VOLKSWAGEN

AKTIENGESELLSCHAFT

Interim Report

JANUARY – MARCH 2011

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Key Figures

VOLKSWAGEN GROUP

Volume Data[1]	Q1 2011	Q1 2010	%
Deliveries to customers ('000 units)	1,988	1,744	+ 14.0
of which: in Germany	269	255	+ 5.2
abroad	1,720	1,489	+ 15.5
Vehicle sales ('000 units)	2,031	1,703	+ 19.3
of which: in Germany	308	255	+ 20.5
abroad	1,723	1,447	+ 19.1
Production ('000 units)	2,065	1,734	+ 19.1
of which: in Germany	606	565	+ 7.3
abroad	1,459	1,169	+ 24.8
Employees ('000 on March 31, 2011/Dec. 31, 2010)	427.2	399.4	+ 7.0
of which: in Germany	183.3	181.3	+ 1.1
abroad	243.9	218.1	+ 11.8

Financial Data (IFRSs), € million	Q1 2011	Q1 2010	%
Sales revenue	37,470	28,647	+ 30.8
Operating profit	2,912	848	x
as a percentage of sales revenue	7.8	3.0	
Profit before tax	2,223	703	x
as a percentage of sales revenue	5.9	2.5	
Profit after tax	1,712	473	x
Profit attributable to shareholders of Volkswagen AG	1,595	423	x
Cash flows from operating activities	2,508	3,148	– 20.3
Cash flows from investing activities	4,188	3,022	+ 38.6
Automotive Division[2]			
EBITDA[3]	4,279	2,396	+ 78.6
Cash flows from operating activities	5,120	3,043	+ 68.3
Cash flows from investing activities[4]	4,465	3,013	+ 48.2
of which: investments in property, plant and equipment	940	903	+ 4.1
as a percentage of sales revenue	2.8	3.5	
capitalized development costs[5]	392	421	– 6.9
as a percentage of sales revenue	1.2	1.7	
Net cash flow	655	31	x
Net liquidity at March 31	19,648	14,235	+ 38.0

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. 2010 deliveries updated on the basis of statistical extrapolations.
2 Including allocation of consolidation adjustments between the Automotive and Financial Services divisions.
3 Operating profit plus net depreciation/amortization and impairment losses/reversals of impairment losses on property, plant and equipment, capitalized development costs, leasing and rental assets, goodwill and financial assets as reported in the cash flow statement.
4 Excluding acquisition and disposal of equity investments: Q1 €1,251 million (€1,250 million).
5 See table on page 30.

Key Facts

- **Volkswagen Group makes successful start to fiscal year 2011**
- **At €2.9 billion, operating profit up €2.1 billion on the prior-year figure**
- **Profit before tax improves significantly to €2.2 billion (€0.7 billion)**
- **Group sales revenue up 30.8% to €37.5 billion**
- **Cash flows from operating activities in the Automotive Division increased by €2.1 billion year-on-year to €5.1 billion; ratio of investments in property, plant and equipment (capex) to sales revenue amounts to 2.8% (3.5%)**
- **Acquisition of Porsche Holding Salzburg leads to cash outflow of €3.3 billion**
- **Automotive Division net liquidity remains at a high level of €19.6 billion**
- **Group models win over customers worldwide:**
  - **At 2.0 million vehicles, Group deliveries to customers 14.0% higher than in the prior-year period; global market share improves to 12.0% (11.5%)**
  - **Group records double-digit growth in Central and Eastern Europe, North America and Asia-Pacific**
  - **Volkswagen Passenger Cars celebrates world premieres of the new Golf Cabriolet and the new Tiguan; Passat debuts on the North American market**
  - **Audi unveils the Q5 hybrid; A3 concept raises prospect of expanding the A3 family**
  - **Škoda and SEAT concept cars provide a foretaste of the future design of their models**
  - **Bentley presents the limited edition Continental Supersports “Ice Speed Record”**
  - **Lamborghini again proves its expertise in carbon fiber bodies with the Aventador LP 700-4**
  - **Volkswagen Commercial Vehicles presents the Multivan BlueMotion – a giant in fuel economy for the van segment**
  - **Scania premieres its latest generation of engines that already meets the Euro 6 emissions standard thanks to innovative technologies**

Key Events

VOLKSWAGEN GROUP BRANDS SHOWCASE NEW VEHICLES

The Volkswagen Group made a dynamic start to the 2011 fiscal year, presenting exciting new models and forward-looking concept studies at the Detroit, Doha and Geneva motor shows.

North American International Auto Show in Detroit

Volkswagen Passenger Cars kicked off the 2011 automotive year at the North American International Auto Show in Detroit with a world premiere. Visitors to the motor show were impressed by the size, comfort and efficiency of the Passat specially designed for the US market, which will be produced at the new plant in Chattanooga. The Passat's extended wheelbase creates generous interior space, and its balanced proportions give it a unique, timeless and elegant design. The new vehicle concept is rounded off by a range of engines allowing both sporty and fuel-efficient driving, comprehensive safety features and high build quality. The Passat is set to help Volkswagen on its way to becoming one of the most successful car manufacturers in North America.

The new Audi A6 saloon made its motor show debut in Detroit. This elegant and dynamic vehicle has sporty suspension and a variety of assistance and multimedia systems. The body is more than 20% aluminum. Among other things, this helps the new Audi A6 consume up to 19% less fuel per 100 km that its predecessor.

Qatar Motor Show in Doha

Volkswagen Passenger Cars also celebrated another world premiere at the first Qatar Motor Show in Doha: the brand presented the third evolutionary stage of its 1-liter car strategy in the shape of its XL1 study concept, which is close to series production, highlighting the Group's ambition to become the automotive industry's ecological leader by 2018. The perfect aerodynamics of the lightweight body and the plug-in hybrid system mean that the XL1 produces just 24 grams of CO_2 per kilometer, with fuel consumption of just 0.9 l per 100 km (combined) making it the world's most fuel-efficient hybrid vehicle.

International Motor Show in Geneva

The Volkswagen Group debuted a large number of new vehicles at the International Motor Show in Geneva.

The highlight of the Volkswagen Passenger Cars stand was the new Golf Cabriolet, which was unveiled to the global public for the first time. The latest generation of this classic car, which is manufactured in the new plant in Osnabruck, comes with numerous safety features as standard and an electro-hydraulic soft-top roof that closes in just 9.5 seconds. Another world premiere was the launch of the new Tiguan. The technically and visually enhanced SUV impresses with its new front and rear styling and new assistance systems. Its innovative petrol and diesel engines consume up to 0.7 l less fuel per 100 km than the previous model. The new Passat BlueMotion[1] also made its motor show debut in Geneva. The Passat saloon's efficient 1.6 l TDI engine uses an average of just 4.2 l of diesel per 100 km and produces 109 g of CO_2 per kilometer. These low levels are made possible by an aerodynamically design, as well as technologies such as the start-stop system, regenerative braking and low rolling resistance tires.

In addition to the series vehicles, the Volkswagen Passenger Cars brands' concept studies also caught the motor show visitors' attention. The electrically powered Bulli is Volkswagen's reinterpretation of its bestseller from 1950. The compact van has two-tone paintwork in the style of the original, six seats and an innovative information and entertainment system. Its electric motor has an output of 85 kW (116 PS). The 40 kWh lithium-ion battery can be charged in less than one hour using a special "electric refueling station" and gives the vehicle a range of up to 300 km. Italdesign Giugiaro also presented concept vehicles at the motor show. The Tex and Go! compact car concepts are the first vehicles to emerge from the integration of the Italian design studio into the Volkswagen Group. The sporty Tex is based on the Twin Drive plug-in hybrid system and can run for 35 km powered solely by electricity. The fully electric Go! has a range of 240 km and offers superb ergonomics, a luxurious interior and a generous luggage compartment.

The Audi brand also used the Geneva motor show to look to the future. The brand gave a taste of the next addition to the A3 family with the Audi A3 concept. This dynamic coupé concept car, with its low, flowing roof dome features a 300 kW (408 PS) five-cylinder turbo engine, a seven-speed S tronic gearbox and permanent all-wheel drive. In the interior, the improved MMI operating system provides cutting-edge infotainment. The Audi Urban Mobility research project represents a major step into the future for Audi. The Audi TTS-based technology carrier showed visitors how a driverless car can safely perform maneuvers and drive autonomously. The vehicle is the product of a collaborative project with Stanford University at the Volkswagen Group Automotive Innovation Laboratory in California. Alongside the concept vehicles, Audi also presented series vehicles to the public for the first time. The Audi Q5 hybrid quattro[1] is the brand's first series production hybrid model. Its 2.0 TFSI petrol engine and the electric motor together produce 180 kW (245 PS), with average consumption of just 6.9 l per 100 km. Audi also presented the sporty Audi RS 3 quattro[1], the highly exclusive Audi A8 L Security with special safety features, and the new Audi A6.

The Škoda stand, with its fresh colors and updated logo, showcased the new image of the Czech brand, which intends to double its sales figures by 2018. Škoda gave a first taste of the brand's future design architecture with the Vision *D* concept study, which proved a major draw. The focus on clarity, strength and precision brings attractiveness, dynamics and perfection to the vehicle design.

The highlight of the motor show for the SEAT brand was the IB^X concept study. The combination of SUV and sport coupé embodies the design direction of future SEAT models with its precise lines and distinct shapes. Its sporty and dynamic design, coupled with its high utility value and versatility, make the IB^X ideal for a young, urban customer base. The vehicle is powered by a state-of-the-art hybrid concept. SEAT also presented its new Alhambra 4WD. Thanks to its permanent four-wheel drive, the five- or six-seater van can handle any road surface, and its spacious and flexible interior make it a perfect choice for families on the go.

British luxury brand Bentley celebrated setting the world ice speed record by presenting its limited-edition Continental Supersports "Ice Speed Record"[1] model, just 100 of which will be made. The most powerful Bentley convertible ever has a 471 kW (640 PS) W12 engine with 6 l capacity, allowing the car to accelerate from 0 to 100 km/h in just 4.0 seconds. The maximum speed of the "Ice Speed Record" is 325 km/h.

Lamborghini presented the new shining star of super sports cars in Geneva: the Aventador LP 700-4[2]. The 12-cylinder engine with 6.5 l capacity and an output of 515 kW (700 PS) propels the car from 0 to 100 km/h in just 2.9 seconds. The Aventador's innovative carbon fiber reinforced polymer monocoque marries lightness with maximum rigidity and safety.

The Bugatti brand celebrated the motor show debut of the Veyron 16.4 Super Sport[2], which impressed visitors with its matte and gloss black paintwork and orange interior.

The BlueMotion Multivan[1] was the main focus of the motor show for Volkswagen Commercial Vehicles. Using 6.4 l of fuel per 100 km and emitting 169 g of CO_2 per km (combined), this economical vehicle achieves top marks in its segment for fuel consumption and emissions. This is possible thanks to its aerodynamic design features and technical innovations such as the start-stop system. Further attractions were the Amarok with its new hardtop and the Caddy Highline with its luxury equipment features, including the "Climatronic" air-conditioning system and the multifunction steering wheel.

PRIZES AND AWARDS FOR THE VOLKSWAGEN GROUP

Volkswagen Group models and brands again collected many top prizes and awards in the first quarter of 2011.

In January, an expert jury from the ADAC and the readers of specialist journal "ADAC Motorwelt" awarded vehicles and technologies with the 2011 "Golden Angel". The Volkswagen Group's camera-based dynamic main beam control system, Dynamic Light Assist, took the award in the "Innovation and Environment" category. In addition, the natural-gas powered Touran 1.4 TSI EcoFuel received a prize in the "Car of the Future" category. The Audi brand also had reason to be cheerful: the new Audi A1 received an award in the best new release category, while the Audi A5 was honored in the "Quality" category.

Readers of the specialist journal "auto motor und sport" also named the "Best Cars of 2011" in January. Volkswagen Group models left the competition in the shade in six of a total of ten categories. In addition, two of the Group's models took first place in the import car rankings of their respective categories. The debut win of the Audi A1, which beat the competition by a wide margin to be named best subcompact car with 43.1% of the vote, was particularly impressive. The Volkswagen Golf remains the benchmark in the compact class, and even managed to extend its lead from last year. The Audi A4 triumphed in the mid-size category, with the Škoda Superb topping the import rankings. In the convertibles category, the Audi R8 Spyder repeated last year's success, while the Audi Q5 was again the winner in the SUV category. In the MPV category, the Multivan impressed readers ahead of the Sharan, while the new SEAT Alhambra took first place in the corresponding import rankings.

The Golf R was named "Hot Hatch of the Year" in the internationally renowned "Top Gear Awards" in January. It follows in the footsteps of the Golf GTI, which was triumphant in this category last year.

In the same month, auto magazine "OFF ROAD" presented the prestigious "OFF ROAD Awards". More than 50,000 reader votes were submitted.

1 No binding consumption and emission data is currently available for this model.
2 Consumption and emission data can be found on page 11 of this report.

Volkswagen Commercial Vehicles' Amarok took first prize in the pickups category, and the Audi A6 allroad quattro won the crossover category. The special "OFF ROAD Eco" prize for forward-looking, environmentally-friendly and sustainable technologies went to the Touareg Hybrid*.

The readers of consumer magazine "Guter Rat" voted the Audi A1 the "Most Rational Car of 2011" in the compact category. This superb result was largely due to the high level of safety and comfort offered by a vehicle less than four meters in length. First place in the saloon category was awarded to the Škoda Octavia GreenLine*. The Octavia's very low average fuel consumption of just 3.8 l per 100 km, along with its generous interior space, were key to its success.

In March, the Volkswagen Group was awarded first place in three categories by British magazine "Fleet News" in the "Fleet News Awards 2011". The jury, which was made up of editors and fleet customers among others, ranked the vehicles in terms of quality, maintenance costs including residual values and CO_2 emissions. The Polo, Golf and Škoda Superb outstripped the competition in their respective segments.

Also in March this year, the Touareg was again voted the overall winner of its category by the readers of "AutoBild Allrad" in the "Four-Wheel Drive Car of the Year 2011" awards. This is the third time – after 2003 and 2005 – that this award has been given to the premium Volkswagen SUV.

The Group was also very successful at the prestigious "best brand" awards in February, with Volkswagen named Germany's best brand. The rankings measure economic success and the attractiveness of the brands in question, based on extensive market research carried out by Gesellschaft für Konsumforschung (GfK Group).

AGAIN TRIPLE WIN AT THE DAKAR RALLY

Volkswagen is still the one to beat in the Dakar Rally: the diesel-powered Race Touareg's triple win last year was repeated in 2011. After 13 grueling stages across a total of 9,600 km through Argentina and Chile, the Nasser Al-Attiyah/Timo Gottschalk driver pair topped the podium, followed by teammates Giniel de Villers/Dirk von Zitzewitz in second and Carlos Sainz/Lucas Cruz in third place.

COOPERATION WITH GAZ

Volkswagen Group Rus plans to produce Volkswagen Passenger Cars and Škoda brand vehicles at the facilities of automaker GAZ in Russia. A corresponding memorandum of understanding was signed on February 24, 2011. The GAZ plant in Nizhniy Novgorod where production will take place is highly automated, and has very flexible production processes and highly skilled personnel. Production of more than 100,000 vehicles per year is planned. Volkswagen will expand the capacities already available at the location with product-specific manufacturing facilities and selectively prepare the employees for the new tasks. This alliance is set to employ roughly 2,500 GAZ employees.

SUPERVISORY BOARD MATTERS

On the recommendation of the Nomination Committee, the Supervisory Board of Volkswagen AG resolved on February 25, 2010 to nominate Ms. Annika Falkengren, President and Group Chief Executive of Skandinaviska Enskilda Banken AB, Stockholm, and Mr. Khalifa Jassim Al-Kuwari, Executive Director of Qatar Holding LLC, Qatar, as shareholder representatives for election to the Supervisory Board at the Annual General Meeting to be held on May 3, 2011. The scheduled terms of office of Dr. Hans Michael Gaul and Dr. Jürgen Großmann will end at this year's Annual General Meeting.

VOLKSWAGEN ACQUIRES PORSCHE HOLDING SALZBURG'S TRADING BUSINESS

The Volkswagen Group took another significant step towards forming an integrated automotive group with Porsche by acquiring Porsche Holding Salzburg's trading business. The trading company was transferred on March 1, 2011 at a price of €3.3 billion.

Porsche Holding Salzburg is one of the most successful and profitable automobile trading companies in the world, with a strong presence in particular in Austria, the rest of Western Europe and Southeast Europe, as well as in China. In 2010, it sold more than 560,000 vehicles and employed around 20,900 people.

INVESTMENT IN SGL CARBON SE

During the reporting period, Volkswagen acquired 9.9% of the voting rights of SGL Carbon SE, Wiesbaden. The SGL Group is one of the world's leading producers of carbon, an extremely lightweight but very strong material that can be used to reduce vehicle weights. Lightweight construction is a cornerstone of Volkswagen's sustainable mobility strategy, which it is working on intensively.

* Consumption and emission data can be found on page 11 of this report.

Volkswagen Shares

The international equity markets made a volatile start to 2011. Share prices continued to rally in January and February, building on the positive sentiment of the last few months of the previous year. Healthy corporate results buoyed this trend and largely compensated for market participants' fear of inflation and concerns surrounding the political unrest in North Africa and the high oil price. At the beginning of March, the natural disasters in Japan and its aftermath put substantial pressure on share prices globally. Uncertainty among market participants led to a sharp downward movement. Share prices then recovered towards the end of the reporting period.

The DAX closed at 7,041 points on March 31, 2011, representing a rise of 1.8% on its level at December 31, 2010. At the end of the first quarter of 2011, the DJ Euro STOXX Automobile stood at 326 points, 1.9% lower than at the end of 2010.

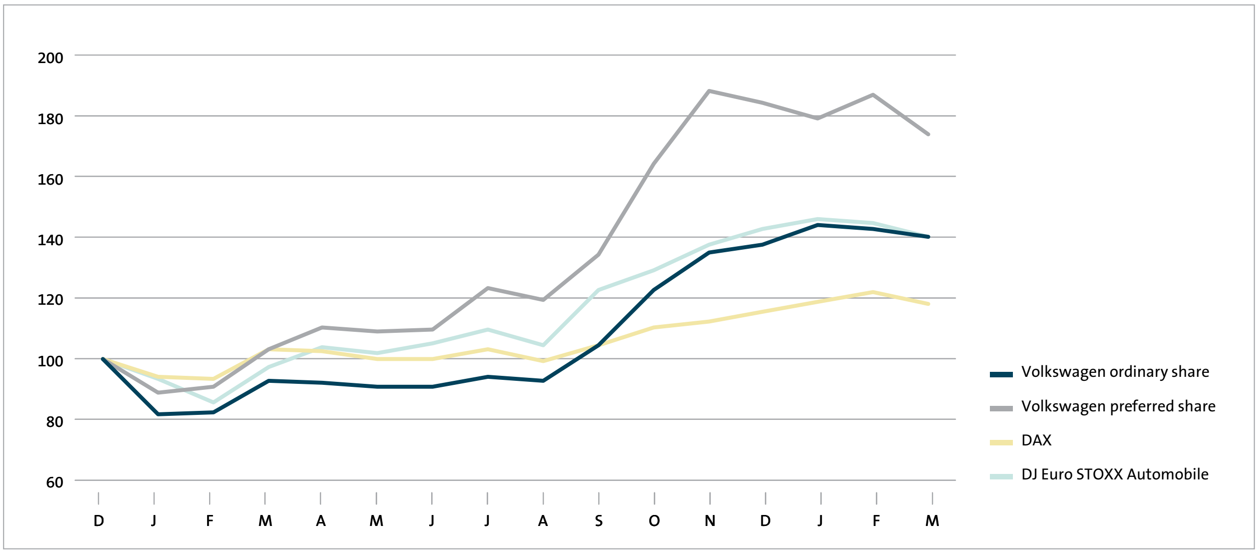
Volkswagen preferred shares underperformed the market as a whole in the first quarter of 2011. The preferred share price moved sideways with strong fluctuations during the first few weeks of the year. In mid-February, the unrest in oil-exporting countries put automotive stocks under pressure. This led to a drop in share prices, which was exacerbated by the natural disasters in Japan and its aftermath. The announcement of better-than-expected results for fiscal year 2010 only halted this negative trend temporarily. The preferred shares rose in the second half of March, along with the overall market. Volkswagen AG's ordinary share price registered a similar but more positive performance to the preferred shares.

On January 11, 2011, Volkswagen's preferred shares recorded their highest daily closing price in the first quarter of 2011, at €131.20. At their low on March 16, 2011, the shares traded at €106.60. The preferred shares closed at €114.45 at the end of the first three months of 2011, 5.7% lower than the level on December 31, 2010. Volkswagen AG's ordinary shares reached their peak daily closing price for the reporting period of €118.45 on January 12, 2011. They fell to their lowest daily closing price, €100.20, on March 16, 2011. On March 31, 2011, the ordinary shares closed at €108.30, 2.3% higher than the level at the end of fiscal year 2010.

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 2009 TO MARCH 2011

Index based on month-end prices: December 31, 2009 = 100



Business Development

GENERAL ECONOMIC DEVELOPMENT

The global economy continued to grow in the first quarter of 2011. However, owing to the debt situation in certain European countries, the deepening conflicts in North Africa and the Middle East, and the still uncertain consequences of the natural disasters in Japan, the business climate and consumer sentiment in many countries deteriorated at the end of the reporting period. Rising commodity and food prices, together with the expansionary monetary policies still being pursued by many countries, significantly pushed up inflation.

The economic recovery in the USA stabilized. This was driven in particular by exports and investment. However, unemployment declined at a slower rate than hoped for, and the recovery of the real estate sector remained weak. The US dollar has depreciated sharply against the euro since the beginning of the year. The Mexican economy continued to benefit from the economic climate in the USA and high oil prices.

Growth in Brazil and Argentina slowed noticeably in the first three months of 2011 following the very robust expansion experienced the previous year, but remained strong.

China and India registered strong economic growth in the first quarter coupled with continued high inflationary pressure. After performing well at the start of the year, the natural disasters caused the Japanese economy to deteriorate significantly at the end of the reporting period.

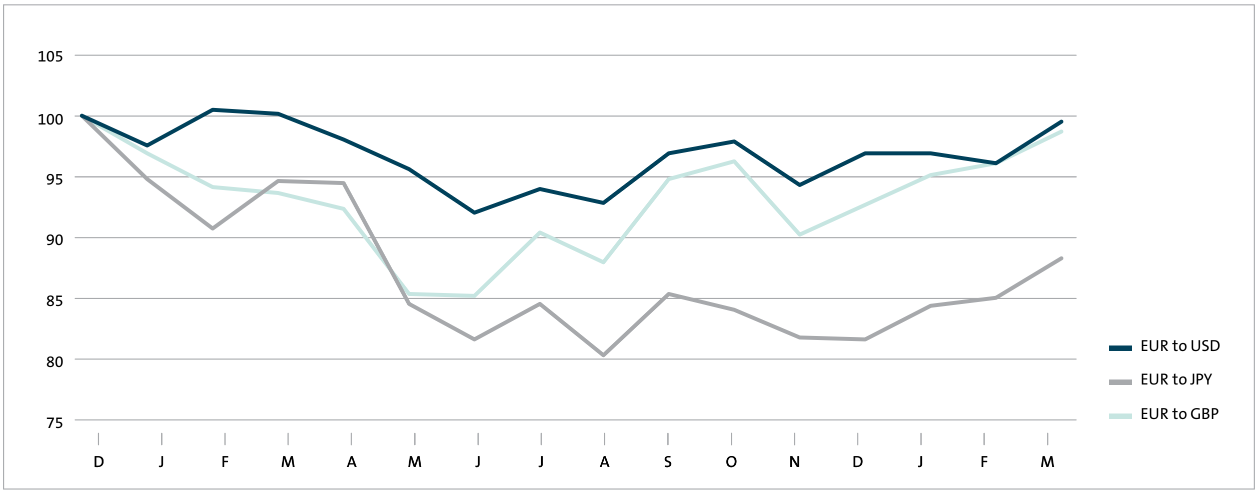
The economic recovery in Western Europe continued from January to March 2011, but was still hampered by the sovereign debt crises and the debate surrounding the future of the European monetary system. In Central and Eastern European countries, growth recovered from the weak phase experienced in the winter.

The German economy grew sharply in the first quarter of 2011. After a temporary spike at the start of the year, unemployment fell again significantly. In addition, the consumer climate was bolstered by the more positive income trend.

The economic recovery in South Africa continued in the reporting period.

EXCHANGE RATE MOVEMENTS FROM DECEMBER 2009 TO MARCH 2011

Index based on month-end prices: December 31, 2009 = 100



DEVELOPMENT OF AUTOMOTIVE MARKETS

Global demand for passenger cars continued to rise in the first quarter of 2011. The main growth drivers were North America, the Asia-Pacific region and Central and Eastern Europe. In Western Europe, new car registrations remained lower than in the same period of the previous year owing to the discontinuation of government incentive programs.

The US market continued to develop positively from January to March. It profited from a relative improvement in consumer trust and the deeper discounts offered by domestic manufacturers in particular. Nevertheless, sales remained significantly lower than in the first quarters of 1999 to 2007. While the overall market for passenger cars and light trucks grew only slightly in Canada, demand in Mexico rose significantly.

In South America, the record achieved in the same period of the previous year was exceeded in the reporting period. However, new car registrations in the Brazilian market were only slightly higher year-on-year. The passenger car market in Argentina rose substantially, continuing the healthy growth of the previous year. The favorable consumer climate and improved financing conditions helped set a new sales record.

As anticipated, growth in the Asia-Pacific region slowed somewhat in the period from January to March 2011. In China, the world's largest automotive sales market, demand for passenger cars again registered above average year-on-year growth in the first three months of 2011. However, the reduction in certain government subsidies and measures to restrict sales implemented by local authorities curbed growth. New registrations of passenger cars in Japan were down on the very strong first quarter of the previous year, which had been bolstered by tax breaks and scrappage premiums. In addition, the aftermath of the natural disasters led to a slump in sales in March 2011. The overall passenger car market in India again registered significant year-on-year growth. A new sales record was achieved thanks to the strong economic growth, improved per capita income and the launch of numerous new models.

The passenger car market in Western Europe declined slightly overall in the first three months of the year. Vehicle sales were negatively affected in particular by the discontinuation of most government incentive programs in the region.

New passenger car registrations in Central and Eastern Europe rose significantly year-on-year in the reporting period. This was mainly attributable to the ongoing recovery of the Russian market, which was lifted in particular by the government support program. Nevertheless, the passenger car market volume remained substantially lower than the record level achieved in 2008.

The number of new passenger car registrations in Germany outstripped the previous year's low level. From January to March 2011, the size of the market returned to the average for the first quarters of the past ten years.

Supported by the economic upturn, the recovery of the South African passenger car market that has emerged since the beginning of 2010 continued in the first three months of 2011.

DEMAND FOR HEAVY TRUCKS

Global demand for heavy trucks with a gross weight of more than 15 tonnes developed positively from January to March 2011.

A sharp rise in sales was registered in the USA, thanks in particular to the increased freight volumes.

In the Brazilian market, sales rose slightly year-on-year during the reporting period.

No actual figures for the overall Chinese market and therefore the Asia-Pacific region are available for the interim reporting period.

The economic recovery and the resulting replacement purchases led to higher sales volumes year-on-year in Western Europe.

DEMAND FOR FINANCIAL SERVICES

Worldwide demand for automotive-related financial services was high in the period from January to March 2011. In the North and South American markets, the positive growth in fiscal year 2010 continued in the reporting period. Demand for automotive financial services in the Asia-Pacific region remained stable. In Europe, rising demand was seen among business customers in particular. The leasing sector in Germany continued growing in both the commercial vehicle and passenger car segments.

VEHICLE DELIVERIES WORLDWIDE

Deliveries to Volkswagen Group customers in the first quarter of 2011 were up 14.0% year-on-year at a total of 1,988,397 vehicles worldwide. Virtually all Group brands contributed to this increase, with only Lamborghini and Bugatti selling fewer vehicles than in the prior-year period. The Audi (+18.4%) and Škoda (+21.4%) brands and Volkswagen Commercial Vehicles (+36.2%) recorded substantial increases, with Volkswagen Passenger Cars delivering more than 1.2 million vehicles in the period January to March for the first time ever. Sales figures increased most clearly in Central and Eastern Europe, North America and the Asia-Pacific region.

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

DELIVERIES TO CUSTOMERS BY MARKET FROM JANUARY TO MARCH[1]

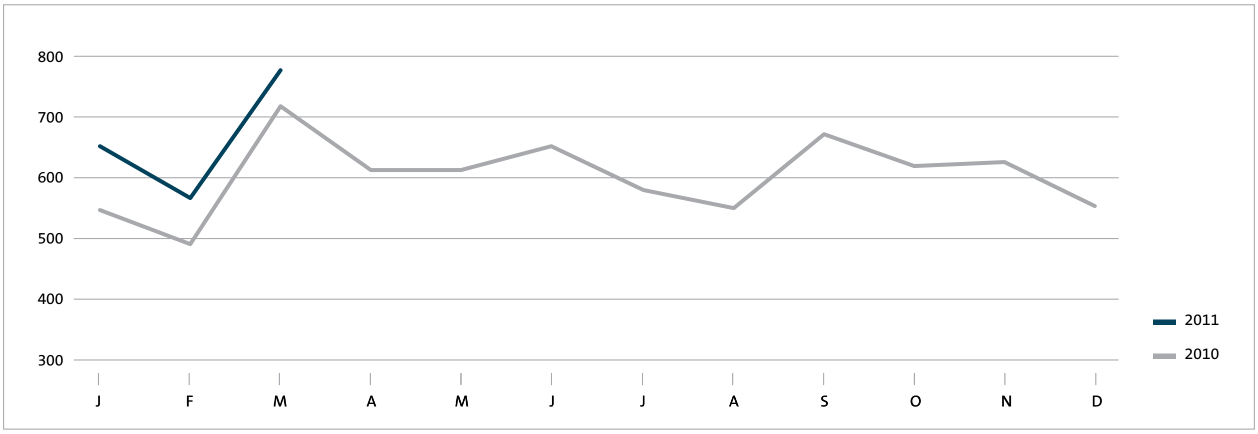
	DELIVERIES (UNITS)		CHANGE	SHARE OF PASSENGER CAR MARKET (%)	
	2011	2010	(%)	2011	2010
Europe/Remaining markets	**996,108**	**896,504**	**+ 11.1**		
Western Europe	**806.578**	**757,560**	**+ 6,5**	**21.6**	**19.9**
of which: Germany	268,654	255,302	+ 5.2	35.8	37.2
United Kingdom	116,298	113,580	+ 2.4	18.2	16.7
France	82,394	66,934	+ 23.1	11.2	10.2
Italy	69,826	69,594	+ 0.3	13.1	10.3
Spain	57,583	70,732	−18.6	24.3	23.7
Central and Eastern Europe	**111,776**	**84,588**	**+ 32.1**	**13.2**	**14.7**
of which: Russia	38,426	20,878	+ 84.1	7.2	7.3
Czech Republic	20,084	18,448	+ 8.9	45.3	44.7
Poland	16,710	18,987	−12.0	19.9	22.3
Remaining markets	**77,754**	**54,356**	**+ 43.0**		
of which: Turkey	26,422	14,476	+ 82.5	15.5	15.4
South Africa	25,152	17,853	+ 40.9	22.2	20.0
North America[2]	**143.948**	**122,113**	**+ 17.9**	**3,9**	**4.0**
of which: USA	92,829	79,982	+ 16.1	3.0	3.1
Mexico	36,569	29,474	+ 24.1	17.3	15.6
Canada	14,550	12,657	+ 15.0	4.4	3.9
South America	**225,222**	**218,788**	**+ 2.9**	**19.1**	**21.3**
of which: Brazil	170,000	173,427	−2.0	23.3	22.1
Argentina	43,486	36,242	+ 20.0	22.3	24.2
Asia-Pacific	**623,119**	**506,868**	**+ 22.9**	**10.7**	**9.2**
of which: China	548,790	457,429	+ 20.0	17.9	17.2
India	28,110	7,871	x	4.3	1.5
Japan	16,776	17,505	−4.2	1.8	1.4
Worldwide	**1,988,397**	**1,744,273**	**+ 14.0**	**12.0**	**11.5**
Volkswagen Passenger Cars	1,226,115	1,110,614	+ 10.4		
Audi	312,600	264,017	+ 18.4		
Škoda	217,124	178,901	+ 21.4		
SEAT	90,776	88,334	+ 2.8		
Bentley	1,200	1,179	+ 1.8		
Lamborghini	293	300	−2.3		
Volkswagen Commercial Vehicles	121,218	88,970	+ 36.2		
Scania	19,065	11,947	+ 59.6		
Bugatti	6	11	−45.5		

1 Deliveries and market shares for 2010 have been updated to reflect subsequent statistical trends.

2 Overall markets in the USA, Mexico and Canada include passenger cars and light trucks.

VOLKSWAGEN GROUP DELIVERIES BY MONTH

Vehicles in thousands



Sales trends in the individual markets are as follows.

DELIVERIES IN EUROPE/REMAINING MARKETS

During the reporting period, the Volkswagen Group delivered 6.5% more vehicles to customers in Western Europe than in the previous year, thereby outperforming the market as a whole. Measured in terms of the Group's total delivery volume, the proportion of vehicles delivered here was 40.6% (43.4%). With the exception of SEAT, all of the Group's volume brands increased their sales as against the previous year. There was particularly high demand for the Touran, Tiguan, Passat Variant, Audi Q5, Audi Q7, Škoda Fabia Estate, Škoda Superb Estate, SEAT Exeo ST, Multivan/Transporter and Caddy models. The new Jetta, Sharan, Audi A1, Audi A7, SEAT Ibiza ST and SEAT Alhambra models were increasingly popular. The market share held by the Volkswagen Group in Western Europe increased to 21.6% (19.9%).

After the impact of the government scrapping premium had subsided in 2010, dampening demand in Germany, sales figures for the Volkswagen Group increased again by 5.2% in the period January to March 2011. Deliveries of the Touran, Tiguan, Passat saloon, Passat Variant, Audi Q5, Audi Q7, Škoda Superb Estate, Škoda Yeti, SEAT Altea and Caddy models were very encouraging. In the reporting period, six Volkswagen Group models led the Kraftfahrt-bundesamt (KBA – German Federal Motor Transport Authority) registration statistics in their respective segments: the Polo, Golf, Passat, Touran, Tiguan and Multivan/Transporter. The Golf remained the undisputed leader among newly registered vehicles in the German passenger car market in 2011, followed by the Passat and the Polo. The market share held by the Volkswagen Group in Germany in the first three months of 2011 was 35.8% (37.2%).

In Central and Eastern Europe, we recorded a marked increase in deliveries to customers in the first quarter of 2011 compared with the corresponding period in the previous year (+32.1%). This can be attributed above all to the continuing positive trend of our deliveries in Russia (+84.1%). With the sole exception of Poland, all other Central and Eastern European markets recorded a year-on-year increase. There was substantial demand for the Touran, Tiguan, Passat CC, Touareg, Audi A4, SEAT Altea and all Škoda and Volkswagen Commercial Vehicles brand models.

The positive demand trend for Group models in the local passenger car market in South Africa continued in the first quarter of 2011. We increased our deliveries to customers by 40.9% from January to March 2011. The market share held by the Volkswagen Group in South Africa increased to 22.2% (20.0%).

DELIVERIES IN NORTH AMERICA

In the first quarter of this year, the Volkswagen Group delivered 16.1% more vehicles to customers in the US passenger car market than in the same period in 2010. In addition to the Golf, Tiguan, Audi Q5, Audi Q7 and Audi A8 models, particularly strong demand was recorded for the new Jetta.

Deliveries to Volkswagen Group customers in Canada in the period under review were 15.0% higher than in the first quarter of 2010. The highest growth rates were recorded for the Tiguan, Touareg, Audi A4 and Audi Q5 models. The new Jetta was also popular among Canadian customers. The Volkswagen Group benefited more than average from the positive performance of the Mexican passenger car market during the reporting period, increasing its deliveries by 24.1% year-on-year. The new Jetta and SEAT Ibiza made a key contribution to this success.

DELIVERIES IN SOUTH AMERICA

Demand for Group models in the South American passenger car markets in the period from January to March 2011 was up 2.9% on 2010. In Brazil, sales were down slightly year-on-year. The Fox and Tiguan models recorded growth. The total delivery figures also include the Amarok, Saveiro and T2 light commercial vehicles. We delivered 20.2% more of these models in Brazil than in the same period in the previous year.

In the first quarter of 2011, the Volkswagen Group was for the most part able to participate in the dynamic performance of the overall Argentinian market, delivering 20.0% more vehicles to customers than in the previous year. Demand for the Fox, Voyage and Amarok models was particularly strong. The Volkswagen Group's market share fell to 22.3% (24.2%); nevertheless, our leadership of the Argentinian market remained intact.

DELIVERIES IN THE ASIA-PACIFIC REGION

The passenger car markets in the Asia-Pacific region continued to grow substantially in the first quarter of 2011 as well. Deliveries to Volkswagen Group customers in this region were 22.9% higher than in the period January to March 2010. Once again, the main factor driving this growth was the Chinese passenger car market, where we delivered 20.0% more vehicles than in the previous year, with year-on-year growth being recorded for virtually all models. The Volkswagen Group increased its market share to 17.9% (17.2%), reinforcing its leadership of the highly competitive Chinese passenger car market. In Japan, our sales figures fell by 4.2% during the reporting period. Demand for the Touran and Audi Q5 models recorded encouraging growth.

In the remaining markets of the Asia-Pacific region, the sales figures for the Volkswagen Group in the first quarter of 2011 were higher than in the previous year. In India, deliveries to customers more than tripled.

DELIVERIES OF HEAVY COMMERCIAL VEHICLES

Sales of the Scania brand amounted to 19,065 units in the first quarter of 2011, exceeding the prior-year figure for 2010 by 59.6%. The largest growth rates were recorded in the markets of Europe (+93.0%), Asia-Pacific (+40.0%) and the Middle East region (+110.7%).

GROUP FINANCIAL SERVICES

Volkswagen Financial Services recorded a high level of demand for its products and services in the reporting period. The number of new finance, leasing and insurance contracts signed worldwide in the first quarter of 2011 increased to 0.7 million, an increase of 19.5% on the prior-year period. The total number of contracts as of March 31, 2011 amounted to 7.8 million, 4.0% higher than at the previous reporting date.

In Europe, a total of 0.5 million new contracts were signed in the reporting period (+19.5%). The total number of contracts there rose by 4.9% to 5.8 million.

WORLDWIDE DEVELOPMENT OF INVENTORIES

At the end of the first quarter of 2011, global inventories held by Group companies and the dealer organization were up as compared to the end of 2010 and as against March 31, 2010.

UNIT SALES, PRODUCTION AND EMPLOYEES

In the first three months of 2011, the Volkswagen Group delivered 2,030,760 vehicles to the dealer organization worldwide. This was 19.3% more than during the same period in the previous year. Due mainly to the sustained high demand in China, there was a 19.1% increase in units sold outside Germany; domestic sales were up 20.5% on the previous year's weak performance. The proportion of total sales generated in Germany was therefore 15.1% (15.0%).

The Volkswagen Group produced a total of 2,065,007 vehicles between January and March 2011, an increase of 19.1% on the corresponding period in the previous year. The proportion of vehicles produced in Germany was 29.4% (32.6%).

The Volkswagen Group had 412,689 active employees at the end of the first quarter of 2011. In addition, 4,417 employees were in the passive phase of their early retirement and 10,078 people were in apprenticeships. On March 31, 2011, the Volkswagen Group employed a total of 427,184 people; compared with the end of 2010, this represents an increase of 7.0%. Besides the development of new production facilities and the expanded production volume in Germany and abroad, this can be attributed primarily to the acquisition of the trading business of Porsche Holding Salzburg on March 1, 2011. 183,314 people were employed in Germany (+1.1%), accounting for 42.9% of the total headcount.

OPPORTUNITY AND RISK REPORT

There were no significant changes to the opportunity position of the Volkswagen Group compared with the information contained in the Report on Expected Developments in the 2010 Annual Report. The following disclosure must be added to the Risk Report in the 2010 Annual Report: the natural disasters in Japan and their potential consequences are expected to have a substantial impact on macroeconomic growth in Japan and other countries. This could adversely affect vehicle production and unit sales.

CONSUMPTION AND EMISSION DATA

In accordance with Pkw-EnVKV (German Passenger Car Fuel Consumption and CO_2 Emissions Information Regulation)

MODEL	OUTPUT kW (PS)	FUEL CONSUMPTION (l/100km)			CO_2-EMISSIONS (g/km)
		urban	extra-urban	combined	combined
Bugatti Veyron 16.4 Super Sport	882 (1,200)	37.2	14.9	23.1	539
Lamborghini Aventador LP 700-4	515 (700)	27.3	11.3	17.2	398
Škoda Octavia saloon GreenLine	77 (105)	4.7	3.4	3.8	99
Volkswagen Touareg Hybrid	245 (333)	8.7	7.9	8.2	193

Results of Operations, Financial Position and Net Assets

Volkswagen acquired Porsche Holding Salzburg's operating business for €3.3 billion as of March 1, 2011. The trading business is included in the Automotive Division's results from March 2011. Porsche Holding Salzburg's financial services business is reflected in the figures for the Financial Services Division.

VOLKSWAGEN GROUP SALES REVENUE

In the first three months of 2011, the Volkswagen Group generated sales revenue of €37.5 billion, exceeding the figure for the prior-year period by 30.8%. The increase is due mainly to higher volumes. Sales revenue in the Automotive Division rose by 31.8% to €33.6 billion. In addition to increased volumes, model and country mix improvements and exchange rate effects had a positive impact. 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 only reflected in the Group's sales revenue mainly by deliveries of vehicle parts. At €3.9 billion, sales revenue in the Financial Services Division was up 22.7% year-on-year in the first quarter of 2011. The proportion of the Group's sales revenue generated outside Germany was 77.6% (77.8%).

EARNINGS DEVELOPMENT

The Volkswagen Group recorded gross profit of €7.1 billion in the period from January to March 2011, up 73.9% on the prior-year figure. In addition to increased volumes, the improvement was attributable to lower product costs. At 19.1% (14.3%), the gross margin was significantly higher than in the previous year.

The Automotive Division's gross profit improved by €2.9 billion in the reporting period to €6.2 billion. Gross profit in the Financial Services Division rose by 15.4% year-on-year to €0.9 billion.

Although the Group's distribution expenses increased by 14.4% in the first quarter due to business expansion, they declined as a proportion of sales revenue. Administrative expenses were up by 31.2% because of stricter bank regulatory requirements, among other things. The Group's other operating income decreased by €0.4 billion to €–0.2 billion, in particular as a result of negative currency effects.

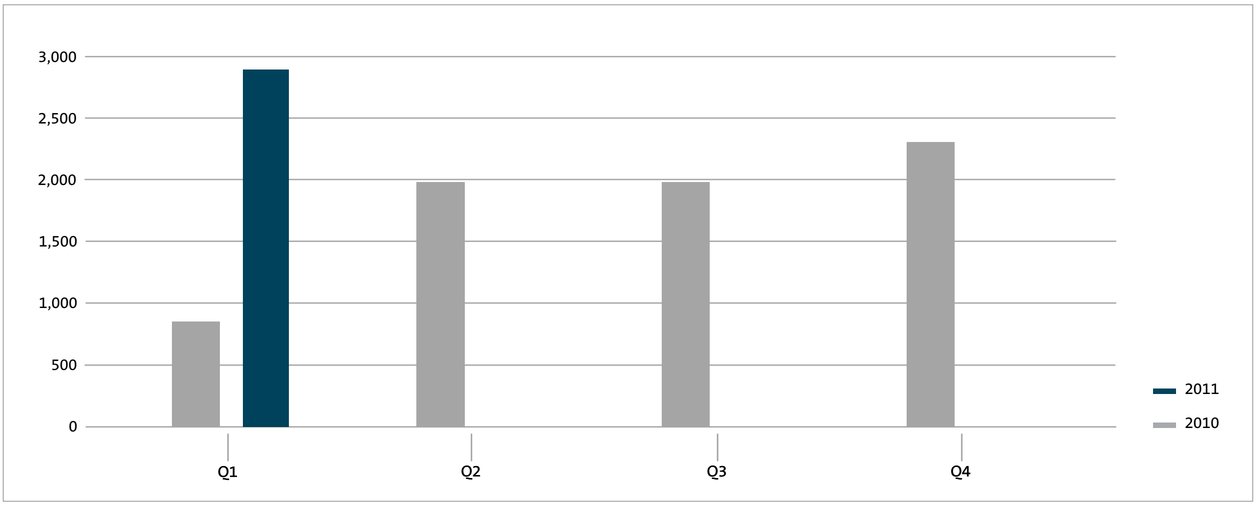
In the first three months of 2011, the Volkswagen Group generated an operating profit of €2.9 billion, exceeding the figure for 2010 by €2.1 billion. The positive business performance of our Chinese joint ventures is not reflected in the Group's operating profit, as these are accounted for using the equity method.

The lower finance costs and the improved income from equity-accounted investments – in particular the Chinese joint ventures and Porsche Zwischenholding GmbH – were impacted by the measurement of derivative financial instruments for currency hedging as of the reporting date. The updating of the underlying assumptions used in the valuation models for measuring the put/call rights relating to Porsche Zwischenholding GmbH also had a negative effect.

In the first quarter of 2011, the Volkswagen Group's profit before tax increased by €1.5 billion year-on-year to €2.2 billion. Profit after tax rose by €1.2 billion to €1.7 billion.

OPERATING PROFIT BY QUARTERS

Volkswagen Group in € million



INVESTMENTS IN PROPERTY, PLANT AND EQUIPMENT, AND CASH FLOW IN THE AUTOMOTIVE DIVISION

Investments in property, plant and equipment in the Automotive Division amounted to €0.9 billion in the first quarter of 2011, up slightly on the prior-year level. They primarily related to the new production facilities, models to be launched in 2011 and 2012 and the ecological alignment of our model range. At 2.8% (3.5%), the ratio of investments in property, plant and equipment to sales revenue (capex) was lower than in the first three months of 2010 due to sales revenue growth.

The positive business development in Q1 2011 resulted in gross cash flow in the Automotive Division almost doubling year-on-year to €3.6 billion (€1.9 billion). The cash inflow in working capital was €0.4 billion higher at €1.5 billion. As a result, cash flows from operating activities increased by €2.1 billion year-on-year to €5.1 billion. In investing activities, the acquisition of Porsche Holding Salzburg and the equity interest in SGL Carbon SE in particular led to a total cash outflow of €4.5 billion. This was €1.5 billion higher than in the first quarter of 2010, in which investing activities were dominated by the acquisition of Suzuki shares. Nevertheless, the Automotive Division's net cash flow improved significantly as against the previous year to €655 million (€31 million).

NET LIQUIDITY

On March 31, 2011, the Automotive Division's net liquidity was €19.6 billion, €1.0 billion higher than at December 31, 2010.

The Financial Services Division's negative net liquidity, which is common in the industry, was €–72.5 billion. In addition to business expansion, the deterioration by €4.5 billion compared with year-end 2010 was attributable to the inclusion of Porsche Holding Salzburg's financial services business.

At €–52.8 billion, the Volkswagen Group's net liquidity at the end of the first quarter of 2011 was €3.5 billion lower than at December 31, 2010.

AUTOMOTIVE DIVISION BALANCE SHEET STRUCTURE

The consolidation of Porsche Holding Salzburg primarily led to an increase in inventories and debt. In view of the size of Porsche Holding Salzburg, determining the fair values of the assets acquired and liabilities assumed requires a detailed examination; the figures are provisional as of the date of the interim financial statements.

On March 31, 2011, noncurrent assets in the Automotive Division were 3.0% higher than at the end of 2010. The increase is due mainly to the acquisition of Porsche Holding Salzburg. The carrying amount of property, plant and equipment rose by 2.9%. Current assets were 14.7% higher than at December 31, 2010. Within this item, the acquisition of Porsche Holding Salzburg mainly resulted in greater inventories. Despite the acquisition of Porsche Holding Salzburg, cash and cash equivalents in the Group increased due to the positive business development.

The Automotive Division's equity attributable to shareholders of Volkswagen AG amounted to €39.9 billion at the end of the first quarter of 2011; this represents a rise of €2.8 billion as against December 31, 2010. In addition to the positive earnings development, higher fair values of derivative financial instruments and lower actuarial losses from the measurement of pension provisions recognized directly in other comprehensive income had a positive effect. However, foreign exchange differences had a negative effect. Including minority interests, which chiefly relate to minority interests in Scania, equity amounted to €42.5 billion (€39.5 billion). Noncurrent assets declined by 7.7% due mainly to the reclassification of financial liabilities as current. In contrast, current liabilities rose by 32.0%. In addition to the higher proportion of current financial liabilities, this is attributable to business expansion.

At €120.6 billion, the Automotive Division's total assets as of March 31, 2011 were up by 8.2% compared with year-end 2010.

FINANCIAL SERVICES DIVISION BALANCE SHEET STRUCTURE

The consolidation of Porsche Holding Salzburg's financial services business led in particular to an increase in financial services receivables and debt at the Financial Services Division. At the end of the first quarter of 2011, the Financial Services Division's total assets amounted to €92.6 billion, exceeding the December 31, 2010 figure by 5.4%.

Within the noncurrent assets item, which increased by a total of 3.7%, financial services receivables grew due to business expansion and the inclusion of Porsche Holding Salzburg. Current assets were up 7.7% on year-end 2010. This was mainly attributable to higher receivables and cash and cash equivalents as a result of volume-related factors. The Financial Services Division accounted for approximately 43% of the Volkswagen Group's assets as of March 31, 2011.

The Financial Services Division's equity as of the end of the first quarter amounted to €9.7 billion, 6.3% higher than at December 31, 2010 because of the stronger profit. Greater financial liabilities meant that noncurrent liabilities rose by 14.7%. Current liabilities were on a level with year-end 2010.

Deposits at Volkswagen Bank *direct* amounted to €19.9 billion (€18.9 billion) on March 31, 2011.

Outlook

As expected, the global automotive markets recorded a mixed but positive overall performance in the first three months of 2011. While Germany and France were the only key Western European markets to increase, only Poland and Romania did not match the prior-year level in Central and Eastern Europe. Growth was also recorded in the markets in North and South America as well as in the Asia-Pacific region, with the exception of Japan.

After the global economy largely recovered in 2010 from the severe slump of the previous year with above-average growth, we expect this upward trend to weaken slightly in the current year. We continue to see the most dynamic growth prospects in the emerging markets of Asia and Latin America, whereas the industrialized nations will continue to experience only moderate growth. However, the strained debt situation of many countries and a further increase in inflationary tendencies are dampening economic prospects to a certain extent. The natural disasters in Japan and its potential consequences are expected to have a substantial impact on macroeconomic growth in Japan and other countries. This could adversely affect vehicle production and unit sales.

We again expect uneven development in the global automotive markets in 2011. In some Western European countries, rising public debt and the end of subsidy programs will have a negative impact on demand for new vehicles. By contrast, we expect an increase in new vehicle registrations in Central and Eastern Europe. The positive trends will continue in the strategically important markets of China and India, and we also expect demand to rise further in the markets of North and South America. Overall, global demand for passenger cars is expected to exceed the level for 2010.

The Volkswagen Group's key competitive advantages are its unique brand portfolio and its continually growing presence in all key regions of the world. Thanks to our expertise in technology and design, we have a diverse, attractive and environmentally friendly range of products that meets all customer desires and needs. In addition, the modular toolkit system, which we are continually optimizing, will have an increasingly positive effect on the Group's cost structure. In 2011, the Volkswagen Group's nine brands will once again introduce a large number of fascinating new models to the market, thus further expanding our strong position in the global markets. We therefore expect our deliveries to customers to increase as against the previous year.

We expect the Group's sales revenue and operating profit in 2011 to be higher than the previous year. However, the continuing volatility in interest and exchange rate trends and commodities prices will weaken the positive volume effect. Disciplined cost and investment management and the continuous optimization of our processes remain core components 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) or in 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 relative in particular to the US dollar, sterling, Czech koruna, Swedish krona, Russian ruble, Australian dollar, Polish zloty, Swiss franc, Mexican peso and Japanese yen. In addition, expected business development may vary if the assessments of value-enhancing factors and risks presented in the 2010 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 generated sales revenue of €37.5 billion in the reporting period, up 30.8% on the first three months of 2010. The growth is due mainly to higher volumes. Operating profit improved by €2.1 billion to €2.9 billion.

In the first quarter of 2011, the Volkswagen Passenger Cars brand sold 1.1 million vehicles, 14.0% more than in the previous year. Demand for the Polo, Tiguan, Touareg, Jetta, Passat Variant, Passat CC and Sharan models increased. The rise in unit sales lifted sales revenue by 23.7% to €23.0 billion. Operating profit improved by €0.6 billion to €1.1 billion. In addition to higher volumes, mix improvements had a positive effect.

Unit sales by the Audi brand were up 18.1% year-on-year to 374 thousand vehicles in the reporting period. The Audi Q5 and Audi Q7 models recorded the highest growth rates. Demand for the new Audi A1, Audi A7 Sportback and Audi A8 models was also encouraging. Sales revenue increased by 27.3% due to volume and mix-related factors to €10.5 billion. As a result, operating profit improved to €1.1 billion (€0.5 billion). Process and cost optimizations also contributed to this. The figures for the Lamborghini brand are already included in the key figures for the Audi brand.

In the first quarter of 2011, the Škoda brand lifted its unit sales by 27.2% year-on-year to 181 thousand vehicles. All the brand's model ranges contributed to this success. At €2.7 billion, sales revenue was 32.7% higher than in the previous year. Operating profit improved by €87 million to €187 million. This was mainly attributable to the increase in volumes and mix effects.

Demand in the Spanish passenger car market was much lower in the reporting period than in the previous year. Nevertheless, unit sales by the SEAT brand were up slightly year-on-year to 93 thousand vehicles. Demand for the new Ibiza ST and Alhambra models was encouraging. Sales revenue rose by 5.7% to €1.4 billion. At €12 million, the operating loss was €98 million lower than in the previous year. Minor sales support measures and optimized marketing costs contributed to this.

VOLKSWAGEN GROUP

Division	AUTOMOTIVE DIVISION								FINANCIAL SERVICES
Brand/Business Field	Volkswagen Passenger Cars	Audi	Škoda	SEAT	Bentley	Volkswagen Commercial Vehicles	Scania	Other	Dealer and customer financing Leasing Directbank Insurance Fleet business

Operating conditions in the luxury segment again improved in the first quarter of 2011. The Bentley brand increased its unit sales by 7.5% year-on-year during this period. At €197 million, sales revenue was 22.4% higher than in the previous year. The operating loss narrowed by €11 million to €25 million. Earnings were impacted by upfront expenditures for new products and exchange rate effects.

Volkswagen Commercial Vehicles sold a total of 108 thousand vehicles in the first three months of 2011, up 47.4% compared with Q1 2010. Sales revenue amounted to €2.1 billion, a 35.6% increase on the previous year. The prior-year operating loss improved by €108 million to produce an operating profit of €92 million. This was mainly attributable to higher volumes.

The Scania brand continued its positive development in the period from January to March 2011. At 19 thousand vehicles, unit sales were 59.6% higher than in the same period of 2010. Demand for the Swedish company's heavy commercial vehicles was particularly strong in Europe as well as in the Asia-Pacific and Middle East markets. In the reporting period, sales revenue rose by 40.1% year-on-year to €2.4 billion. At €376 million, operating profit was €162 million higher than in the previous year.

Volkswagen Financial Services generated an operating profit of €287 million in the first quarter of 2011, up €119 million year-on-year.

KEY FIGURES BY BRAND AND BUSINESS FIELD FROM JANUARY 1 TO MARCH 31[1]

	VEHICLE SALES		SALES REVENUE		SALES TO THIRD PARTIES		OPERATING RESULT	
thousand vehicles/€ million	2011	2010	2011	2010	2011	2010	2011	2010
Volkswagen Passenger Cars	1,077	945	23,042	18,631	18,077	14,239	1,060	416
Audi	374	316	10,514	8,260	7,167	5,659	1,115	478
Škoda	181	142	2,691	2,028	1,739	1,324	187	100
SEAT	93	91	1,382	1,307	927	934	−12	−110
Bentley	1	1	197	161	189	154	−25	−36
Volkswagen Commercial Vehicles	108	73	2,145	1,581	1,361	1,037	92	−16
Scania[2]	19	12	2,414	1,723	2,414	1,723	376	214
VW China[3]	512	409	–	–	–	–	–	–
Other[4]	−335	−288	−8,589	−8,124	2,165	553	−169[5]	−366[5]
Volkswagen Financial Services	–	–	3,674	3,078	3,430	3,024	287	167
Volkswagen Group	**2,031**	**1,703**	**37,470**	**28,647**	**37,470**	**28,647**	**2,912**	**848**
of which: Automotive Division	2,031	1,703	33,552	25,454	33,797	25,509	2,608	682
Financial Services Division	–	–	3,918	3,192	3,673	3,138	304	166

1 All figures shown are rounded, so minor discrepancies may arise from addition of these amounts.
2 Vehicles & Services and Financial Services.
3 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 €557 million (€303 million). The prior-year figures were adjusted.
4 Including Porsche Holding Salzburg from March 1, 2011.
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 the purchase price allocation for Scania and Porsche Holding Salzburg.

UNIT SALES AND SALES REVENUE BY MARKET

The Volkswagen Group sold a total of 1.0 million vehicles in the passenger car markets in the Europe/Remaining markets region in the first three months of 2011, exceeding the prior-year figure by 15.8%. Sales revenue was up by 28.8% to €25.1 billion.

At 150 thousand vehicles, unit sales in North America in the first quarter of 2011 rose by 20.0% year-on-year and grew faster than the market as a whole in this region. Sales revenue improved by €0.7 billion to €4.0 billion due to volume-related factors.

In the reporting period, the Group's unit sales in the passenger car markets in South America increased by 9.3% year-on-year to 228 thousand vehicles. At €3.5 billion, sales revenue was €0.7 billion higher than in the first quarter of 2010 due to volume and exchange rate-related factors.

Unit sales in the Asia-Pacific region, including the Group's Chinese joint ventures, totaled 622 thousand vehicles in the period from January to March 2011, up 29.9% on the prior-year figure. Sales revenue rose by 56.7% to €4.9 billion. This figure does not include the sales revenue of our Chinese joint ventures, as these are accounted for using the equity method.

KEY FIGURES BY MARKET FROM JANUARY 1 TO MARCH 31[1]

	VEHICLE SALES		SALES REVENUE	
thousand vehicles/€ million	2011	2010	2011	2010
Europe/Remaining markets	1,030	890	25,068	19,463
North America	150	125	3,976	3,278
South America	228	209	3,480	2,750
Asia-Pacific[2]	622	479	4,946	3,156
Volkswagen Group[2]	**2,031**	**1,703**	**37,470**	**28,647**

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 are not included in figures for the Group and the Asia-Pacific market.

VOLKSWAGEN FINANCIAL SERVICES

With its innovative products along the automotive value chain, Volkswagen Financial Services once again made a significant contribution to the Volkswagen Group's sales and earnings situation in the first quarter of 2011.

Volkswagen Versicherung AG, a wholly owned subsidiary of Volkswagen Financial Services AG, has offered warranty insurance as a primary insurer for the first time in Germany and France since the beginning of the year. Tailored products and an extensive range of services protect customers against unexpected repair costs after the manufacturer's warranty expires. Volkswagen Financial Services' entry into the warranty insurance business underlines its role as a sales promoter for the Volkswagen Group's brands.

In addition to the SEAT brand, the Audi and Škoda brands began offering their customers in Germany automobile insurance at a fixed low price in February 2011. Regardless of the vehicle's mileage and the driver's personal no claims bonus, the premium for customers aged 23 or over remains constant – even if they make a claim. The only deciding factor is the vehicle type, which makes this offering simple, safe and calculable for customers.

Volkswagen Leasing GmbH is continuing its successful cooperation with NABU (Naturschutzbund Deutschland e.V. – Nature and Biodiversity Conservation Union) and is again presenting the environmental award entitled "DIE GRÜNE FLOTTE" (THE GREEN FLEET) in 2011. This prize is given to the fleet customer who can prove that it has reduced its fleet's CO_2 emissions the most. The effect achieved in 2010 was considerable, with 1,720 t of CO_2 and 650,000 l of fuel being saved.

Volkswagen Bank GmbH was voted best automotive bank for the fifth successive time in March 2011. The more than 92,000 readers of specialist journal "auto motor und sport" crowned Volkswagen Bank the winner in the "Passenger Car Banks" category, reflecting their high level of satisfaction with the quality and versatility of Volkwagen's product range.

In India, Volkswagen Finance Private Limited, a subsidiary of Volkswagen Financial Services AG, received a financial services license from the country's central bank at the end of March 2011. The company's extensive product offering at the start of its business activities comprises vehicle finance, automobile insurance, extended warranties and maintenance products for private customers. The award of a license in India is another key step in the implementation of Volkswagen Financial Services' internationalization strategy.

A total of 0.7 million new finance, leasing, service and insurance contracts were signed in the first quarter of 2011, 19.5% more than in the same period of 2010. The total number of contracts as of March 31, 2011 was 4.0% higher than at December 31, 2010. The number of contracts in the Customer Financing/Leasing area was up 0.9% to 5.3 million and the number of contracts in the Service/Insurance area rose by 11.1% on year-end 2010. The prior-year figures were adjusted to reflect the current definition. The proportion of total vehicle deliveries by the Group worldwide accounted for by leased or financed vehicles was 33.9% (31.2%), based on unchanged credit eligibility criteria. Receivables relating to dealer financing increased by 3.7% as against December 31, 2010.

Volkswagen Bank *direct* managed 1.3 million accounts as of March 31, 2011, 3.9% more than at the end of 2010. Volkswagen Financial Services employed 7,882 people at the end of the first quarter of 2011.

The number of contracts in our fleet management business in the reporting period was on a level with year-end 2010. Our Lease Plan joint venture managed around 1.3 million vehicles on March 31, 2011.

Interim Financial Statements (Condensed)

Income Statement for the Period January 1 to March 31

	VOLKSWAGEN GROUP		DIVISIONS			
			AUTOMOTIVE[1]		FINANCIAL SERVICES	
€ million	2011	2010	2011	2010	2011	2010
Sales revenue	**37,470**	**28,647**	**33,552**	**25,454**	**3,918**	**3,192**
Cost of sales	−30,330	−24,542	−27,346	−22,158	−2,985	−2,384
Gross profit	**7,140**	**4,105**	**6,207**	**3,296**	**933**	**808**
Distribution expenses	−3,108	−2,716	−2,941	−2,550	−167	−166
Administrative expenses	−919	−700	−744	−560	−175	−140
Other operating income/expense	−201	159	85	495	−286	−336
Operating profit	**2,912**	**848**	**2,608**	**682**	**304**	**166**
Share of profits and losses of equity-accounted investments	585	204	545	182	39	23
Other financial result	−1,273	−350	−1,263	−374	−10	24
Financial result	**−688**	**−145**	**−717**	**−192**	**29**	**47**
Profit before tax	**2,223**	**703**	**1,890**	**489**	**333**	**213**
Income tax expense	−511	−230	−431	−147	−80	−83
Profit after tax	**1,712**	**473**	**1,459**	**342**	**253**	**131**
Noncontrolling interests	117	50	112	50	5	0
Profit attributable to shareholders of Volkswagen AG	**1,595**	**423**	**1,347**	**292**	**248**	**131**
Basic earnings per ordinary share (€)[2]	**3.41**	**1.03**				
Diluted earnings per ordinary share (€)[2]	**3.41**	**1.03**				
Basic earnings per preferred share (€)[2]	**3.47**	**1.09**				
Diluted earnings per preferred share (€)[2]	**3.47**	**1.09**				

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

2 Explanatory notes on earnings per share are presented in note 4.

Statement of Comprehensive Income for the Period January 1 to March 31

€ million	2011	2010
Profit after tax	**1,712**	**473**
Exchange differences on translating foreign operations		
Unrealized currency translation gains/losses	–450	976
Transferred to profit or loss	–	–
Actuarial gains/losses	754	–640
Cash flow hedges		
Fair value changes recognized in other comprehensive income	2,520	–773
Transferred to profit or loss	21	–207
Available-for-sale financial assets		
Fair value changes recognized in other comprehensive income	–42	14
Transferred to profit or loss	30	2
Deferred taxes	–945	473
Share of other comprehensive income of equity-accounted investments, net of tax	–112	12
Other comprehensive income, net of tax	**1,777**	**–144**
Total comprehensive income	**3,489**	**329**
of which attributable to		
noncontrolling interests	98	155
shareholders of Volkswagen AG	3,391	173

CHANGE IN TAX EFFECTS RELATING TO OTHER COMPREHENSIVE INCOME

€ million	AMOUNT BEFORE TAXES	TAXES	AMOUNT AFTER TAXES	AMOUNT BEFORE TAXES	TAXES	AMOUNT AFTER TAXES
			2011			2010
Exchange differences on translating foreign operations:	–450	–	–450	976	–	976
Actuarial gains/losses	754	–224	530	–640	190	–451
Cash flow hedges	2,541	–729	1,813	–980	287	–693
Available-for-sale financial assets	–11	7	–4	16	–4	11
Equity-accounted investments, net of tax	–112	–	–112	12	–	12
Other comprehensive income	**2,722**	**–945**	**1,777**	**–617**	**473**	**–144**

Balance Sheet as of March 31, 2011 and December 31, 2010

	VOLKSWAGEN GROUP		DIVISIONS			
			AUTOMOTIVE*		FINANCIAL SERVICES	
€ million	2011	2010	2011	2010	2011	2010
Assets						
Noncurrent assets	**117,218**	**113,457**	**63,973**	**62,133**	**53,245**	**51,325**
Intangible assets	14,254	13,104	14,120	13,023	134	82
Property, plant and equipment	26,578	25,847	26,169	25,440	409	407
Leasing and rental assets	12,091	11,812	458	384	11,633	11,428
Financial services receivables	37,020	35,817	–18	–22	37,038	35,840
Noncurrent investments, equity-accounted investments and other equity investments, other receivables and financial assets	27,275	26,877	23,243	23,309	4,031	3,568
Current assets	**96,037**	**85,936**	**56,670**	**49,394**	**39,367**	**36,541**
Inventories	21,080	17,631	19,381	16,393	1,699	1,238
Financial services receivables	31,173	30,164	–331	–238	31,504	30,403
Other receivables and financial assets	16,880	13,970	12,660	10,446	4,220	3,524
Marketable securities	5,474	5,501	5,199	5,375	276	126
Cash, cash equivalents and time deposits	21,431	18,670	19,761	17,419	1,669	1,251
Total assets	**213,255**	**199,393**	**120,643**	**111,527**	**92,612**	**87,866**
Equity and Liabilities						
Equity	**52,199**	**48,712**	**42,457**	**39,546**	**9,742**	**9,166**
Equity attributable to shareholders of Volkswagen AG	49,364	45,978	39,859	37,048	9,505	8,930
Noncontrolling interests	2,835	2,734	2,598	2,498	237	236
Noncurrent liabilities	**75,136**	**73,781**	**39,102**	**42,364**	**36,035**	**31,417**
Noncurrent financial liabilities	38,414	37,159	5,457	8,989	32,956	28,170
Provisions for pensions	14,786	15,432	14,620	15,265	166	167
Other noncurrent liabilities	21,937	21,190	19,025	18,110	2,912	3,080
Current liabilities	**85,919**	**76,900**	**39,084**	**29,617**	**46,835**	**47,283**
Current financial liabilities	44,784	39,852	1,580	–3,143	43,204	42,996
Trade payables	14,382	12,544	13,254	11,628	1,128	916
Other current liabilities	26,754	24,504	24,251	21,132	2,503	3,372
Total equity and liabilities	**213,255**	**199,393**	**120,643**	**111,527**	**92,612**	**87,866**

* Including allocation of consolidation adjustments between the Automotive and Financial Services divisions, primarily intra-Group loans.

Statement of Changes in Equity

			ACCUMULATED COMPREHENSIVE INCOME	
€ million	Subscribed capital	Capital reserves	Retained earnings	Currency translation reserve
Balance at Jan. 1, 2010	**1,025**	**5,356**	**31,607**	**–1,881**
Profit after tax	–	–	423	–
Other comprehensive income, net of tax	–	–	–	877
Total comprehensive income	**–**	**–**	**423**	**877**
Capital increase	166	3,968	–	–
Dividend payment	–	–	–	–
Capital transactions involving a change in ownership interest	–	–	–	–
Other changes	–	–	–2	–
Balance at Mar. 31, 2010	**1,191**	**9,323**	**32,029**	**–1,005**
Balance at Jan. 1, 2011	**1,191**	**9,326**	**37,684**	**–165**
Profit after tax	–	–	1,595	–
Other comprehensive income, net of tax	–	–	–	–434
Total comprehensive income	**–**	**–**	**1,595**	**–434**
Capital increase	0	0	–	–
Dividend payment	–	–	–	–
Capital transactions involving a change in ownership interest	–	–	–	–
Other changes	–	–	–4	–
Balance at March 31, 2011	**1,191**	**9,326**	**39,274**	**–599**

Reserve for actuarial gains/losses	Cash flow hedge reserve	Available-for-sale financial assets	Equity-accounted investments	Equity attributable to shareholders of VW AG	Noncontrolling interests	Total equity
−1,274	**860**	**−1**	**−409**	**35,281**	**2,149**	**37,430**
–	–	–	–	423	50	473
−447	−702	11	12	−250	105	−144
−447	**−702**	**11**	**12**	**173**	**155**	**329**
–	–	–	–	4,134	–	4,134
–	–	–	–	–	–	–
–	–	–	–	–	0	0
–	–	–	–	−2	1	0
−1,721	**158**	**10**	**−398**	**39,586**	**2,306**	**41,892**
−2,201	**61**	**−25**	**107**	**45,978**	**2,734**	**48,712**
–	–	–	–	1,595	117	1,712
530	1,812	−4	−108	1,796	−19	1,777
530	**1,812**	**−4**	**−108**	**3,391**	**98**	**3,489**
–	–	–	–	0	–	0
–	–	–	–	–	–	–
–	–	–	–	–	–	–
–	–	–	–	−4	3	−2
−1,671	**1,873**	**−29**	**−1**	**49,364**	**2,835**	**52,199**

Cash Flow Statement for the Period January 1 to March 31

€ million	VOLKSWAGEN GROUP		DIVISIONS			
			AUTOMOTIVE[1]		FINANCIAL SERVICES	
	2011	2010	2011	2010	2011	2010
Cash and cash equivalents at beginning of period	**18,228**	**18,235**	**17,002**	**16,362**	**1,226**	**1,873**
Profit before tax	2,223	703	1,890	489	333	213
Income taxes paid	–783	–207	–556	–158	–227	–49
Depreciation and amortization expense	2,254	2,258	1,672	1,715	583	543
Change in pension provisions	11	9	9	8	2	1
Other noncash income/expense and reclassifications[2]	673	–75	567	–159	106	84
Gross cash flow	**4,379**	**2,687**	**3,583**	**1,895**	**796**	**793**
Change in working capital	**–1,871**	**461**	**1,538**	**1,149**	**–3,409**	**–688**
Change in inventories	–1,655	–1,237	–1,383	–1,117	–273	–120
Change in receivables	–1,655	–1,882	–574	–1,528	–1,081	–354
Change in liabilities	2,397	2,823	2,179	2,520	219	303
Change in other provisions	1,362	1,361	1,272	1,297	89	64
Change in leasing and rental assets (excluding depreciation)	–876	–693	–56	20	–820	–713
Change in financial services receivables	–1,444	89	99	–44	–1,544	133
Cash flows from operating activities	**2,508**	**3,148**	**5,120**	**3,043**	**–2,612**	**105**
Cash flows from investing activities	**–4,188**	**–3,022**	**–4,465**	**–3,013**	**277**	**–9**
of which: acquisition of property, plant and equipment	–963	–914	–940	–903	–23	–11
capitalized development costs	–392	–421	–392	–421	–	–
acquisition and disposal of equity investments[3]	–2,919	–1,763	–3,215	–1,763	296	–
Net cash flow	**–1,680**	**126**	**655**	**31**	**–2,335**	**96**
Change in investments in securities and loans	–668	426	–608	423	–60	3
Cash flows from financing activities	**4,644**	**1,822**	**1,789**	**2,887**	**2,855**	**–1,065**
of which: capital increase by new preferred shares	–	3,033	–	3,033	–	–
Changes in cash and cash equivalents due to exchange rate changes	–160	237	–143	218	–17	19
Net change in cash and cash equivalents	**2,137**	**2,612**	**1,693**	**3,558**	**444**	**–947**
Cash and cash equivalents at March 31	**20,365**	**20,847**	**18,695**	**19,921**	**1,669**	**926**
Securities, loans and time deposits	10,029	6,992	7,990	5,384	2,039	1,608
Gross liquidity	**30,394**	**27,839**	**26,686**	**25,305**	**3,708**	**2,534**
Total third-party borrowings	–83,197	–78,019	–7,037	–11,070	–76,160	–66,949
Net liquidity at March 31	**–52,803**	**–50,180**	**19,648**	**14,235**	**–72,452**	**–64,415**
For information purposes: at January 1	–49,347	–52,052	18,639	10,636	–67,986	–62,688

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

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

3 These relate mainly to the acquisition of the operating business of Porsche Holding, Salzburg, Austria, for €3,314 million and the investment in SGL Carbon SE, Wiesbaden, for €213 million.

Notes to the 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 2010 in compliance with the International Financial Reporting Standards (IFRSs), as adopted by the European Union. These interim consolidated financial statements for the period ended March 31, 2011 were therefore also prepared in accordance with IAS 34.

All figures shown are rounded in accordance with standard business rounding principles, so minor discrepancies may arise from addition of these amounts.

The interim consolidated financial statements were not reviewed by auditors.

In addition to the reportable segments, the Automotive and Financial Services divisions are presented for explanatory purposes alongside the income statement, balance sheet and cash flow statement for the Volkswagen Group.

Accounting policies

Volkswagen AG has complied with all accounting pronouncements adopted by the EU and effective for periods beginning on or after January 1, 2011. These are primarily IAS 24, Related Party Disclosures, and IAS 34, Interim Financial Reporting.

The amended IAS 24 simplifies reporting with respect to government-related entities and their subsidiaries. Volkswagen has not exercised this option. It also clarifies the definition of related parties and of reportable transactions. This amendment does not materially affect the presentation in the interim consolidated financial statements.

Under the amended IAS 34, material transfers between the various levels of the fair value hierarchy used in measuring the fair value of financial instruments, as well as material changes in the classification of financial assets in the interim financial statements, must be disclosed.

The other accounting pronouncements required to be applied for the first time in fiscal year 2011 are insignificant for the presentation of the Volkswagen Group's net assets, financial position and results of operations. A detailed breakdown of these accounting pronouncements is provided in the notes to the consolidated financial statements in the 2010 Annual Report.

A discount rate of 5.3% (December 31, 2010: 4.9%) was applied to German pension provisions in the accompanying interim financial statements. The increase in the discount rate reduced the actuarial losses for pension provisions that are recognized in other comprehensive income.

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 2010 consolidated financial statements are generally applied to the preparation of the Interim Report and the measurement of the prior-year comparatives. A detailed description of the policies and methods applied is published in the notes to the consolidated financial statements in the 2010 Annual Report, which 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

Volkswagen acquired 100% of the trading business of Porsche Holding, Salzburg, Austria for €3.3 billion effective March 1, 2011. Prior to the transaction, the previous indirect owners, the Porsche and Piëch families, had exercised the put option granted by Volkswagen AG. With this acquisition, which was already provided for in the Comprehensive Agreement, Volkswagen has taken another planned step on the way towards an integrated automotive group consisting of Volkswagen and Porsche.

Porsche Holding is an automobile trading company with a strong presence in particular in Austria, the rest of Western Europe and Southeast Europe, as well as in China. It sold 565,000 new and used vehicles in calendar year 2010. Volkswagen is acquiring all automotive operations from Porsche Holding such as the wholesale and retail trading business, Porsche Informatik (IT), Porsche Bank, Porsche Immobilien (real estate) and Porsche Versicherung (insurance), as well as PGA Motors headquartered in Paris. Porsche Holding employs approximately 20,900 people (including unconsolidated companies).

Preliminary purchase price allocation indicates that the business combination generated goodwill of €152 million.

The following table shows the preliminary allocation of the purchase price to the assets and liabilities:

€ million	IFRS carrying amounts at the acquisition date	Purchase price allocation	Fair values at the acquisition date
Brand names	–	74	74
Other noncurrent assets*	2,862	1,435	4,297
Cash and cash equivalents	617	–	617
Other current assets	3,450	1	3,451
Total assets	**6,929**	**1,510**	**8,439**
Noncurrent liabilities	1,448	349	1,796
Current liabilities	6,796	–	6,796
Total liabilities	**8,243**	**349**	**8,592**

* Excluding goodwill of Volkswagen AG.

Goodwill and brand names are allocated to the Porsche Holding business segment, which is part of the Passenger Cars and Light Commercial Vehicles operating segment.

The gross carrying amount of the receivables acquired was €3,091 million at the acquisition date, and the net carrying amount was €2,883 million (equivalent to the fair value). The depreciable noncurrent assets have maturities of between 12 months and 30 years.

The inclusion of the company increased the Group's sales revenue by €640 million and reduced its profit after tax by €37 million. If Porsche Holding had been included as of January 1, 2011, the Group's sales revenue after consolidation as of March 31, 2011 would have been €984 million higher and its profit after tax would have been €10 million lower.

Porsche Holding's contingent liabilities were not included in purchase price allocation because settlement is deemed to be remote.

The fair values of the assets and liabilities were determined mainly using observable market prices. If market prices could not be determined, methods based on the income approach were used to measure the assets acquired and liabilities assumed.

The transfer of Porsche Holding's trading business increases the consolidated Group by 263 consolidated subsidiaries and 90 equity-accounted joint ventures and associates.

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 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 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

Effective January 15, 2010, Volkswagen acquired 19.89% of the shares of the Suzuki Motor Corporation, Hamamatsu, Japan, for €1.7 billion. Due to the economic cooperation agreed in the master agreement, Suzuki is classified as an associate. Following the exercise of outstanding convertible bonds by other investors, Volkswagen's interest in Suzuki fell to 19.37%. After acquiring additional shares, Volkswagen increased its interest again to 19.89% as of June 30, 2010. The shares are measured using the equity method. The precise allocation of the purchase price to the assets and liabilities of the Suzuki Motor Corporation was completed in the current fiscal year. No significant adjustment to the figures allocated in the previous year was required.

Disclosures on the consolidated financial statements

1 | Sales revenue

STRUCTURE OF GROUP SALES REVENUE

€ million	Q1 2011	2010
Vehicles*	28,017	21,311
Genuine parts	2,514	2,142
Third-party products	319	9
Other sales revenue*	2,948	2,053
Rental and leasing business	2,308	1,875
Interest and similar income	1,363	1,257
	37,470	**28,647**

* Prior-year figure adjusted because sales revenue from third-party products is now presented separately following the acquisition of Porsche Holding.

2 | Cost of sales

Cost of sales includes interest expenses of €560 million (previous year: €597 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 €46 million (previous year: €41 million).

3 | Research and development costs in the Automotive Division

€ million	Q1 2011	2010	%
Total research and development costs	1,920	1,449	32.5
of which capitalized development costs	392	421	–6.9
Capitalization ratio in %	20.4	29.1	
Amortization of capitalized development costs	373	478	–22.0
Research and development costs recognized in the income statement	**1,900**	**1,505**	**26.3**

4 | Earnings per share

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

		Q1 2011	Q1 2010
Weighted average number of shares outstanding			
Ordinary shares: basic	million	295.0	295.0
diluted	million	295.1	295.0
Preferred shares: basic	million	170.1	108.3
diluted	million	170.1	108.3
Profit after tax	€ million	1,712	473
Noncontrolling interests	€ million	117	50
Profit attributable to shareholders of Volkswagen AG	€ million	1,595	423
Earnings per share			
Ordinary shares: basic	€	3.41	1.03
diluted	€	3.41	1.03
Preferred shares: basic	€	3.47	1.09
diluted	€	3.47	1.09

5 | Noncurrent assets

CHANGES IN SELECTED NONCURRENT ASSETS BETWEEN JANUARY 1 AND MARCH 31, 2011

€ million	Carrying amount at Jan. 1, 2011	Additions/ Changes in consolidated Group	Disposals/ Other changes	Depreciation and amortization	Carrying amount at March 31, 2011
Intangible assets	13,104	1,642	−13	505	14,254
Property, plant and equipment	25,847	2,207	326	1,151	26,578
Leasing and rental assets	11,812	2,125	1,244	602	12,091

6 | Inventories

€ million	March 31, 2011	Dec. 31, 2010
Raw materials, consumables and supplies	2,580	2,494
Work in progress	1,868	1,837
Finished goods and purchased merchandise	13,138	10,819
Current leased assets	3,421	2,470
Payments on account	73	11
	21,080	**17,631**

7 | Current receivables and other financial assets

€ million	March 31, 2011	Dec. 31, 2010
Trade receivables	8,635	6,883
Miscellaneous other receivables and financial assets	8,244	7,087
	16,880	**13,970**

8 | Equity

Volkswagen AG issued 64,904,498 new preferred shares (with a notional value of €166 million) as part of a capital increase in the previous year. Volkswagen AG recorded a cash inflow of approximately €4.1 billion in 2010 from the capital increase.

The subscribed capital is composed of 295,046,177 no-par value ordinary shares and 170,142,778 preferred shares, and amounts to €1,191 million (previous year: €1,191 million). Volkswagen AG issued 610 new ordinary shares (with a notional value of €1,562) in the first quarter of 2011 as a result of the exercise of convertible bonds under the stock option plan.

9 | Noncurrent financial liabilities

€ million	March 31, 2011	Dec. 31, 2010
Bonds, commercial paper and notes	26,143	24,383
Liabilities to banks	7,582	7,494
Deposits from direct banking business	3,411	3,882
Other financial liabilities	1,278	1,400
	38,414	**37,159**

10 | Current financial liabilities

€ million	March 31, 2011	Dec. 31, 2010
Bonds, commercial paper and notes	19,644	17,238
Liabilities to banks	7,401	6,245
Deposits from direct banking business	16,450	15,043
Other financial liabilities	1,289	1,327
	44,784	**39,852**

11 | Disclosures on the fair value hierarchy

Financial assets amounting to €20 million were transferred out of Level 3 of the fair value hierarchy to Level 2 in the first quarter of 2011. The transfers out of Level 3 into Level 2 comprise commodity futures for which observable quoted prices are now available again 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.

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, cash-in-hand and call deposits.

€ million	March 31, 2011	March 31, 2010
Cash and cash equivalents as reported in the balance sheet	21,431	21,318
Time deposits	–1,066	–471
Cash and cash equivalents as reported in the cash flow statement	**20,365**	**20,847**

13 | Segment reporting

Segments are identified on the basis of the Volkswagen Group's internal management and reporting. In line with its multibrand strategy, each of the Group's 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. The segment reporting therefore comprises the three reportable segments Passenger Cars and Light Commercial Vehicles, Scania Vehicles and Services, and Financial Services.

The activities of the Passenger Cars and Light Commercial Vehicles segment cover the development of vehicles and engines, the production and sale of passenger cars and light commercial vehicles, and the genuine parts business. The individual passenger car brands and light commercial vehicles of the Volkswagen Group are combined on a consolidated basis in this segment.

The Scania Vehicles and Services segment comprises in particular the development, production and sale of heavy commercial vehicles, the corresponding genuine parts business and related services.

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

Starting in fiscal year 2010, the financial services offered by the Scania brand are allocated to the Financial Services segment rather than the Scania segment. The previous Scania segment was therefore renamed Scania Vehicles and Services and the Volkswagen Financial Services segment was renamed Financial Services. In addition, the Chinese companies, including the Shanghai-Volkswagen Automotive Company and FAW-Volkswagen Automotive Company joint ventures, as well as the Porsche Zwischenholding GmbH joint venture, which were previously reported under unallocated activities, have been allocated to the Passenger Cars and Light Commercial Vehicles reporting segment to reflect their growing importance and the associated change in the internal reporting. As allowed by the revised IFRS 8, segment assets are no longer reported starting in fiscal year 2010. The prior-year figure was adjusted accordingly.

The trading business of Porsche Holding acquired in fiscal year 2011 is allocated to the Passenger Cars and Light Commercial Vehicles segment, although the financial services acquired are presented in the Financial Services segment.

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

The reconciliation contains activities that do not by definition form part of the segments. It also contains all of the unallocated Group financing activities and the holding company function. Consolidation adjustments between the segments (including the purchase price allocation for Scania and Porsche Holding) 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.

OPERATING SEGMENTS: Q1 2010*

€ million	Passenger Cars and Light Commercial Vehicles	Scania Vehicles and Services	Financial Services	Total segments	Reconciliation	Volkswagen Group
Sales revenue from external customers	23,786	1,612	3,138	28,536	111	28,647
Intersegment sales revenue	1,829	44	54	1,928	–1,928	–
Total sales revenue	25,615	1,656	3,192	30,464	–1,817	28,647
Segment profit or loss (operating profit or loss)	611	215	166	992	–144	848

* Prior-year figures adjusted.

OPERATING SEGMENTS: Q1 2011

€ million	Passenger Cars and Light Commercial Vehicles	Scania Vehicles and Services	Financial Services	Total segments	Reconciliation	Volkswagen Group
Sales revenue from external customers	31,239	2,295	3,673	37,208	262	37,470
Intersegment sales revenue	1,885	49	244	2,178	–2,178	–
Total sales revenue	33,124	2,345	3,918	39,386	–1,916	37,470
Segment profit or loss (operating profit or loss)	2,384	364	304	3,052	–141	2,912

RECONCILIATION

€ million	Q1 2011	Q1 2010
Segment profit or loss (operating profit or loss)	**3,052**	**992**
Unallocated activities	62	52
Group financing	3	2
Consolidation adjustments	–206	–198
Operating profit	**2,912**	**848**
Financial result	**–688**	**–145**
Consolidated profit before tax	**2,223**	**703**

14 | Related party disclosures

At 50.74%, Porsche Automobil Holding 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 Automobil Holding SE can no longer appoint the majority of the members of Volkswagen AG's Supervisory Board for as long as the State of Lower Saxony holds at least 15% of Volkswagen AG's ordinary shares. However, Porsche Automobil Holding SE continues to have the power to participate in the operating policy decisions of the Volkswagen Group.

	SUPPLIES AND SERVICES RENDERED		SUPPLIES AND SERVICES RECEIVED	
	Q1		Q1	
€ million	2011	2010	2011	2010
Porsche Automobil Holding SE	0	0	–	–
Unconsolidated subsidiaries of VW AG	302	522	186	247
Joint ventures	2,517	1,223	328	87
Associates	15	13	34	39
Porsche*	744	867	27	39
State of Lower Saxony and majority interests	4	8	0	0

* Until February 28, 2011, this includes in particular transactions with the operating business of Porsche Holding Gesellschaft m. b. H., Salzburg, Austria, and its subsidiaries.

The call option agreed in the Comprehensive Agreement with Porsche Automobil Holding SE on the shares of Porsche Zwischenholding GmbH has a positive fair value of €1,624 million (December 31, 2010: €2,001 million) as measured in accordance with financial valuation techniques, and the corresponding put option has a negative fair value of €252 million (December 31, 2010: €233 million). The change in the fair value of the options is attributable to updated assumptions underlying their valuation. The difference was recognized in other comprehensive income.

The Porsche and Piëch families exercised the put option relating to the trading business of Porsche Holding, Salzburg, Austria, granted to them by Volkswagen. The trading business was transferred on March 1, 2011 at a price of €3.3 billion.

Factoring finance of €0.2 billion (December 31, 2010: €0.2 billion) extended to a subsidiary of Porsche Zwischenholding GmbH at arm's length conditions and collateral requirements was outstanding as of March 31, 2011; €20 million of this amount (December 31, 2010: €– million) was granted in the reporting period.

15 | Contingent assets and liabilities

Contingent liabilities primarily consist of the pledge of claims under certificates of deposit with Bankhaus Metzler amounting to €1.4 billion to secure a loan granted to Fleet Investments B.V., Amsterdam, the Netherlands, by Bankhaus Metzler. Fleet Investment B.V. is the co-investor in Global Mobility Holding B.V., Amsterdam, the Netherlands, a joint venture of the Volkswagen Group.

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, as well as those by the Board of Management and Supervisory Board of AUDI AG, are permanently available on the Internet at www.volkswagenag.com/ir and www.audi.com respectively.

Significant events after the balance sheet date

There were no significant events after the end of the first three months of 2011.

Wolfsburg, 27. April 2011

Volkswagen Aktiengesellschaft
The Board of Management

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Financial Calendar
May 3, 2011
Volkswagen AG Annual General Meeting (Congress Center Hamburg)
July 28, 2011
Half-Yearly Financial Report 2011
October 27, 2011
Interim Report January – September 2011