dividend distributions amounting to €2,774 million (previous year: €3,903 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 €161 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

The Volkswagen Group's 2012 Annual Report contains information on legal proceedings in respect of irregularities in the course of the handover of four-stroke marine diesel engines by MAN Diesel & Turbo. In this connection, the Augsburg Local Court imposed an administrative fine in the single-digit millions on MAN Diesel & Turbo SE. The investigations by the Augsburg Public Prosecution Office into MAN Diesel & Turbo SE were terminated on payment of this amount. Additionally, we reported in the 2012 Annual Report on investigations conducted by the South Korean antitrust authorities into MAN Truck & Bus (Korea) Limited, Seoul/South Korea, and at the Scania-owned import company in South Korea. At a press conference in July 2013, the Korea Fair Trade Commission (KFTC) announced that it had decided to impose a fine on Daimler, Hyundai, MAN, Scania Korea, Tata Daewoo and Volvo for colluding to fix prices. The fine announced for the subsidiaries of MAN and Scania affected by this decision is expected to amount to somewhat over €14 million in total. Scania and MAN are now awaiting the formal decision by the KFTC before deciding on how to proceed.

In July 2013, Truck & Bus GmbH, a wholly owned subsidiary of Volkswagen AG, was served with an application in accordance with section 1 no. 1 of the Spruchverfahrensgesetz (SpruchG – German Award Proceedings Act) for judicial review of the appropriateness of the cash settlement in accordance with section 305 of the Aktiengesetz (AktG – German Stock Corporation Act) and the cash compensation in accordance with section 304 of the AktG for the noncontrolling interest shareholders of MAN SE attributable to the control and profit and loss transfer agreement between MAN SE and Truck & Bus GmbH, which was entered in MAN SE's commercial register on July 16, 2013. It is not uncommon for noncontrolling interest shareholders to institute such proceedings. Volkswagen AG continues to maintain that the results of the valuation are correct. The appropriateness of the valuation was confirmed by the audit firms engaged by the parties and by the court-appointed auditor of the agreement. It is not currently possible to predict the exact duration of the proceedings.

There have been no other significant changes since the publication of the 2012 Annual Report.

16 | Contingent assets and liabilities

There were no significant changes as of September 30, 2013 in the contingent assets and liabilities described in the 2012 Annual Report.

17 | Other financial obligations

The other financial obligations increased by €3,337 million compared with the 2012 consolidated financial statements to €25,441 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, www.man.eu and www.renk.biz respectively.

Significant events after the balance sheet date

There were no significant events after the end of the first nine months of 2013.

Wolfsburg, October 30, 2013

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, the condensed balance sheet, the condensed statement of changes in equity, the 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 September 30, 2013, 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 IFRS, 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, October 30, 2013

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Financial Calendar

March 13, 2014
Volkswagen AG Annual Media Conference and Investor Conference

April 29, 2014
Interim Report January – March 2014

May 13, 2014
Volkswagen AG Annual General Meeting in Hanover

July 31, 2014
Half-Yearly Financial Report 2014

October 30, 2014
Interim Report January – September 2014